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Independent Auditors' Report on Financial Information Prepared for Consolidation Purposes

To the management and shareholder of CJSC TORRENT PHARMA

Opinion

We have audited the financial information as at and for the year ended 31 March 2018 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 prepared for consolidation purposes as at and for the year ended 31 March 2018 has been prepared, 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 are 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 are 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 these 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.

The engagement partner on the audit resulting in this independent auditors' report is:

JSC "KPMG"
23 April 2018

ZAO Torrent Pharma
Balance Sheet

	Notes	As at 31-Mar-2018 RUB	As at 31-Mar-2018 INR	As at 31-Mar-2017 RUB	Amt. in Lacs As at 31-Mar-2017 INR
ASSETS					
Non-current assets					
Property, plant and equipment	1	0.20	0.23	0.20	0.23
Non-current tax assets (net)		46.84	53.20	3.20	3.68
Deferred tax assets (net)		92.12	104.63	-	-
		<u>139.16</u>	<u>158.06</u>	3.40	3.91
Current assets					
Inventories	4	1,347.75	1,530.77	685.30	788.16
Financial assets					
Trade receivables	5	2,246.77	2,551.88	2,345.81	2,697.92
Cash and cash equivalents	6	161.73	183.69	377.78	434.48
Other financial assets	2	45.18	51.32	98.89	113.73
Other current assets	3	50.15	56.96	-	-
		<u>3,851.58</u>	<u>4,374.62</u>	3,507.78	4,034.29
TOTAL		<u><u>3,990.74</u></u>	<u><u>4,532.68</u></u>	<u>3,511.18</u>	<u>4,038.20</u>
EQUITY AND LIABILITIES					
Equity					
Equity share capital	7	23.80	27.03	23.80	27.37
Other equity	8	2,238.64	2,542.65	2,312.57	2,659.69
		<u>2,262.44</u>	<u>2,569.68</u>	2,336.37	2,687.06
Current liabilities					
Financial liabilities					
Trade payables		1,714.48	1,947.30	1,126.64	1,295.73
Other financial liabilities	9	-	-	4.10	4.72
		<u>1,714.48</u>	<u>1,947.30</u>	1,130.74	1,300.45
Other current liabilities	11	-	-	33.31	38.31
Provisions	10	13.82	15.70	10.76	12.38
		<u>1,728.30</u>	<u>1,963.00</u>	1,174.81	1,351.14
TOTAL		<u><u>3,990.74</u></u>	<u><u>4,532.68</u></u>	<u>3,511.18</u>	<u>4,038.20</u>

All monetary and non-monetary items in the balance sheet have been translated at closing rate of 1 RUB = Rs. 1.1358 (1.1501)

ZAO Torrent Pharma
Statement of Profit and Loss

		Year Ended	Year Ended	Year Ended	Amt. in Lacs
	Notes	31-Mar-2018	31-Mar-2018	31-Mar-2017	Year Ended
		RUB	INR	RUB	31-Mar-2017
					INR
REVENUE					
Revenue from operations	12	5,118.64	5,813.75	5,196.78	5,976.82
Total Revenue		5,118.64	5,813.75	5,196.78	5,976.82
EXPENSES					
Purchases of stock-in-trade		5,653.78	6,421.56	4,484.82	5,157.99
Changes in inventories of finished goods, work-in-progress and stock-in-trade	13	(662.45)	(752.41)	210.87	242.52
Employee benefits expense	14	86.90	98.70	92.99	106.95
Depreciation and amortisation expense		-	-	0.31	0.36
Other expenses	15	206.21	234.21	181.32	208.54
Total Expenses		5,284.44	6,002.06	4,970.31	5,716.36
PROFIT BEFORE TAX		(165.80)	(188.31)	226.47	260.46
TAX EXPENSE					
Current tax		-	-	64.38	74.04
Deferred tax charge / (credit)		(91.87)	(104.35)	0.26	0.30
		(91.87)	(104.35)	64.64	74.34
NET PROFIT FOR THE YEAR		(73.93)	(83.96)	161.83	186.12
OTHER COMPREHENSIVE INCOME					
		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(73.93)	(83.96)	161.83	186.12

ZAO Torrent Pharma
Notes annexed to and forming part of the Financial Statements

	As at 31-Mar-2018 RUB	As at 31-Mar-2018 INR	As at 31-Mar-2017 RUB	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 2 : OTHER FINANCIAL ASSETS				
Current				
Other receivables	45.18	51.32	98.89	113.73
	<u>45.18</u>	<u>51.32</u>	<u>98.89</u>	<u>113.73</u>
NOTE - 3 : OTHER ASSETS				
Current				
Indirect tax recoverable	50.15	56.96	-	-
	<u>50.15</u>	<u>56.96</u>	<u>-</u>	<u>-</u>
NOTE - 4 : INVENTORIES [At lower of cost and net realisable value]				
Finished goods	1,347.75	1,530.77	685.30	788.16
	<u>1,347.75</u>	<u>1,530.77</u>	<u>685.30</u>	<u>788.16</u>
NOTE - 5 : TRADE RECEIVABLES				
Considered good	2,246.77	2,551.88	2,345.81	2,697.92
Considered doubtful	15.63	17.75	95.66	110.02
Less : Allowance for doubtful trade receivables	15.63	17.75	95.66	110.02
	<u>2,246.77</u>	<u>2,551.88</u>	<u>2,345.81</u>	<u>2,697.92</u>
NOTE - 6 : CASH AND CASH EQUIVALENTS				
Cash on hand	0.06	0.07	0.06	0.07
Balances with banks	161.67	183.62	377.72	434.42
	<u>161.73</u>	<u>183.69</u>	<u>377.78</u>	<u>434.49</u>
NOTE - 7 : SHARE CAPITAL				
Subscribed and paid-up	23.80	27.03	23.80	27.37
	<u>23.80</u>	<u>27.03</u>	<u>23.80</u>	<u>27.37</u>
NOTE - 8 : OTHER EQUITY				
Reserves and surplus				
Retained earnings	(1,181.25)	(1,341.66)	(1,107.32)	(1,273.53)
Securities premium account	3,419.89	3,884.31	3,419.89	3,933.22
	<u>2,238.64</u>	<u>2,542.65</u>	<u>2,312.57</u>	<u>2,659.69</u>
NOTE - 9 : OTHER FINANCIAL LIABILITIES				
Current				
Payables for employee benefits	-	-	4.10	4.72
	<u>-</u>	<u>-</u>	<u>4.10</u>	<u>4.72</u>

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	As at 31-Mar-2018 RUB	As at 31-Mar-2018 INR	As at 31-Mar-2017 RUB	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 10 : PROVISIONS				
Current				
Provision for employee benefits				
Leave benefits	13.82	15.70	10.76	12.38
	<u>13.82</u>	<u>15.70</u>	<u>10.76</u>	<u>12.38</u>
NOTE - 11 : OTHER LIABILITIES				
Current				
Payables to statutory and other authorities	-	-	33.31	38.31
	<u>-</u>	<u>-</u>	<u>33.31</u>	<u>38.31</u>
				Amt. in Lacs
	Year Ended 31-Mar-2018 RUB	Year Ended 31-Mar-2018 INR	Year Ended 31-Mar-2017 RUB	Year Ended 31-Mar-2017 INR
NOTE - 12 : REVENUE FROM OPERATIONS				
Sales				
Sales outside India	5,114.54	5,809.09	5,196.78	5,976.82
Operating Income				
Other operating income	4.10	4.66	-	-
	<u>5,118.64</u>	<u>5,813.75</u>	<u>5,196.78</u>	<u>5,976.82</u>
NOTE - 13 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Opening inventories				
Finished goods	685.30	778.36	896.17	1,030.69
Less : Closing inventories				
Finished goods	1,347.75	1,530.77	685.30	788.16
Net (increase) / decrease in inventories	<u>(662.45)</u>	<u>(752.41)</u>	<u>210.87</u>	<u>242.53</u>
NOTE - 14 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus	70.09	79.61	77.17	88.75
Contribution to provident and other funds	14.03	15.94	12.93	14.87
Staff welfare expenses	2.78	3.16	2.89	3.32
	<u>86.90</u>	<u>98.71</u>	<u>92.99</u>	<u>106.94</u>
NOTE - 15 : OTHER EXPENSES				
Repairs and maintenance	0.21	0.24	0.10	0.12
Selling, publicity and medical literature expense	88.02	99.97	58.39	67.15
Sales and turnover taxes	0.09	0.10	0.12	0.14
Allowance for doubtful debts	-	-	15.63	17.98
Travelling, conveyance and vehicle expenses	-	-	0.05	0.06
Rent	42.64	48.43	36.68	42.19
Professional and legal fees	6.60	7.50	5.37	6.18
Communication expenses	1.24	1.41	0.97	1.12
Printing and stationery expenses	1.11	1.26	1.04	1.20
Insurance	32.41	36.81	31.30	36.00
Auditors remuneration and expenses	19.60	22.26	16.85	19.38
General charges	14.29	16.23	14.82	17.04
	<u>206.21</u>	<u>234.21</u>	<u>181.32</u>	<u>208.56</u>

ZAO TORRENT PHARMA

Note - 1 : Property,Plant and Equipment Schedule (LC)

Amt. in lacs

Particulars	Gross Block (At Cost)			Depreciation and amortisation			Net Block
	As at 01-Apr-17	Additions during the year	As at 31-Mar-18	As at 01-Apr-17	Additions during the year	As at 31-Mar-18	As at 31-Mar-18
Furniture & Fixtures	4.09	-	4.09	3.89	-	3.89	0.20
TOTAL	4.09	-	4.09	3.89	-	3.89	0.20
Previous Year	3.76	0.33	4.09	3.58	0.31	3.89	0.20

Property,Plant and Equipment Schedule (INR)

Particulars	Gross Block (At Cost)			Depreciation and amortisation			Net Block
	As at 01-Apr-17	Additions during the year	As at 31-Mar-18	As at 01-Apr-17	Additions during the year	As at 31-Mar-18	As at 31-Mar-18
Furniture & Fixtures	4.70	-	4.70	4.47	-	4.47	0.23
TOTAL	4.70	-	4.70	4.47	-	4.47	0.23
Previous Year	4.32	0.38	4.70	4.12	0.36	4.47	0.23