47th ANNUAL REPORT 2019-20

Responsible Actions

Promising Future

torrent PHARMA

Sustainable Actions through Integrated Environmental approach


Environment friendly surrounding

Environment is given paramount importance at all our manufacturing facilities. We have been striving to achieve excellence in conserving natural resources and preventing pollution. In this endeavour, we have initiated some remarkable measures that include;

- State-of-the-art green belt in more than 40% of total area across all plants within India
- Use of surface water in most of the plants to restore the ground water depletion
- Introduced green building concept for all new projects and modernization of plants
- Composting, recycling and co-processing of waste with energy recovery
- Encouraging lower carbon footprint in our supply chain
- Rain water harvesting system with installation of injection wells with large sunken (catchment) area across all sites


Impetus on solar energy usage


Conservation of rain water

CONTENTS

torrent PHARMA

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)
8. Shri Jinesh Shah
   Director (Operations)

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 Haigreve Khaitan
   Chairman
2. Shri Shailesh Haribhakti
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

KFIN Technologies Private Limited
Unit: Torrent Pharmaceuticals Limited
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@kfintech.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Thursday, 30th July, 2020 at 09:30 AM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2020 including the Audited Balance Sheet as at 31st March, 2020, 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 of ₹ 32.00 per equity share of fully paid up face value of ₹ 5.00 each, which included a special dividend of ₹ 15.00 per equity share, declared and distributed by the Board of Directors for the financial year ended on 31st March, 2020.

3. To appoint a Director in place of Dr. Chaitanya Dutt (holding DIN 00110312), 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 2020-21

   "**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 26th May, 2020, 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 2020-21:

   ₹ 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:

   PAYMENT OF COMMISSION TO SHRI SUDHIR MEHTA, CHAIRMAN EMERITUS FOR THE YEAR 2019-20

   "**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 2019-20."

   "**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."

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
26th May, 2020

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for participation in the meeting through VC / OAVM is as per note no. 26 and also available at the Company's website www.torrentpharma.com.

2. Pursuant to MCA Circular No. 14/2020 dated 8th April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint Authorised Representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.

3. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC / OAVM. Corporate members intending to authorise their representatives to participate and vote at 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.

5. The Members can join the AGM through VC / OAVM mode 30 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.

6. The Explanatory Statement pursuant to Section 102(1) and (2) of the Act in respect of Item no. 3 and Special Business i.e. Item No. 4 & 5 is annexed hereto.

7. The Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in the electronic mode upto the date of AGM of the Company and will also be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send the e-mail to investorservices@torrentpharma.com.

8. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 23rd July, 2020, may cast their vote either by remote e-voting as well as e-voting system as on date of 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. 24.

9. The Notice of 47th AGM and the Annual Report of the Company for the year ended 31st March, 2020 is uploaded on the Company's website www.torrentpharma.com and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of CDSL.

   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.

10. 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 remote e-voting and e-voting process on the date of AGM in a fair and transparent manner.

11. The Scrutinizer shall submit a consolidated Scrutinizer's Report (votes casted during the AGM and votes casted through remote e-voting) 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. The result declared along with the consolidated Scrutinizer's Report shall be simultaneously placed on the Company's website www.torrentpharma.com and on the website of CDSL and communicated to the BSE Limited and National Stock Exchange of India Limited.

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

13. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company on investorservices@torrentpharma.com, atleast 10 days before the date of the meeting to enable the management to respond quickly.

14. SEBI vide its circular dated 8th June, 2018 amended Regulation 40 of the Listing Regulation 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.

    Further, 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.

15. 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.

16. Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the Company's Registrars and Transfer Agent (RTA). In case any unclaimed Dividend Warrant is lying with any member, the same should be forwarded to RTA for revalidation.

    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 46th AGM held on 23rd July, 2019 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 2019-20, the Company has transferred 7645 equity shares to the demat account of IEPF Authority.

17. 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 demat form, the nomination form may be filed with the respective Depository Participant.

18. As required in terms of Secretarial Standard - 2 and Listing Regulations, the information (including profile and expertise in specific functional areas) pertaining to Director recommended for re-appointment in the AGM has been provided in the "Explanatory Statement" of 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.

19. 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.

20. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends by registering their bank account details with the Company. For further information, you are requested to approach the RTA of the Company.

21. With a view to conserve natural resources, we request Members to update and register their email addresses with their Depository Participants (DPs) or with the Company, as the case may be, to enable the Company to send communications including Annual Report, Notices, Circulars, etc. electronically. Members holding shares in Physical mode may register their email id by providing necessary details like Folio No., Name of Member(s) and self attested scanned copy of PAN card or Aadhar Card by email to investorservices@torrentpharma.com

22. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to the Notice.

23. The helpline number regarding any query / assistance for participation in the AGM through VC / OAVM are 022-23058738 or 022-23058543 or 022-23058542.

24. Voting process and instruction regarding remote 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 ("DOB") as recorded in your demat account or in the Company records 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 remote e-voting:

i. The voting period begins on 26th July, 2020 from 09:00 A.M. and ends on 29th July, 2020 upto 05:00 P.M. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 23rd July, 2020, 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 022-23058738 or 022-23058543 or 022-23058542 during working hours on all working days.

25. Voting process and instruction regarding e-voting at AGM are as under:

    a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

    b. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the AGM.

    c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

26. Instruction for members for attending the AGM through VC / OAVM are as under:

    a. Member will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-voting system. Members may access the same at https://www.evotingindia.com under shareholders/ members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.

    b. Members are encouraged to join the Meeting through Laptops / IPads for better experience. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

    c. For ease of conduct, Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at investorservices@torrentpharma.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at investorservices@torrentpharma.com. These queries will be replied to by the company suitably by email.

    d. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting. Further the shareholders will be required to allow the camera for participation in the meeting as speaker.

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, Dr. Chaitanya Dutt 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 31st July, 2017. Dr. Dutt has expressed his intention to act as a Director, if reappointed.

Born in the year 1950, Dr. Chaitanya Dutt holds an MD in Medicine. He practiced as a consulting physician before joining the Company in 1982 and has been associated with the Company since then. His rich experience spans the areas of Pharma R&D, clinical research, manufacturing, quality assurance, etc. He is one of the key professionals in the top management team of the Company. He has been instrumental in setting up the Research and Development (R&D) facility of the Company. Under his prudent guidance and leadership, R&D activities have achieved tremendous progress in the areas of discovery research as well as development work on formulations. He does not hold any directorship in any other company.

Dr. Dutt holds 800 Equity Shares of the Company. He is on the Board of the Company from 27th June, 2000. He has attended all the meetings of the Board held during the financial year 2019-20. Dr. Dutt is not related to any other Directors of the Company.

Except Dr. Dutt, 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 their remuneration 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 26th May, 2020, on recommendation of the Audit Committee, approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2020-21 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 2020-21.

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

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 26th May, 2020, based on the recommendation of Nomination and Remuneration Committee, has approved the payment of commission of ₹ 5.00 Crores to him for 2019-20 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 Regulation17 (6)(ca) of the Listing Regulations, 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. 5 of the Notice.

The Board commends this resolution for your approval.

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

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

Ahmedabad
26th May, 2020

DIRECTORS' REPORT

To

The Shareholders

The Directors have the pleasure of presenting the Forty Seventh Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2020.

HIGHLIGHTS

1. *India business:*

   - Torrent is ranked 8th in the Indian Pharmaceuticals Market (5th in the chronic / sub-chronic segment) and has registered 12% growth compared to 10% market growth (as per AIOCD).
   - Torrent has 17 brands in Top 500 brands of IPM, out of which 10 brands (PY 8) have revenues of more than ₹ 100 crores.
   - Overall India business field force productivity has crossed ₹ 7 Lakhs in the year 2019-20, with substantial gains in productivity from the acquired Unichem portfolio.
   - Important new launches for the year included Vildagliptin and Ticagrelor along with the in-licensed Remogliflozin and novel FDC 'Repaglinide+Voglibose'.
   - Azulix MV & Rozucor Gold were recognized to be one of the best new introductions in chronic / sub-chronic segment by AIOCD AWACS.

2. *Brazil business:*

   - Torrent continues to be ranked no. 1 Indian Pharmaceutical Company in Brazil.
   - As per close up, Brazil business registered growth of 15% compared to market growth of 10%.
   - We continue to build brands in Brazil with 10 brands now with sales above BRL 15 million of which two brands have sales greater than BRL 50 million.
   - We have nine pending filings with Anvisa.

3. *US business:*

   - Torrent's sales reached $ 207 million.
   - Sales came from existing products as only 3 new approvals were received during the year 2019-20. Pursuant to Dahej facility receiving OAI and Indrad facility receiving warning letter, the new product approvals from these facilities are on hold until the facilities get cleared by USFDA. The remediation work at these facilities have advanced significantly during the course of the year 2019-20.
   - Upgradation of the liquid facility at Levittown, US is progressing well and expected to be ready by Q2 of the year 2020-21.
   - Strengthened product pipeline by filing 12 ANDAs. We now have a total of 48 ANDAs pending approval and 6 tentative approvals.

4. *Germany business:*

   - Torrent continues to be 5th largest generic company and no.1 Indian Pharmaceutical Company in Germany.
   - During the second half of the year, the company faced temporary delays in releasing the products to market due to upgradation of its quality management processes.
   - Torrent continues to expand its market coverage through new launches and gain in tender as well as non-tender business.

5. *Financial performance:*

   - EBITDA margin is 29% for the year compared to 26% in the previous year.
   - Leverage (Net Debt-to-EBITDA) reduced to 2.22x as of 31st March, 2020 compared to 2.37x as of 31st March, 2019.

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	
	2019-20	2018-19	**2019-20**	2018-19
Sales & Operating Income	**6,168**	5,762	**7,939**	7,673
Profit Before Depreciation, Net Finance Cost, Exceptional Items & Tax	**2,148**	1,977	**2,284**	2,025
Less Depreciation & Amortization	**607**	579	**654**	618
Less Net Finance Cost	**424**	463	**443**	488
Profit Before Exceptional Items & Tax	**1,117**	935	**1,187**	919
Less Exceptional Items	**-**	-	**-**	357
Less Tax Expense	**178**	190	**162**	126
Net Profit for the Year	**939**	745	**1,025**	436
Balance brought forward	**1,884**	1,453	**1,616**	1,554
Other Comprehensive income and other adjustments	**(11)**	(5)	**(14)**	(6)
Balance available for appropriation	**2,812**	2,193	**2,627**	1,984
Appropriated as under:				
Transfer to General Reserve	**-**	-	**-**	-
Dividend	**609**	305	**609**	305
Tax on Distributed Profits for Dividend	**110**	4	**125**	63
Balance Carried Forward	**2,093**	1,884	**1,893**	1,616
Earnings Per Share (₹ per share)	**55.46**	44.05	**60.55**	25.78

Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 7,939 crores from ₹ 7,673 crores in the previous year showing a growth of 3%. The consolidated operating profit for the year was ₹ 2,284 crores as against ₹ 2,025 crores in the previous year registering growth of 13%. The consolidated net profit stood at ₹ 1,025 crores compared to ₹ 436 crores in the previous year. Exceptional items during the previous year was ₹ 357 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.

During the year, an interim dividend of ₹ 32/- per equity share of face value of ₹ 5/- each (@ 640%) amounting to ₹ 542 crores was paid to the shareholders. This includes a special dividend of ₹ 15/- per equity share in view of successful integration of the acquired business. The integration has complemented in enhancing the overall performance of the Company. No further dividend was considered by the Board for the year under review.

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

Human resources are invaluable assets of the Company. The organization 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 organization'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 organization to be ready to embrace the new competencies for a sustainable future. The company has benchmarked various HR processes and policies and simplified these in order to eliminate redundancy. It has also significantly automated HR processes which have increased compliance and reduced unproductive time.

Focused efforts were undertaken to improve employee connect. In an endeavor to encourage this feeling of oneness amongst the employees, the Company has also taken initiative of one stop solution for end to end information / facility related to mediclaim through its M-Connect portal. The organization celebrates various events where employees and their families participate thereby imbibing the reflection of a big Torrent family.

Through continuous efforts, new talent, both experienced as well as new entrants to the workforce, were acquired and aligned to the culture of the organisation. The HR department continued to arrange training and development programs which has helped to nurture talent, sharpen and understand new management skills. On the Industrial front, the Company continued to foster cordial Industrial Relations with its workforce during the year.

Various women friendly facilities like flexi-work timing and maternity leaves 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.

Robust people practices, best-in-class work environment and learning initiatives were the prime drivers behind the achievements.

The Company has a diverse workforce of 12,881 employees as on 31st March, 2020 vis-à-vis 13,598 employees as on 31st March, 2019.

VIGIL MECHANISM

Over the years, Company has established a reputation for doing business with integrity and has displayed zero tolerance for any form of unethical behaviour / misconduct. To foster professionalism, honesty, integrity and ethical behaviour in its employees and stakeholders, the Company has in place a robust vigil mechanism to report unethical behaviour, details of which, are covered in the Corporate Governance Report.

The said mechanism provides adequate safeguards against victimization of employees who use the vigil mechanism and provides direct access to the Audit Committee. 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.

Whistleblower Policy and Code of Business Conduct has been hosted on Company's website www.torrentpharma.com

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, no complaints were received during the year.

CORPORATE SOCIAL RESPONSIBILITY

During the year 2019-20, the Company incurred CSR expenditure of ₹18.07 crores which was much higher than the statutory requirement of 2% of average net profit for the past three financial years amounting to ₹ 16.85 crores. The CSR activities undertaken by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. 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 annexed herewith as **Annexure C**.

In addition to above, the Company continued other social activities during the year, the brief details of the same is described hereunder.

Community Healthcare:

During the year Swadhar community healthcare facility was renamed Sumangal and integrated into Rangtarang hospital complex comprising 150 bed paediatric hospital, inaugurated in February, 2020. Sumangal now operates with an enhanced scope which includes specialized consultations in the areas of dental care, ophthalmology, dermatology, gynecology, physiotherapy and orthopedic. During the year 2019-20 1,00,311 patients have benefited from the facility.

Donations

The Company made donations amounting to ₹ 10.74 crores to various organisations for activities related to healthcare, education, community and social services, socio-economic development including de-addiction & rehabilitation, preservation of heritage sites etc.

The Company has also dontated ₹ 20.00 crores to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM – CARES Fund) to fight the COVID-19 pandemic and its fallout on poor sections of the society.

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, surrounding communities as well as all the interested parties with our business operations.

The Company has an established EHS policy and applied to all its manufacturing sites and R & D center. Policy is regularly evaluated and updated with consideration for International Organization for Standardization (ISO) and other global requirements to ensure that company's EHS systems remains globally oriented and best in class.

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

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 are striving for continuously bringing down the waste quantity to incineration facilities. This year we have disposed-off more than 60% high calorific value hazardous waste for Co-processing / Pre-processing in cement industries (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 made efforts to use canteen food waste and biological waste from ETP for generation of bio gas which will help us in reduction of 20% annual waste disposal under landfill category.

Under the Plastic Waste Management Rules, 2016, the Company is registered as a brand owner with Central Pollution Control Board (CPCB). The Company has initiated Extended Producer Responsibility (EPR) program under these Rules. The Company has engaged a service provider for collection and sustainable end of disposal of plastic waste on pan India basis.

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.

Majority of the plants are certified for ISO 14001: 2015 (Environment Management Systems) and ISO 45001:2018. newly introduced standard for Occupational Health & Safety Management system.

Regular audits of our operational units by in-house cross functional teams, global customers, regulators and external third party auditors help us in achieving benchmark / highest levels of compliance.

The Company's Contractors are well conversant with our various EHS drives. It is essential for all contractors to receive EHS training appropriately and follow guidelines stipulated in 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. Major projects activities like green field project of Oncology Plant have been commissioned with effective compliance of our set procedures for project safety management.

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, 2020 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, 2020.

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 10 and 11 to the Standalone Financial Statements.

(c) Debentures and other debt instruments

The Company has raised an amount of ₹ 300 crores by way of issue of Non-Convertible Debentures on private placement basis during the year. The outstanding amount of Non-Convertible Debentures issued by the Company is ₹ 1,706.84 crores as on 31st March, 2020.

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 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

Risk Management is an integral part of our strategy for stakeholders' value enhancement and is embedded in to governance & decision making process across the organization. The Company has implemented an integrated risk management framework to ensure effective responses to strategic, operational, financial and compliance risks faced by the organization.

As a part this framework, all the risks are discussed and deliberated with the concerned functional heads and business process owners to continually identify, assess, mitigate and monitor risks across the entity, its business functions and units. The Risk Management Committee meets periodically to assess and deliberate on the key risks and adequacy of mitigation plan. It has formulated a comprehensive 'Risk Register', which is continuously updated to capture new risks / threats augmenting from changes in internal / external environment. Inputs from risk assessment are also embedded in to annual internal audit program. Key risks and mitigation measures are summarized in Management Discussion and Analysis section of the Annual Report.

SUBSIDIARIES & JOINT VENTURES

As of 31st March, 2020, the Company has 15 subsidiaries, out of which 3 are step down subsidiaries.

Aptil Pharma Limited ("Aptil"), a wholly owned subsidiary of Torrent Pharma (UK) Limited., UK was dissolved w.e.f. 15th October, 2019. The business of Aptil was merged into Torrent Pharma (UK) Limited.

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 seven other Directors as on 31st March, 2020, including two Whole Time Directors, four Independent Directors which includes two Women Directors 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, the members of the Company have approved (through Postal Ballot):

- Re-appointment of Shri Samir Mehta (holding DIN 00061903) as Executive Chairman of the Company with effect from 1st April, 2020 till 31st March, 2025 subject to provisions contained in Regulation 17(1B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations Amendment") which are scheduled to be effective from 1st April, 2022 or such later date as may be determined by SEBI and upon the Listing Regulations Amendment coming into effect, Shri Samir Mehta shall cease to be the Executive Chairman of the Company.
- Appointment of Shri Jinesh Shah (holding DIN 00406498) as Director and Whole-time Director designated as Director (Operations) of the Company for the period of 5 (five) years with effect from 1st August, 2019.

As per the provisions of the Companies Act, 2013, Dr. Chaitanya Dutt, Director (Research and Development), (holding DIN 00110312), retires by rotation at the ensuing AGM and being eligible has offered himself for re-appointment.

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, five meetings of the Board of Directors were convened and held on 20th May, 2019, 23rd July, 2019, 23rd October, 2019, 27th January, 2020 and 11th March, 2020. 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 Committee

The composition of the Audit 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, 2020 is given below:

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

1 Ms. Nayantara Bali was appointed as Member of the Committee with effect from 6th April, 2019.

The Committee was renamed as Audit Committee from Audit and Risk Management 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 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 the balance and maturity of judgment;
- be willing to devote sufficient time and energy;
- have demonstrated high level of leadership and vision, and the ability to articulate a clear direction for an organization;
- have relevant experience (in exceptional circumstances, specialization / expertise in unrelated areas may also be considered);
- have appropriate comprehension to understand or be able to acquire that understanding
  - ➢ Relating to Corporate Functioning
  - ➢ 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 along with 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 2019-20, the Company has conducted 12 programs for familiarising the Directors for a total duration of 9 hours 50 minutes.

On cumulative basis since 1st April, 2015, the Company has conducted 60 programs for familiarising the Directors for a total duration of 52 hours and 45 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/Familiarization_Programme_2019-20.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 and 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 27th January, 2020 with respect to the above process.

(g) **Key Managerial Personnel**

There was no change in the Key Managerial Personnel during the year under review other than the directors as already captured in this report.

(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, 2020, 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, 2020 and of the profit for the year ended on that date;

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

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

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

REMUNERATION

(a) Remuneration Policy

The Remuneration 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 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 lakh is paid to Independent Directors 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 with respect to the financial year 2016-17, up to the conclusion of the Forty Ninth AGM to be held with respect to the financial 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 2019-20.

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, 2020. The Cost Audit Report to the Central Government for the financial year ended 31st March, 2019 was filed on 19th August, 2019, 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 2020-21 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 2019-20.

M/s. M. C. Gupta & Co. have carried out the Secretarial Audit of the Company for year 2019-20 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 2019-20, 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
26th May, 2020

Samir Mehta
Executive Chairman

DIVIDEND DISTRIBUTION POLICY

BACKGROUND:

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

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

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

OBJECTIVE:

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

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

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

ANNEXURE B TO THE DIRECTORS' REPORT

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.

   iii. Product Development by Company for TPI

   (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, 2023.

   iii. Manufacturing and Supply Agreement – Valid from 29th October, 2018 till 28th October, 2023.

   iv. Development Agreement – Valid from 1st May, 2019 till 30th April, 2029.

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

   i. Product Supply Agreement:

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

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

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

[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.

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.

iv. Development Agreement:

a. Purpose – Company to develop the Product listed in the Agreement.

b. Company will incur research and development cost in respect of products listed in the agreement and will transfer the developed technology to TPI. The Company will also support in activities relating to ANDA filing activities by TPI and in providing response of regulatory queries relating to such products.

c. Credit Term – Mutually agreed between the Parties

d. Compensation – Cost plus model for this arrangement.

During the financial year 2019-20, the net value of the transactions with TPI is ₹ 1,162.04 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
26th May, 2020

Samir Mehta
Executive Chairman

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2019-20

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 underscores 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 programmes / 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 programmes and activities for the year 2019-20.

Overview of projects or programs undertaken

Major CSR initiatives undertaken by the Company during the year 2019-20, are enumerated hereunder:

- **REACH:**

  Driven by the belief of the 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, a Section 8 Company. REACH has three major pillars: **(a) SHAISHAV (b) JATAN and (c) MUSKAN**. Salient achievements are:

  ➢ **"Shaishav",** the first pillar of the programme, targets to establish baseline health status of children in age group of 6 months to 6 years, through medical camps in 372 villages surrounding the industrial establishments of the Group. This year, 277 supplementary camps spanning 351 villages were conducted to screen 12,619 new children subsequent to previous camps. Children identified as anemic and malnourished were provided appropriate treatment with very encouraging outcomes. Additionally children identified with chronic illnesses were provided long term treatment with complete handholding. Aggregate 1,471 such children having chronic illnesses have benefitted from the programme since initiation.

  ➢ **"Jatan",** the second pillar of the programme, encompasses provision of healthcare services to children upto 18 years. Initiated with establishment of 4 state-of-art paediatric primary healthcare facilities, supported by mobile OPD vans, in areas where Group's industrial facilities are located, primarily rural areas. The programme was extended during the year by building a state-of-the-art 150 bed paediatric hospital "Balsangam", near Sugen Power Plant at an aggregate capital cost of ₹ 135 crores. The hospital, inaugurated in February 2020, will provide free-of-cost OPD and in-patient services and is eventually planned to be established as a center of excellence in secondary and tertiary paediatric care in multiple super specialties. "Balsangam" is expected to benefit children residing in about 500 villages in a radius of 40 kms. In addition, 'Sumangal' (the erstwhile "Swadhar") community healthcare facility was integrated into the 'Rangtarang' hospital complex and expanded from a community healthcare center to multidisciplinary clinic for patients of all ages. "Sumangal" provides general and specialised healthcare services at a nominal charge of ₹ 10 per visit.

  The well-equipped paediatric hospital at Sugen and primary paediatric health centers at other 3 locations, namely, Dahej, Balasinor and Indrad progressed well during the year. The Sugen center added diagnostic capabilities during the year. For the year 2019-20, 1,37,297 children benefited from the services of these pediatric centers and associated mobile OPD vans.

  ➢ **Under "Muskaan",** the third pillar of the program, counselling and support was provided to rural adolescent girls around Sugen, Dahej & Indrad centers covering menstrual hygiene and sanitation, by providing free health and hygiene kits. About 6,000 adolescent girls from 125 villages, 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 of the beneficiaries. It is planned to expand the coverage under this programme.

Initiative called “જાગરણ એ જ નિવારણ” aims to spread health awareness amongst the communities about curative facilities available at Bal Arogya Kendras so as to prevent diseases. This initiative is driven through large scale employee participation.

The targeted 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. 41,230 villagers from 351 supplementary camp villages and 65,737 children from 493 primary schools have benefited from the sessions.

During the year, a healthcare awareness drive through daily SMS containing a topical health message in Gujarati language was started, covering more than 80,000 villagers, mainly beneficiaries under our various programmes across all the four locations.

- **Shiksha Setu :**

  The Teaching and Learning Programme, conducted through UNM Foundation completed fourth year of Phase II. This programme covers 13 government primary schools located near Sugen, Chhatral, Chhapi, Memadpur and Ahmedabad locations having 4,600+ students and 150+ teachers of 1-8 standards. Focus in the year 2019-20 continued to be on enhancing learning levels of students through academic workshops and technology based education tools provided in the schools. About 4,200 students from 3rd to 8th standard (from 13 program schools and 7 control schools) participated in technology based learning assessment and achieved 20.26% YOY improvement in learning levels as compared to previous year’s result.

  Based on the analysis of the outcomes, remedial sessions for enhancing foundation skills of academically weak students were carried out. Continuous inputs were provided to teachers and students on enhancing academic skills, positive wellbeing and life skills through various workshops. About 600+ parents have been contacted through sensitization meetings and individual home visits. Family meetings were also conducted for academically weak and irregular students.

- **Development and Maintenance of Public Parks:**

  The Company along with one of India’s best known landscape design firm developed an approach for development of urban public parks, particularly small sized parks (as large plots of land are not easily available in cities). Six such parks measuring approx. 33,000 sq mt have been fully developed and opened for public use since the year 2018-19. Another six parks measuring approx. 75,000 sq mt are under various stages of development and will be opened to public in the year 2020- 21. The park maintenance is also funded from CSR funds of the Company.

The CSR Policy and approved CSR budget for the year 2019- 20 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_2019-20.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 & Hygiene (b) Education & Knowledge Enhancement (c) Social Care & Concern.

- the CSR projects are conducted, preferably in areas where the Company has industrial or business presence, after approval of CSR Committee and Board. Half-yearly review of the implementation of the CSR Policy and Plan is done by the CSR Committee.

- CSR Projects may be implemented directly by the Company wherein Company implements the CSR Projects on its own or through dedicated CSR vehicles (section 8 companies) promoted by it and / or indirectly wherein the Company implements the CSR Projects through an external entity engaged in charitable activities.

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

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

[1] Appointed as Member w.e.f. 6th April, 2019

3. **Average net profit of the Company for last three financial years:** ₹ 843 crores.

4. **Prescribed CSR Expenditure (2% of the above amount):** ₹ 16.85 crores.

5. **Details of CSR spent during the Financial Year.**

   a) **Total amount spent for the year 2019- 20:** ₹ 18.07 crores.

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

   c) **Manner in which the CSR amount was spent during the FY 2019-20 is detailed below:-**

(₹ in crore)

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 districts 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	14.58	14.55	79.54	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	1.30	1.30	14.25	Directly: Through UNM Foundation (Section 8 Company of the Group)
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	0.35	0.35	7.35	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 and Makhnu Majra (Rural Area, Baddi), Ta Nalagarh, Dist Solan, Himachal Pradesh	0.54	0.54	1.57	Directly by Company

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**
5	**Indrad School and Medical OPD**	Promoting education & healthcare	At Village Indrad, Taluka Kadi, Dist Mehsana, Gujarat	0.02	0.02	0.27	Directly by Company
6	**Upgradation / Maintenance of School and other infrastructure facilities**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	Sikkim, Dahej, Vizag & Pithampur locations	0.46	0.46	0.96	Directly by Company
7	**Others**						
	CSR capacity building cost including Administrative overhead			0.85	0.85	5.30	Directly by Company
	Total			**18.10**	**18.07**	**109.24**	

*Starting from 1st April, 2014

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

Note: Cumulative expenditure upto the reporting period does not include the projects / programs previously completed.

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.

Samir Mehta
Executive Chairman
Ahmedabad
26th May, 2020

Ameera Shah
Chairperson CSR Committee
Palgadh
26th May, 2020

ANNEXURE D TO THE DIRECTORS' REPORT

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 2019-20 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the year 2019-20 are as under:

Sr. No.	Name	Designation	Ratio of Remuneration of Director to Median Remuneration of employees	% increase in Remuneration in the year 2019-20
1	Shri Sudhir Mehta	Chairman Emeritus	99.64 (1)	0.00(1)
2	Shri Samir Mehta	Executive Chairman	398.64(2)	33.32(2)
3	Shri Shailesh Haribhakti	Independent Director	8.67	24.29
4	Shri Haigreve Khaitan	Independent Director	8.17	32.26
5	Ms. Ameera Shah	Independent Director	7.37(3)	--(3)
6	Ms. Nayantara Bali	Independent Director	8.27(4)	--(4)
7	Dr. Chaitanya Dutt	Whole-time Director	171.80(2)	15.16(2)
8	Shri Jinesh Shah	Whole-time Director	51.56(2)(5)	--(5)
9	Shri Sudhir Menon	Chief Financial Officer	NA	--(6)
10	Shri Mahesh Agrawal	Company Secretary	NA	11.87(2)

(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) Ms. Ameera Shah appointed as an Independent Director w.e.f. 2nd August, 2018. Hence remuneration paid during 2018-19 was for part of the year and not comparable with 2019-20.

(4) Ms. Nayantara Bali appointed as an Independent Director w.e.f. 7th March, 2019 and no remuneration was paid to her during the year 2018-19.

(5) Shri Jinesh Shah appointed as Whole-time Director w.e.f. 01st August, 2019.

(6) Shri Sudhir Menon designated as Chief Financial Officer w.e.f. 1st September, 2018. Hence remuneration paid during 2018-19 was for part of the year and not comparable with 2019-20.

B. The percentage increase in the median remuneration of employees in the financial year under review is 8.09%. The employees whose remuneration is determined based on negotiations, employees who have not received the increment for full year and the employees at representative offices of the Company abroad have been excluded for this purpose.

C. The Company has 12,881 employees on the rolls of Company as on 31st March, 2020.

D. The increase made in the salaries of employees other than managerial personnel during the year under review was 10.82% while the increase in managerial remuneration was 27.28%. Increase in remuneration of Shri Samir Mehta is in consideration to the impressive performance of the Company over the last few years.

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
26th May, 2020

Samir Mehta
Executive Chairman

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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, 2020 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, 2020 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, 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, 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 and Price Control Order, 2013
- d) The Narcotics, Drugs & Psychotropics Substances Act, 1985
- e) The Patent Act, 1970
- f) The Prevention of Cruelty to Animals Act, 1960
- g) The Water (Prevention and Control of Pollution) Act, 1974
- h) The Water (Prevention and Control of Pollution) Cess Act, 1977
- i) Air (Prevention and Control of Pollution) Act, 1981

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

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

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

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

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

1. During the year, the Company has raised ₹ 300 crores through Commercial Paper (CP).
2. During the year, the Company has issued Rated Secured Unlisted Redeemable Non-Convertible Debentures of ₹ 300 crores.
3. The Company has cancelled (earlier forfeited) 14,000 Equity shares of ₹ 5/- each on which ₹ 35,000/- was paid up and the Subscribed capital of the Company stands reduced to that extent.

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

Mahesh C. Gupta
Proprietor
FCS: 2047 (CP: 1028)
UDIN: F002047B000280666

Ahmedabad
26th May, 2020

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. In the situation of COVID-19 pandemic and resultant lockdown, we have conducted the Secretarial Audit based upon the online documents / information provided by and discussion with the management without personal visit to the Company’s premises.

4. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

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

6. 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.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor 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)
UDIN: F002047B000280666

Ahmedabad
26th May, 2020

INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

TO THE MEMBERS OF
TORRENT PHARMACEUTICALS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 3rd September, 2018 and addendum to engagement letter dated 15th May, 2020.
2. We have examined the compliance of conditions of Corporate Governance by Torrent Pharmaceuticals Limited ('the Company') for the year ended 31st March, 2020, as stipulated in 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, as amended from time to time ("Listing Regulations"), pursuant to the Listing Agreement of the Company with the National Stock Exchange Limited and the Bombay Stock Exchange Limited (collectively referred to as the 'Stock exchanges').

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

3. The Company's management is responsible for compliance of conditions of Corporate Governance including the preparation and maintenance of all the relevant supporting records and documents as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of Corporate Governance process relevant to the compliance of conditions. This also includes collecting, collating, and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above-mentioned 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, 2020.
6. We conducted our examination of the above corporate governance compliance by the Company as per Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), Guidance Note on Certification of Corporate Governance both issued by the Institute of Chartered Accountants of India ("the ICAI") and 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 of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
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 Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No: 102527
ICAI UDIN: 20102527AAAAAU8465

Mumbai
26th May, 2020

FORM NO. MGT - 9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[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	:	KFIN Technologies Private Limited Unit : Torrent Pharmaceuticals Limited 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 Investments Private Limited,[@] Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India.	U67120GJ-1985PTC007573	Holding	71.25%	Section 2(46)
2	Heumann Pharma GmbH & Co. Generica KG, Germany Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100.00%	Section 2(87)
3	Zao Torrent Pharma, Russia, 117418, Moscow, Russia 61, Novocheremyshkinskaya, Russian Fed.	NA	Subsidiary	100.00%	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	100.00%	Section 2(87)
5	Torrent Pharma GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100.00%	Section 2(87)
6	Torrent Pharma Inc., USA, '150 Allen Road, Suite 102 Basking Ridge, NJ, 07920.	NA	Subsidiary	100.00%	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	100.00%	Section 2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
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	100.00%	Section 2(87)
9	Torrent Australasia Pty. Ltd, Australia, Coleman and Greig, Level 9, 100 George Street, Parramatta, NSW – 2190, Australia.	NA	Subsidiary	100.00%	Section 2(87)
10	Heunet Pharma GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100.00%	Section 2(87)
11	Norispharm GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100.00%	Section 2(87)
12	Torrent Pharma (Thailand) Co. Ltd., Thailand 23/1 Soi Arkan Pibulwattana, Rama 6 Road, Kwaeng Phayathai, Khet Phayathai, Bangkok 10400, Thailand.	NA	Subsidiary	100.00%	Section 2(87)
13	Torrent Pharma (UK) Ltd.,UK, Third floor, Nexus Building, 4 Gatwick Road, Crawley, West Sussex, RH10 9BG, UK.	NA	Subsidiary	100.00%	Section 2(87)
14	Torrent Pharma S.R.L., Romania Str. Paleologu nr.24, Basement, Office No.1, 030552 Sector 3 – Bucharest.	NA	Subsidiary	100.00%	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	100.00%	Section 2(87)
16	Torrent Pharma France, France 15 Rue Taitbout 75009 Paris.	NA	Subsidiary	100.00%	Section 2(87)
17	Tornascent Care Institute (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85100GJ-2015NPL082291	Associate	50%	Section 2(6)
18	UNM Foundation (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85110GJ-2015NPL083340	Associate	50%	Section 2(6)

Aptil Pharma Limited, UK was dissolved w.e.f. 15th October, 2019.
@ Earlier known as Torrent Private Limited

IV. SHARE HOLDING 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 01/04/2019				No. of shares held at the end of the year 31/03/2020				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
PROMOTER AND PROMOTER GROUP									
INDIAN									
Individual / HUF	1000	-	1000	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	-	-	-	-	-	-	-	-	-

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2019				No. of shares held at the end of the year 31/03/2020				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Sub-Total A(1) :	**120564720**	**-**	**120564720**	**71.25**	**120564720**	**-**	**120564720**	**71.25**	**0.00**
FOREIGN									
Individuals (NRIs / Foreign Individuals)	-	-	-	-	-	-	-	-	-
Other - Individuals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub-Total A(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total A=A(1)+A(2)	**120564720**	**-**	**120564720**	**71.25**	**120564720**	**-**	**120564720**	**71.25**	**-**
PUBLIC SHAREHOLDING									
INSTITUTIONS									
Mutual Funds / UTI	16123583	400	16123983	9.53	13786388	400	13786788	8.15	(1.38)
Financial Institutions / Banks / AIFs / NBFC	1625387	-	1625387	0.96	1179241	-	1179241	0.70	(0.26)
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	36763	-	36763	0.02	-	-	-	0.00	(0.02)
Foreign Institutional Investors / Foreign Portfolio Investors	14607149	-	14607149	8.63	16625692	-	16625692	9.82	1.19
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Qualified Institutional Buyers	-	-	-	0.00	3398597	-	3398597	2.01	2.01
Sub -Total B(1) :	**32392882**	**400**	**32393282**	**19.14**	**34989918**	**400**	**34990318**	**20.68**	**1.53**
NON-INSTITUTIONS									
Bodies Corporate	4086968	5880	4092848	2.42	2165997	5880	2171877	1.28	(1.14)
Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lac	5668788	567490	6236278	3.69	5206230	494470	5700700	3.37	(0.32)
(ii) Individuals holding nominal share capital in excess of ₹ 1 lac	1679867	-	1679867	0.99	778444	-	778444	0.46	(0.53)
Others									
Clearing Members	68139	-	68139	0.04	198860	-	198860	0.12	0.08
Directors and their Relatives	3580890	-	3580890	2.12	4394966	-	4394966	2.60	0.48
HUF	194122	-	194122	0.11	141407	-	141407	0.08	(0.03)
IEPF	84551	-	84551	0.05	88906	-	88906	0.05	0.00
Non Resident Indians (Including NRI (Non Repatriation))	324864	-	324864	0.19	189612	-	189612	0.11	(0.08)
Trusts	3159	-	3159	0.00	2910	-	2910	0.00	0.00
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total B(2) :	**15691348**	**573370**	**16264718**	**9.61**	**13167332**	**500350**	**13667682**	**8.08**	**(1.53)**
Total B = B(1)+B(2) :	**48084230**	**573770**	**48658000**	**28.75**	**48157250**	**500750**	**48658000**	**28.75**	**-**
Total (A+B) :	**168648950**	**573770**	**169222720**	**100.00**	**168721970**	**500750**	**169222720**	**100.00**	**-**
Shares held by custodians, for ADRs and GDRs	-	-	-	-	-	-	-	-	-
Total (C) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
GRAND TOTAL (A+B+C) :	**168648950**	**573770**	**169222720**	**100.00**	**168721970**	**500750**	**169222720**	**100.00**	**-**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2019			Shareholding at the end of the year 31/03/2020			% 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 Investments Private Limited@	120563720	71.25	-	120563720	71.25	26.00*	-
	Total	**120564720**	**71.25**	**-**	**120564720**	**71.25**	**26.00**	**-**

@ Earlier known as Torrent Private Limited

* Torrent Investments Private Limited ("Promoter"), as promoter of the Company was obligated by virtue of certain covenants / negative covenants agreed by the Company in the loan agreements executed with various lenders that the promoter should continue to hold Management Control (inter-alia holding at least 26% of the equity share capital of the Company or otherwise) during the period such loans are outstanding. The covenants / negative covenants did not create pledge or similar security charge on the equity shares. The Company has deleted such management covenents by executing necessary amendments to such loan agreements with the banks during April, 2020 and therefore the encumbrance stands released in April 2020.

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

Sr. No.	Particulars	Shareholding at the beginning of the year 01/04/2019		Increase / Decrease in Shareholding during the year		Cumulative Shareholding during the year / Shareholding at the end of the year 31/03/2020	
		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 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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	UTI Mutual Fund#	2296638	1.36	05-04-2019	(74000)	2222638	1.31	2307920	1.36
				12-04-2019	(45000)	2177638	1.29		
				26-04-2019	(1814)	2175824	1.29		
				17-05-2019	(56496)	2119328	1.25		
				14-06-2019	2000	2121328	1.25		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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
				21-06-2019	9000	2130328	1.26		
				28-06-2019	(18000)	2112328	1.25		
				26-07-2019	9000	2121328	1.25		
				02-08-2019	(2000)	2119328	1.25		
				13-09-2019	11000	2130328	1.26		
				13-09-2019	(11000)	2119328	1.25		
				27-09-2019	178597	2297925	1.36		
				04-10-2019	2000	2299925	1.36		
				18-10-2019	(9026)	2290899	1.35		
				25-10-2019	70211	2361110	1.40		
				25-10-2019	(59500)	2301610	1.36		
				29-11-2019	40000	2341610	1.38		
				13-12-2019	(7000)	2334610	1.38		
				27-12-2019	(10000)	2324610	1.37		
				24-01-2020	(5000)	2319610	1.37		
				31-01-2020	(5000)	2314610	1.37		
				07-02-2020	(13000)	2301610	1.36		
				14-02-2020	(8000)	2293610	1.36		
				06-03-2020	(1000)	2292610	1.35		
				20-03-2020	9825	2302435	1.36		
				27-03-2020	5485	2307920	1.36		
2	HDFC Mutual Fund#	4415263	2.61	05-04-2019	(156696)	4258567	2.52	2271400	1.34
				12-04-2019	(53567)	4205000	2.48		
				14-06-2019	(18000)	4187000	2.47		
				11-10-2019	(100000)	4087000	2.42		
				25-10-2019	(350000)	3737000	2.21		
				20-12-2019	(48000)	3689000	2.18		
				24-01-2020	(169600)	3519400	2.08		
				31-01-2020	(490000)	3029400	1.79		
				07-02-2020	(489500)	2539900	1.50		
				14-02-2020	(114800)	2425100	1.43		
				21-02-2020	(165700)	2259400	1.34		
				13-03-2020	(10500)	2248900	1.33		
				20-03-2020	58000	2306900	1.36		
				27-03-2020	(35500)	2271400	1.34		
3	HDFC Life Insurance Company Limited#	1774095	1.05	05-04-2019	50054	1824149	1.08	1693630	1.00
				12-04-2019	40000	1864149	1.10		
				19-04-2019	37	1864186	1.10		
				26-04-2019	8629	1872815	1.11		
				03-05-2019	26426	1899241	1.12		
				10-05-2019	37	1899278	1.12		
				17-05-2019	27574	1926852	1.14		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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
				24-05-2019	47732	1974584	1.17		
				31-05-2019	92197	2066781	1.22		
				07-06-2019	7905	2074686	1.23		
				14-06-2019	143	2074829	1.23		
				21-06-2019	50032	2124861	1.26		
				28-06-2019	(745)	2124116	1.26		
				05-07-2019	(204)	2123912	1.26		
				19-07-2019	(3526)	2120386	1.25		
				26-07-2019	36288	2156674	1.27		
				02-08-2019	(23)	2156651	1.27		
				09-08-2019	(90)	2156561	1.27		
				16-08-2019	(87)	2156474	1.27		
				23-08-2019	(77)	2156397	1.27		
				30-08-2019	(1344)	2155053	1.27		
				06-09-2019	5792	2160845	1.28		
				20-09-2019	(682)	2160163	1.28		
				27-09-2019	(81)	2160082	1.28		
				04-10-2019	(83)	2159999	1.28		
				11-10-2019	14981	2174980	1.29		
				18-10-2019	(15443)	2159537	1.28		
				25-10-2019	(20493)	2139044	1.26		
				01-11-2019	(192)	2138852	1.26		
				08-11-2019	(1133)	2137719	1.26		
				15-11-2019	(241)	2137478	1.26		
				22-11-2019	(659)	2136819	1.26		
				29-11-2019	(61629)	2075190	1.23		
				06-12-2019	(75462)	1999728	1.18		
				13-12-2019	(260)	1999468	1.18		
				20-12-2019	4000	2003468	1.18		
				20-12-2019	(4769)	1998699	1.18		
				27-12-2019	(162)	1998537	1.18		
				31-12-2019	(394)	1998143	1.18		
				03-01-2020	(840)	1997303	1.18		
				10-01-2020	(668)	1996635	1.18		
				17-01-2020	(32854)	1963781	1.16		
				24-01-2020	(50783)	1912998	1.13		
				31-01-2020	244	1913242	1.13		
				07-02-2020	(25713)	1887529	1.12		
				14-02-2020	(274)	1887255	1.12		
				21-02-2020	(27718)	1859537	1.10		
				28-02-2020	(48650)	1810887	1.07		
				06-03-2020	(24432)	1786455	1.06		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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
				13-03-2020	(6514)	1779941	1.05		
				20-03-2020	24449	1804390	1.07		
				27-03-2020	(94196)	1710194	1.01		
				31-03-2020	(16564)	1693630	1.00		
4	Mirae Asset Mutual Fund#	1074816	0.64	05-04-2019	(157274)	917542	0.54	1485432	0.88
				12-04-2019	56719	974261	0.58		
				26-04-2019	152451	1126712	0.67		
				03-05-2019	48602	1175314	0.69		
				10-05-2019	434440	1609754	0.95		
				17-05-2019	430677	2040431	1.21		
				24-05-2019	426184	2466615	1.46		
				31-05-2019	55280	2521895	1.49		
				21-06-2019	19631	2541526	1.50		
				28-06-2019	22000	2563526	1.51		
				05-07-2019	19099	2582625	1.53		
				12-07-2019	700	2583325	1.53		
				19-07-2019	25123	2608448	1.54		
				26-07-2019	31293	2639741	1.56		
				16-08-2019	(91100)	2548641	1.51		
				30-08-2019	(89420)	2459221	1.45		
				06-09-2019	(9358)	2449863	1.45		
				13-09-2019	(6076)	2443787	1.44		
				27-09-2019	(42387)	2401400	1.42		
				11-10-2019	(13489)	2387911	1.41		
				18-10-2019	63614	2451525	1.45		
				18-10-2019	(122488)	2329037	1.38		
				25-10-2019	(8250)	2320787	1.37		
				08-11-2019	(4500)	2316287	1.37		
				29-11-2019	144	2316431	1.37		
				29-11-2019	(7350)	2309081	1.36		
				06-12-2019	(6000)	2303081	1.36		
				24-01-2020	(30962)	2272119	1.34		
				31-01-2020	13051	2285170	1.35		
				07-02-2020	8551	2293721	1.36		
				21-02-2020	(6500)	2287221	1.35		
				28-02-2020	(46339)	2240882	1.32		
				06-03-2020	(518624)	1722258	1.02		
				13-03-2020	(205540)	1516718	0.90		
				20-03-2020	(105315)	1411403	0.83		
				27-03-2020	11301	1422704	0.84		
				31-03-2020	62728	1485432	0.88		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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	T. Rowe Price International Discovery Fund	1353648	0.80	-	-	1353648	0.80	1353648	0.80
6	Fidelity Investment Trust	1796107	1.06	12-04-2019	(64700)	1731407	1.02	1304578	0.77
				19-04-2019	(34300)	1697107	1.00		
				26-04-2019	(221900)	1475207	0.87		
				17-05-2019	(223067)	1252140	0.74		
				24-05-2019	(164127)	1088013	0.64		
				14-06-2019	(289506)	798507	0.47		
				28-06-2019	(44081)	754426	0.45		
				05-07-2019	(195258)	559168	0.33		
				12-07-2019	(42696)	516472	0.31		
				19-07-2019	(516472)	0	0.00		
				31-01-2020	97800	97800	0.06		
				07-02-2020	646628	744428	0.44		
				14-02-2020	417572	1162000	0.69		
				13-03-2020	142578	1304578	0.77		
7	Reliance Mutual Fund#	1258516	0.74	05-04-2019	396	1258912	0.74	1229165	0.73
				12-04-2019	864	1259776	0.74		
				12-04-2019	(50000)	1209776	0.71		
				19-04-2019	336	1210112	0.72		
				19-04-2019	(264)	1209848	0.71		
				26-04-2019	96	1209944	0.72		
				26-04-2019	(397)	1209547	0.71		
				03-05-2019	115	1209662	0.71		
				10-05-2019	(2410)	1207252	0.71		
				17-05-2019	240	1207492	0.71		
				24-05-2019	119	1207611	0.71		
				31-05-2019	1332	1208943	0.71		
				07-06-2019	25288	1234231	0.73		
				07-06-2019	(2713)	1231518	0.73		
				14-06-2019	(60)	1231458	0.73		
				21-06-2019	56605	1288063	0.76		
				28-06-2019	152225	1440288	0.85		
				05-07-2019	17360	1457648	0.86		
				12-07-2019	156	1457804	0.86		
				19-07-2019	20336	1478140	0.87		
				26-07-2019	14144	1492284	0.88		
				26-07-2019	(13000)	1479284	0.87		
				02-08-2019	12	1479296	0.87		
				09-08-2019	7699	1486995	0.88		
				09-08-2019	(7813)	1479182	0.87		
				16-08-2019	60	1479242	0.87		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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
				16-08-2019	(93874)	1385368	0.82		
				23-08-2019	72	1385440	0.82		
				30-08-2019	178	1385618	0.82		
				06-09-2019	36	1385654	0.82		
				13-09-2019	7084	1392738	0.82		
				20-09-2019	10084	1402822	0.83		
				27-09-2019	2967	1405789	0.83		
				27-09-2019	(68109)	1337680	0.79		
				04-10-2019	48	1337728	0.79		
				11-10-2019	288	1338016	0.79		
				18-10-2019	72	1338088	0.79		
				01-11-2019	108	1338196	0.79		
				08-11-2019	24	1338220	0.79		
				15-11-2019	(5132)	1333088	0.79		
				22-11-2019	(148)	1332940	0.79		
				29-11-2019	(11144)	1321796	0.78		
				06-12-2019	3972	1325768	0.78		
				06-12-2019	(594)	1325174	0.78		
				13-12-2019	54	1325228	0.78		
				20-12-2019	31	1325259	0.78		
				27-12-2019	539	1325798	0.78		
				31-12-2019	12	1325810	0.78		
				03-01-2020	330	1326140	0.78		
				10-01-2020	76	1326216	0.78		
				10-01-2020	(18000)	1308216	0.77		
				17-01-2020	5612	1313828	0.78		
				17-01-2020	(50000)	1263828	0.75		
				24-01-2020	8468	1272296	0.75		
				24-01-2020	(3972)	1268324	0.75		
				31-01-2020	5000	1273324	0.75		
				31-01-2020	(396)	1272928	0.75		
				07-02-2020	636	1273564	0.75		
				14-02-2020	85	1273649	0.75		
				21-02-2020	(552)	1273097	0.75		
				28-02-2020	(6038)	1267059	0.75		
				06-03-2020	4656	1271715	0.75		
				13-03-2020	1870	1273585	0.75		
				13-03-2020	(14000)	1259585	0.74		
				20-03-2020	(926)	1258659	0.74		
				27-03-2020	10000	1268659	0.75		
				27-03-2020	(50077)	1218582	0.72		
				31-03-2020	10583	1229165	0.73		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2019		Increase / (Decrease) in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2020	
		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
8	Dushyant Shantilal Shah#	1201735	0.71	-	-	1201735	0.71	1201735	0.71
9	Abu Dhabi Investment Authority#	300000	0.18	26-07-2019	75686	375686	0.22	1069976	0.63
				16-08-2019	74288	449974	0.27		
				23-08-2019	25000	474974	0.28		
				18-10-2019	122000	596974	0.35		
				25-10-2019	83002	679976	0.40		
				13-12-2019	100000	779976	0.46		
				06-03-2020	290000	1069976	0.63		
10	Amundi Funds SBI FM India Equity	137747	0.08	05-04-2019	486527	624274	0.37	1053883	0.62
				12-04-2019	300726	925000	0.55		
				26-04-2019	94000	1019000	0.60		
				29-11-2019	34883	1053883	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 01/04/2019		Increase / (Decrease) in Shareholding during the year		Cumulative Shareholding during / at the end of the year 31/03/2020	
		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^	1200	0.00	25-02-2020	(1200)	0	0.00
4	Dr. Chaitanya Dutt$	800	0.00	-	-	800	0.00
5	Shri Jinesh Shah#	2,41,276	0.14	-	-	2,41,276	0.14
	KMP:						
1	Shri Sudhir Menon, Chief Financial Officer&	10	0.00	-	-	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.

Appointed as Wholetime Director w.e.f. 1st August, 2019. Including 6996 shares held jointly with Smt. Roopal Jinesh Shah

& Holding jointly with Smt. Reshmi Sudhir Menon.

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	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**
Change in Indebtedness during the financial year				
- Addition	811.17	23.41	Nil	834.58
- Reduction	1160.67	2.64		1163.31
Net Change	**(349.50)**	**20.77**		**(328.73)**
Indebtedness at the end of the financial year				
(i) Principal Amount	4991.22	303.12		5294.34
(ii) Interest due but not paid	-	-		-
(iii) Interest accrued but not due	50.65	0.48		51.13
Total (i+ii+iii)	**5041.87**	**303.60**		**5345.47**

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	Shri Jinesh Shah*	Dr. Chaitanya Dutt	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	234.12	801.60	1035.72
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961$	0.40	0.19	0.40	0.99
	(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)	2000.00	-	-	2000.00
5	Others, please specify				
	Provident Fund	-	23.41	60.12	83.53
	Superannuation	-	1.00	-	1.00
	Total (A)	2000.40	258.72	862.12	3121.24
	Ceiling as per the Act (5% of the Net Profit)	5515.30	5515.30	5515.30	
	Cumulative Ceiling as per the Act (10% of the Net Profit)	11030.60			

* Appointed as Director w.e.f 1st August, 2019

$ 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	Ms Ameera Shah	Ms Nayantara Bali	Shri Sudhir Mehta*	
	Independent Directors						
1	Fee for attending Board / Committee meetings	15.00	14.00	13.00	13.00	-	55.00
2	Commission	28.50	27.00	24.00	28.50	-	108.00
	Total (a)	43.50	41.00	37.00	41.50	-	163.00
	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)	43.50	41.00	37.00	41.50	500.00	663.00
	Total Managerial Remuneration (A + B)	3784.24					
	Overall Ceiling as per the Act (11% of the Net Profit, excluding sitting fees)	12133.66					

*Subject to shareholders' approval.

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 Sudhir Menon	Shri Mahesh Agrawal	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	151.69	106.12	257.81
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	0.44	0.44	0.88
	(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	9.40	8.75	18.15
	Superannuation	1.50	1.50	3.00
	Total	**163.03**	**116.81**	**279.84**

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 Heat pump system (3 x 750 KW) installed at Indrad plant for generation of hot water and chilled water from existing chilled water return header.
   - Power factor maintained near Unity at various plants resulted curtailment of power losses and rebate from state electricity boards.
   - Contract Demand for Grid power reduced to the optimal level at various sites.
   - Replacement of CFL/PL/conventional lamps by LED at various plants.
   - Continuously operating water circulation pumps (55 KW) have been replaced with higher efficiency pumps.
   - Chiller efficiency enhancement by installation of VFDs, auto brushing system for condensers and auto on/off for cooling tower fans.
   - Plant flash steam utilized at Heat Exchangers instead of RAW steam resulting in saving of 3400 Ton steam / year at Baddi plant.

2. **Steps taken by the Company for utilizing alternate source of energy:**
   - Heat Pump operation for hot water generation will curtail Heavy Fuel Oil (HFO) consumption used in boiler.
   - Use of Solar energy 1 MW at Indrad plant and 90 KW at R&D Centre.
   - Initiated steps for implementation of 500 KW of Solar energy at Oncology plant.
   - Use of Natural Gas in place of LPG for canteen use.
   - Bio gas plant is under commissioning at Indrad and Dahej plant which will convert canteen waste & ETP sludge to produce Bio gas and the same will be used as a fuel for canteen.

3. **The capital investment on energy conservation equipments:**
   - The capital investment on energy conservation equipment is ₹ 4.46 crores during the year 2019-20.

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. The Company has redesigned the conventional coating techniques with few modifications against the Tablet-In-Tablet technology used by innovator.

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

   The technologies adopted so far have given us the cost effective and robust quality products. Also in some of the low dosage drugs, the Company has developed dry manufacturing process either by using roll compactor or by direct mixing, which leads to minimum usage of organic solvents and thus making process cost effective as well as environmental friendly.

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

Sr. No.	Technology Imported	Year of Import
1	Absolute humidity control in coating machine for specialized products	2019-20
2	Online Tablet/Capsule inspection system on counting machine	2019-20
3	GC-Triple Quadrupole Mass Spectrometer (GC-MS/MS)	2019-20
4	GC MS-MS	2019-20
5	Inductively Coupled Plasma Mass Spectrometer (ICP-MS)	2018-19
6	Lab Lyophilizer	2018-19
7	Micro Fluidizer	2018-19
8	Laser based Tablet drilling machine	2017-18
9	Mespack Sachet Pack Machine	2017-18
10	Process Analytical Tool - Near Infra Red (PAT - NIR)	2017-18
11	O'Hara Coater	2017-18
12	Sterile powder filling /Sealing machine	2017-18
13	Vial Filling Machine	2017-18
14	Advance flow Reactor	2017-18
15	Centrifugal extractor	2017-18
16	Agitated Thin Film Dryer (ATFD/ATFE)	2017-18
17	High potent/Containment facility for APIs	2017-18
18	Compression Machine (KorschXm 12)	2017-18
19	Gastro Plus Software	2017-18
20	Handheld Raman Analyzer	2017-18
21	Ribbon Density Analyzer - Import	2017-18
22	Jacketed reactor with homogenizer, vacuum and stirrer	2017-18

The above technologies have been fully absorbed.

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

(₹ in crores)

Particulars	2019-20
Total R&D expenditure including Capital expenses	**380.90**
Total R&D expenditure as a percentage of turnover	**6.32%**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in crores)

Particulars	2019-20	2018-19
Foreign Exchange Earnings	**2079.25**	2210.26
Foreign Exchange Outgo	**606.54**	552.15

For and on behalf of the Board

Ahmedabad
26th May, 2020

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:

Global economy has recorded its weakest pace in 2019, since the global financial crisis a decade ago. Rising trade barriers and associated uncertainty weighed on business sentiment globally. In advanced economies and China, these developments magnified cyclical and structural slowdowns already under way. Further pressures came from country specific weakness in large emerging market economies such as India, Brazil, Mexico and Russia. Worsening macroeconomic stress related to tighter financial conditions (Argentina), geopolitical tensions (Iran), and social unrest (Venezuela, Libya and Yemen) rounded out the difficult picture.

The global economic growth is estimated to be 2.9% in 2019 down from 3.6% in 2018. Growth in advanced economies decreased from 2.2% in 2018 to 1.7% in 2019 and emerging economies decreased from 4.5% in 2018 to 3.7% in 2019. In the beginning of 2020, the COVID-19 pandemic has inflicted severe impact on economic activity with the result that the global economy is projected to contract sharply by –3% in 2020. Due to exponential growth of this pandemic, more than 150 countries had put in place regional or complete lockdown to contain the virus. Workplace closures has resulted to supply chains disruptions, lower productivity, decreasing demand, income declines and heightened uncertainty leading to further business closures and job losses. It has curtailed mobility affecting sectors that rely on social interactions such as travel, hospitality, entertainment and tourism. There is a multi-layered crisis with de facto shutdown of significant portion of the economy. By the end of March, commodity prices fell sharply and equity markets have sold off dramatically. Large fraction of countries is expected to experience negative per capita income growth in 2020. Growth in the advanced economies is projected at -6.1% in 2020 while in emerging economies, the growth is projected at -1% in 2020. Because of the economic fallout, various governments are taking substantial targeted fiscal, monetary and financial market measures to normalize economic activity. Central banks of various countries have already taken significant actions to have rate cuts, provide monetary stimulus and liquidity support to reduce systemic stress. These actions have contributed to ensure that the economy is better placed to recover. There remains considerable uncertainty around the forecast, the pandemic itself, its macroeconomic fallout and the associated stresses in financial and commodity markets. However, assuming that pandemic to fade in the second half of 2020, global growth is expected to rebound to 5.8% in 2021 reflecting the normalization of economic activity from very low levels[1].

Global Pharma Market:

Life science sector is bringing a surge of innovation to patients and healthcare systems, launching products at a more rapid rate and in a greater number of therapy areas. Several changes in the marketplace for medicines have simultaneously created a more challenging commercial environment for manufacturers to optimize treatment for cost conscious payers and adopt new technological approaches for customer engagement to prove the value of their medicines. It is expected to see 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 6% in the year 2019 compared to 5% in the year 2018 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 2019, share of US, Europe and Emerging markets in global pharmaceutical sales remained relatively static compared to 2018.

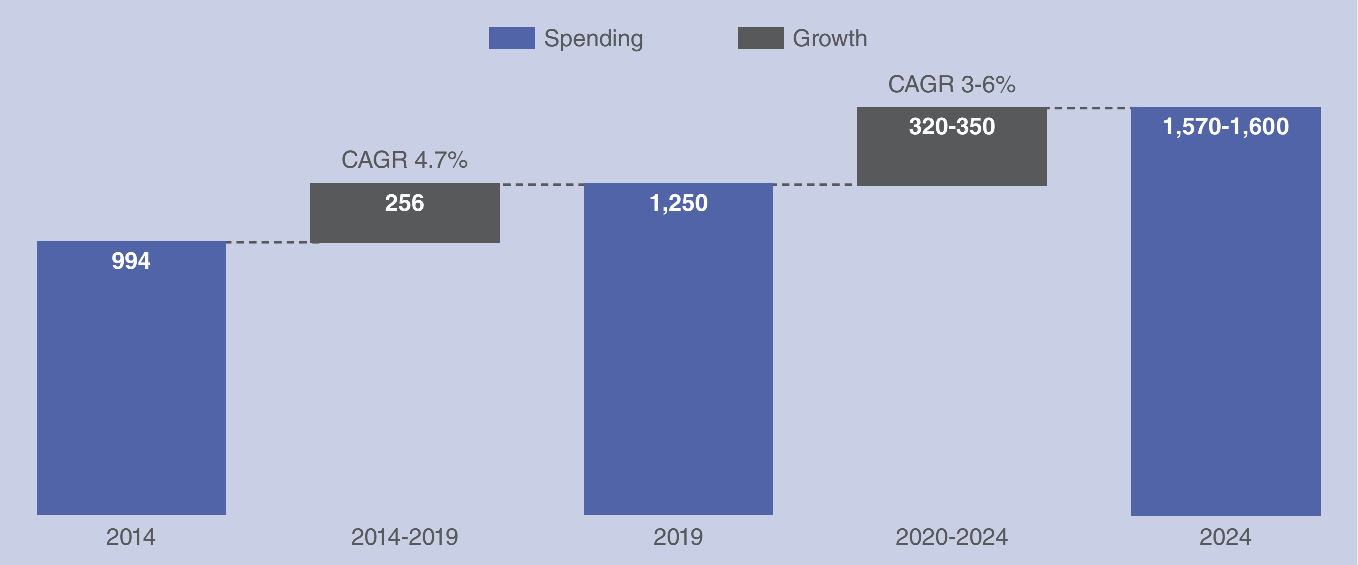
The largest pharmaceutical market, US is estimated to be approximately US$ 510 Bn in 2019 registering a growth of around 6.5% (compared to 5.7% in 2018)[4]. The market is expected to grow at a CAGR of 3% to 6% through 2024. Growth will be primarily driven by specialty, orphan, oncology drugs and will be offset by the impact of losses of brand exclusivity and uptake of biosimilars.

Top 5 European market is estimated to be approximately US$ 174 Bn in 2019. As compared to CAGR of 4.0% during 2014 to 2019, the market is expected to grow at a CAGR of around 3% to 6% through 2024.

The Pharmerging markets mainly led by China, Brazil, India and Russia are estimated to be US$ 358 Bn and expected to grow at a CAGR of 5% to 8% through 2024, as compared to CAGR of around 7% during 2014 to 2019. Pharmerging market growth will be driven by healthcare expansions and greater access new therapies leading to greater volume use and spending. However, most of the products used in these countries being non-original products will aid in keeping spending low despite expanding volume. With the result, most countries will have slower growth than historical CAGRs. In these markets, a sustained infrastructure will need to be maintained and augmented to ensure expanded delivery of care to patients is possible.

The global spending on medicines reached US$ 1.25 trillion in 2019 and is expected to be around US$ 1.6 trillion by 2024 growing at 3% to 6% CAGR compared to CAGR of 4.7% during 2014 to 2019. The growth is projected to be slow in the next five years due to impact of high number of new medicines offset by declining price growth combined with and increasing brand losses of exclusivity. Approximately 270 new molecular entities are expected to be approved between 2020 and 2024, compared to 236 from 2015 to 2019, contributing to the rise in new brand spending. New brand spending growth is expected to be largely driven by oncology, autoimmune, other immunology treatments and many other niche and orphan treatments. However, prices of new product launches do not rise in most developed countries but declines typically based on government price restructuring or negotiations on specific products[2].

Global Spending and Growth, 2014-2024 US$Bn[3]



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

Specialty and Innovative products: Specialty medicines are used in treatment of complex, rare or chronic diseases. Specialty medicine spending currently account for 36% of global spending and is projected to account for 40% of global spending in 2024. New specialty products are increasingly in niche areas, primarily driven by oncology, immunology, autoimmune, HIV and multiple sclerosis therapies and likely to affect more to small patient populations in the developed markets. In developed markets, 44% of spending is on specialty products in 2019 and is expected to reach 52% in 2024. With the rise in specialty products for smaller patient populations, the likelihood of breakthrough therapies coming to market that significantly impact patient care or provide a cure will increase. Oncology spending is expected to remain the largest contributor to the specialty spending with the projected increase of 51% through 2024[2].

Immunotherapy have been representing an innovative shift in the cancer treatment with global market size at US$ 88 Bn in the year 2019 and further estimated to reach around US$ 159 Bn by 2024 with a CAGR of 12.5% during 2019 to 2024.

Biosimilars: Biosimilar products are an identical copy of an original product already authorized for use and offer new therapeutic options with the potential for cost savings to the healthcare system. The biosimilar market reached a value of US$ 5.1 Bn in 2019 and projected to reach US$ 24.5 Bn by 2025 growing at a CAGR of nearly 30% during the next five years.

Artificial Intelligence (AI) : AI uses smart algorithms to analyze complex healthcare databases that can provide crucial knowledge. AI technology helps the companies to collect and analyze patient records, design treatment plans, provide medication facilities to patients through mobile applications, develop drugs, improve clinical trial outcomes and streamline drug discovery process. The companies are also deploying big data analytics program, which provides greater knowledge, new techniques to harness the under-leveraged data and gain insights for making business decisions on time. These emerging technologies will help companies to improve study design, physician and patient recruitment, in-trial decision making, as well as increase efficiency and accuracy in other critical tasks such as transformation in supply chain all the way through to regulatory filing.

Prescription Digital Therapeutics: A new treatment modality is emerging as mobile apps are increasingly submitted to the USFDA for clearance or approval and come to market as prescription digital therapeutics. These are new mobile or software applications coming to market as prescription devices with indications and disease-specific treatment. Adoption success is likely to be driven by the strength of clinical evidence and outcomes data, the simplicity for channels of distribution, ease-of-use and awareness strategies.

Precision Medicine: Precision medicine, also known as personalized medicine is a process of diagnosing and tailoring customized medicines and treatment based on an individual's predicted response. While considered a niche, precision medicine is slowly gaining momentum with more and more of such medicines passing the clinical stage and getting ready for the new-age market.

Growth Drivers:

Longer Life Expectancy: With declining fertility and increased longevity, the relative size of older age groups is increasing. Individuals are becoming increasingly health conscious and medical science continues to advance, number of older people is growing faster than the number of people in younger age groups. Older people (representing aged 65 and older) is projected to increase from 9% in 2019 to 16% by 2050[5]. These scenarios are expected to promote healthcare spending.

Changing Lifestyle: In today's world, sedentary lifestyle, changing dietary habits, hectic and stressful life, less sleep and certain environmental factors causes higher incidence of chronic diseases. This include obesity, hypertension, depression, diabetes, cardiovascular diseases and other physical problems.

Improving Purchasing Power: The middle-class population as well as per capital income continues to expand, driving demand for healthcare solutions. This expansion is likely to be more prominent in emerging markets.

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.

Digital and Advanced Analytics: Major technological shifts over the past few years have encouraged a rapid increase in the use of Advanced Analytics (AA). Globally, the pharma industry have seen the usage of AA driving growth and productivity across the pharmaceuticals value chain, including R&D, manufacturing, quality, supply chain, sales, etc. Patients are also better informed and aware of the healthcare choices available to them through technological advances such as mobile apps and healthcare devices.

Global life science industry is at a juncture where it will need to adopt to the changing landscape to ride the wave of significant future opportunities. To cope with the ever-changing business regime, pharma companies work towards establishing 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:

A generic drug is a pharmaceutical drug that contains the same chemical substance, intended use, effects, side effects, risks, safety and strength as a drug that was originally protected by chemical patents. Global generic drug market reached around US$ 367 Bn in 2019, registering a CAGR of 5.7% during 2014 to 2019. The increasing number of patent expiry for leading branded drugs, government initiatives boosting the generic drug usage for prevailing chronic diseases, growing ageing population, adoption of complex generics and industry consolidation will drive the growth of generic drugs market across the world. However, companies in the generic drug market face several disruptive factors that negatively affect the growth such as downward pricing pressure from increasing competition, stringent government regulations and regulatory compliance leading to higher regulatory costs, further aggravating their profit margins. Despite these challenges, the market is expected to exhibit steady growth in the future. The generic market is expected to reach US$ 497 Bn by 2025, with a CAGR of around 5.2% during 2020 and 2025.

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 sales of branded generic drugs is expected to grow at a CAGR of 8% through 2029 nearly doubling its revenues. It is expected that the global branded generics market will lead by China, India and Asia Pacific (excluding Japan). Drugs for cardiovascular diseases and diabetes, which account more than 20% of total sales of branded generics in the global market are projected to remain at the top over the next 10 years. In terms of therapeutic application areas, oncology is reflecting promising growth along with increasing demand for drugs in gastrointestinal disease treatments within the branded generic segment. 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.

The US generic market remains the largest generic drugs market as nearly 90% of total generic prescriptions were dispensed in the US. The US generic market reached a value of around US$ 115 Bn in 2019, registering a CAGR of 11.7% during 2014 to 2019. The growth is driven by increase in the prevalence of chronic diseases and increase in number of generic drug approvals across the region. The US generic drug market is expected to reach US$ 209 Bn by 2025, at a CAGR of around 10.5% during 2020 to 2025 as many branded drugs are expected to lose their patent protection during this period. The US Generic market has been under tremendous pressure for the last few years with significant pricing pressure, eroding profit margins, big players divesting large parts of their generics portfolio. Despite all these hurdles, the US generic market continues to attract a large number of ANDA filings with 833 final ANDA approvals in the year 2019 along with 146 tentative approvals.

India is considered to be one of the largest generic drug supplier and has significant foot prints in all the developed markets. With a growing ageing population, a large number of multinational pharmaceutical companies continue to make their presence in the Indian market. While India's pharma exports grew by 11% in 2019 and appear to be promising, it continues to face challenges in maintaining itself as the low cost manufacturing destination due to pricing pressures, which are seen across all the markets and further compounded by regulatory agencies demanding stricter compliances, which are leading to higher compliance costs.

A complex generic is a generic that could have a complex active ingredient, complex formulation, complex route of delivery, or complex drug device combinations. They are hybrid drugs whose authorisation depends partly on the results of the tests on the reference medicine and partly on new data from clinical trials and are expected to have same clinical effect and safety profile as the branded drugs. Complex generic drugs are cheaper than branded drugs and offer the opportunity to capture additional value to patients by addressing additional unmet needs and enabling complex drug manufacturer to achieve market differentiation and earn higher margins. To avoid pitfalls in the transition to complex generics, companies should collaborate with industry partners having clinical experience and global regulatory know-how, along with site networks and quality / compliance expertise to rapidly deliver validated results in order to meet the needs of regulators in shorter time lines and at lower costs ensuring the long term supply of quality product.

Opportunities for generics remain strong and positive across the globe, with an increasing demand for affordable healthcare and government focus on cost control and expansion of medical infrastructure. 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:

Harmonization of pharmaceutical regulations have naturally become an important topic of discussion amongst worldwide Drug Regulatory Authorities. Over the past several decades, they have been working to end an isolationist attitude that cannot resolve current worldwide issues and challenges. As a result, many cooperative initiatives (bilateral, regional and global) have been established and harmonization efforts have been enhanced. All these initiatives can be very different in scope (some are part of a broader harmonization initiative), level of harmonization (depending on the political support / commitment), organization (well structured versus simple discussion), or advancement (established process versus pilot projects), but they all work towards harmonization of requirements and / or practices. Increased exchange of information on a regular basis between various regulatory authorities have become more common than ever.

Year 2020 brings a new decade of regulatory challenges with pandemic of COVID-19 looming globally. It has impacted pharmaceutical business and will be directly confronted with regulatory and policy mandates of fairness, safety, and protection. In the backdrop of COVID-19, multiple guidelines on drug shortage regulations and remote working are published by various regulatory authorities. Major agencies like USFDA, MHRA, EMEA and ANVISA have published multiple emergency measures and policies during this pandemic period. To survive these regulatory challenges pharmaceutical industries need to work on risk mitigation plan which includes reduction on dependency on one region or country for input raw materials, de-risking the product by developing capabilities to manufacture the product at different locations and most importantly how to embrace digitization in day to day operations and remote working.

Mergers & Acquisitions (M&A):

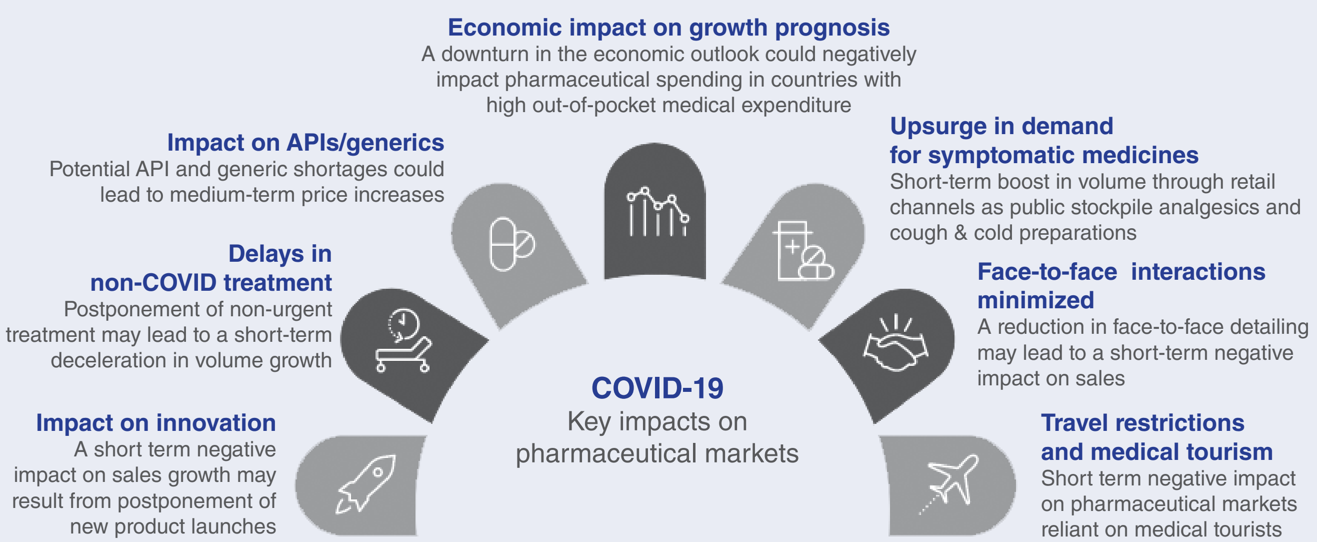
M&A play a crucial role in the growth strategies for life sciences companies. Over the last few decades, waves of M&A have led to significant consolidation within the industry. M&A is an important mechanism for achieving growth when opportunities for organic expansion are limited or non-existent. Large pharmaceutical companies has turned to megadeals to address pipeline, therapeutic, and geographic expansion needs. Bolt-on acquisitions have also increased as large companies snap up emerging / specialty companies with promising novel drug candidates. Consolidation and megadeals in particular, provide drug companies with the level of income necessary to fund R&D and new drug development. Revenue growth has been increasingly challenging in the face of growing generic and biosimilar competition, downward pricing pressure and shrinking pipelines due to patent expiries or R&D failures and more complex regulatory requirements. M&A provides a means for gaining access to new revenue streams, particularly for companies with significant cash reserves. M&A activity has not been limited to drug manufacturers. As outsourcing of clinical research studies, development and manufacturing efforts has increased, service providers have been actively consolidating to meet the global, comprehensive and evolving needs of their customers. Within the contract research space, global expansion and access to technology have become key drivers of M&A activity. Oncology continues to be the principal therapy area for deal making in the life sciences sector.

The volume of M&A deals announced in 2019 declined by 6% from 2018. However, the aggregate value of all M&A deals signed in 2019 was around US$ 293 Bn, 43% higher against 2018[6]. Acquisitions of US-based companies dominated the M&A landscape, with companies located in one of EU5 countries comprising the next largest group. Uncertainties surrounding drug pricing and the impact of the forthcoming US presidential election on healthcare policy, coupled with volatile stock market indices, may act as a brake on overall deal volumes. Moreover, since the outbreak of COVID-19 near term M&A landscape may change dramatically, with the unpredictability of the magnitude of its potential impact significantly impacting the deal environment.

COVID-19 Assessment – Early stages:

The coronavirus disease (COVID-19) outbreak, which started in late December, 2019, had become a global pandemic by early March, 2020. COVID-19 has almost impacted every industry, causing steep inroads into the global economy. It has disrupted supply chains and international trade, with more than 100 countries closing borders and movement of people. With lockdown in place for nearly 45 days in most of the countries, the world economy is expected to contract by 3%. The severity of the economic impact will largely depend on two factors - the duration of restrictions on the movement of people and economic activities in major economies and the actual size and efficacy of fiscal responses to the crisis.

Key impacts of the COVID-19 pandemic on pharmaceutical markets[7]



Pharmaceutical and biotech companies around the globe are working with governments to address the COVID-19 outbreak, from supporting the development of vaccines to planning for medicines supply chain challenges. Healthcare systems are being put under significant pressure, at a time when many are already over-stretched, medical congresses are being cancelled, bans on non-essential travel and enforced home working are emerging. Early signals in our key geographies are as under:

India

The impact of COVID-19 surfaced in the Indian pharma markets in the second half of March, 2019. While it is still early stages to comment on the potential impact in 2021, a degree of change in the industry functioning can be expected. Doctor engagements have come down and the lockdown has led to lower non-emergency visits to hospitals which will impact the demand in the near term. Torrent's platform and experience of over five decades places it in a strong position to weather the changes that may arise due to evolving patient and HCP behavior and is poised to emerge strongly from the crisis.

Brazil

There is shift towards e-prescriptions as the footfalls to healthcare professionals and hospitals has reduced drastically due to social distancing measures. There are difference in federal and state government views on handling the pandemic which has resulted into widespread social and economic confusion, which has led to sharp depreciation in the currency.

US

Diagnostic visits to physicians have dropped by more than 70%. Remote engagement is rising in the US by 60% (as compared to April, 2019) to mitigate concerns on infection risk and health care professionals' unavailability for face to face interactions.

Germany

COVID-19 is expected to have significant impact in Eurozone economy. Germany economy is expected to contract by 7%. There is a sharp drop in visits to healthcare professionals however the pharma market is expected to be poisted better.

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.

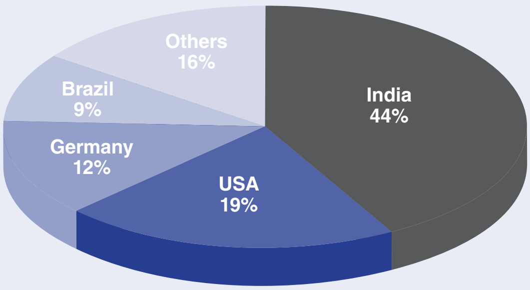
During the year 2019-20, the Company reported revenues of ₹ 7,939 crores, growth of 3% compared with ₹ 7,673 crores in the previous financial year.

The breakup of Revenues under key territories is as under:

Revenue (₹ in crores)	2019-20		2018-19		Growth
	Amount	Share	Amount	Share	%
India	3,517	44%	3,234	42%	9%
USA	1,523	19%	1,589	21%	-4%
Germany	947	12%	1,009	13%	-6%
Brazil	715	9%	689	9%	4%
Other countries	766	10%	679	9%	13%
CRAMs / Others	472	6%	472	6%	0%
Total	**7,939**	**100%**	**7,673**	**100%**	**3%**

Torrent's core competencies

Torrent's major pharma markets are India, US, Germany and Brazil. The Company's strategic priorities in India and Brazil remain continued focus on strengthening 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 continues to focus on its new product pipeline by developing complex products.



INDIA:

The Indian pharmaceutical industry has exhibited a strong growth trajectory over the years and has registered prominent and rapidly growing presence in global pharmaceutical arena. This is attributed to the world-class capabilities in the formulation development and vision of the industry to establish India's footprint in international markets. Indian pharmaceutical industry is the largest provider of the generic drugs along with significant contribution towards improving public health outcomes across the globe.

Indian Pharma industry is the 3^{rd} largest by volume and 14^{th} largest by value in the world around US$ 55 Bn (incl. domestic market). On the domestic front, the Indian pharmaceutical market (IPM) has reached a value of US$ 20 Bn during the year 2019-20[8] and is poised for growth further supported by greater healthcare accessibility, rising prevalence of chronic diseases, increasing per capita income and greater health insurance penetration.

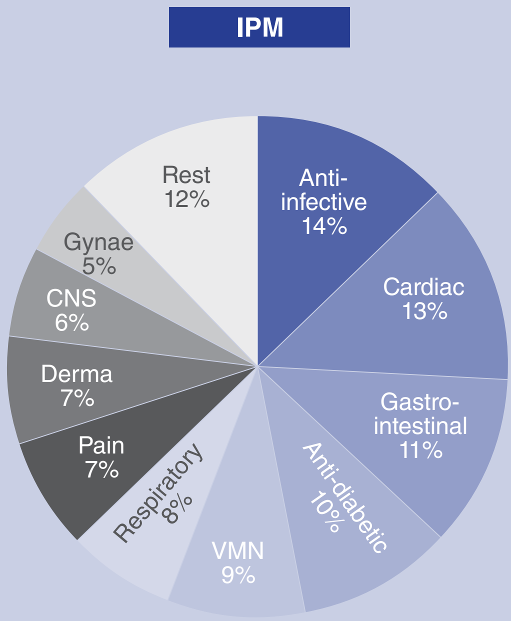
IPM continues to be driven by the branded generic segment and market growth is expected to be in the double digit range, however, this does not take into consideration the impact of COVID-19 in India which the industry is likely to face in the year 2020-21 and possibly longer. Resurgence of volume growth in the market will be dependent on how quickly the economy is able to bounce back from the pandemic and how long the social distancing phenomenon continues to impact patient behavior. IPM growth trend is as follows:

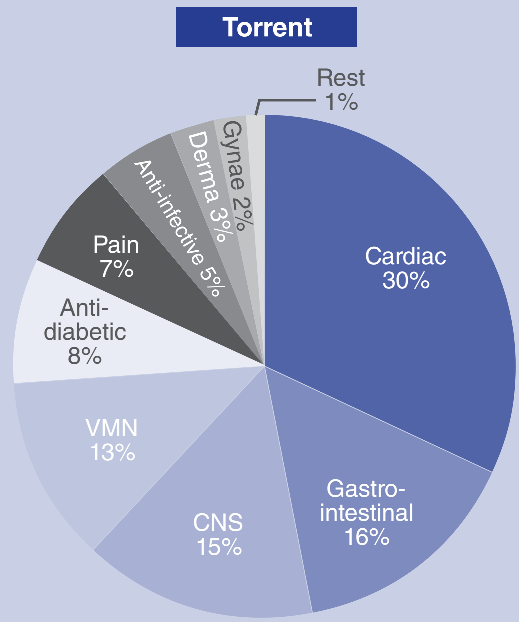
For the year ended 31^{st} March 2020, India continues to be the largest business unit contributing 44% to the Torrent's revenues.

Torrent stands at 8^{th} rank in the IPM and continues to grow faster than the IPM. Torrent stands at 5^{th} position among combined chronic / sub chronic therapy areas. 17 brands feature amongst Top 500 brands of the IPM. 10 brands have revenues of more than ₹ 100 crores compared to 8 brands last year, a result of Torrent's continued focus on brand building productivity[8].

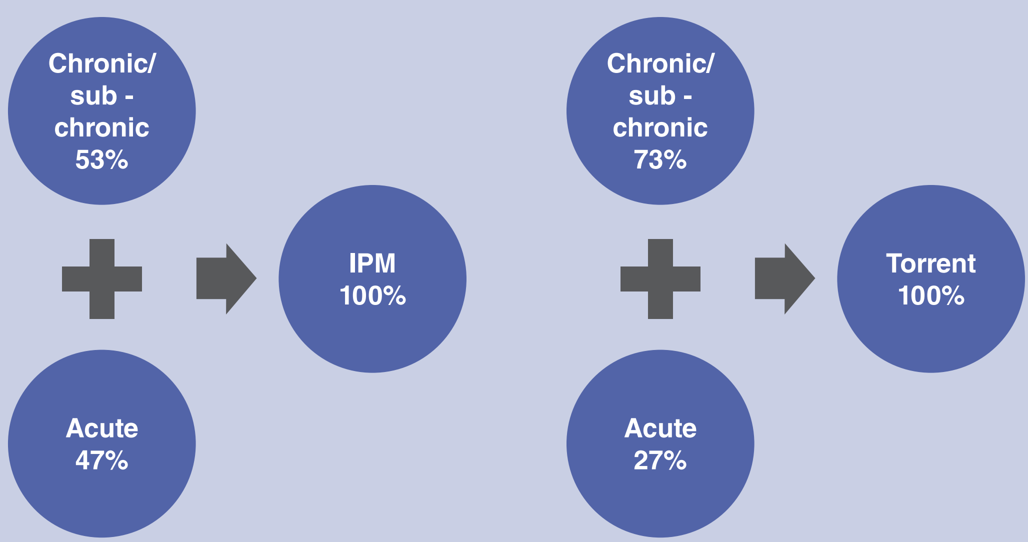
8^{th} largest Company in IPM	5^{th} ranked among combined chronic / sub chronic segment	6^{th} ranked by prescription at specialists
17 brands Amongst Top 500 brands in IPM	10 brands above ₹ 100 crores	Ranked amongst Top 5 across CVD, GI, VMN and CNS therapy areas

In IPM, Anti-infective is the major contributor followed by Cardiac, Gastro-intestinal, Anti-diabetic and Vitamin Mineral Nutrients (VMN) segment. Torrent has strong presence in these key therapies and Top 5 therapies contribute over 82% to sales[8].





Chronic / sub-chronic therapies accounts for 73% of the India business compared to 53% for IPM[8].



There has been rank improvement across Anti-diabetic, Derma and Gynaecology therapy areas compared to last year[8]:

Ranking	CVD	CNS	VMN	GI	Pain	Anti Diab*
	2nd	4th	4th	5th	9th	10th

*without Insulin

On the productivity front, India business productivity is at ₹ 9.3 lacs as of MAT March, 2020[8].

New introductions in key therapies continue to be a focus area for future growth. Year 2019-20 has witnessed the launch of several important new introductions in key markets-Vildagliptin, Ticagrelor along with strengthened presence in anti-diabetic segment through in-licensed Remogliflozin & Torrent's novel FDC 'Repaglinide+Voglibose'.

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 2024. The Brazilian pharma market is estimated to be around US$ 33.6 Bn and it is forecasted to grow at 6% to 9% year on year until 2024 with improvements expected on macroeconomic parameters under the new government and its policies[3].

Brazil's economy is still showing slow recovery with annual growth of 1% since 2018. Economic scenario was already unfavorable for 2020 and has been worsened by COVID-19, which reduced the GDP growth expectation from 2% to -5.3%. Inflation is expected to remain in the range of 2% to 3% in 2020. Apart from COVID-19 economic impact, Brazil is still facing difficulties to have important reforms implemented. In 2019, pension reform approval brought some relief to Government, but tax reform has been put on hold. Main objective of tax reform is to simplify Brazilian taxation rules by implementing GST (Goods and Service Tax). Economic challenges of lack of productivity, low investments and fiscal imbalances remains to be addressed by the Government. Government subsidies under health care schemes has reduced while opportunity for the pharmaceutical companies to gain from direct sales to consumers is increasing. On the regulatory front, the Brazilian government is taking measures for anti-counterfeiting by bringing in batch traceability regulation. The pilot phase was completed in 2019 and full implementation is expected by March, 2022. Tender market is slowing down as 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 ₹ 715 crores (Sales in Reals 409 Mn) with constant currency growth of 12% over previous year. The Company intend to gain market share 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). Currently, Torrent has commercialized 23 branded generics and 20 generic products. In its branded generic portfolio, the Company has 9 filings under approval, 23 under preparation for filing in existing business and 19 in new business. In addition, the Company has been building its portfolio in the generics with parallel filings of branded generic products.

USA:

The US pharmaceutical market remains the world's largest market. US market growth in 2019 increased to 6.5% compared to 5.7% in 2018. US spending on medicines is expected to reach from US$ 510 Bn in 2019 to US$ 605 to US$ 635 Bn in 2024, at a CAGR of 3% to 6%. This increase in spending growth will be driven by rise in the number of new launches offset by losses of market exclusivity of branded products[3].

Generic drugs account for 90% of prescriptions dispensed, up from 75% in 2009 and are dispensed 97% of the time when available. Three key generic purchasers in the US have nearly 90% share of generic purchases. Overall, there have been record number of ANDA approvals and faster approvals but fewer products launching due to lower financial viability for the manufacturers. 64% of ANDAs did not launch last year. Overall generic manufacturers have opted for portfolio optimization / 'Shrink to Grow' strategy in 2019 which has caused record number of product discontinuations.

The USFDA has put forth several measures to improve the generic-drug development and approval process. In 2019 they have primarily focused on prioritizing approvals for no or limited generic products in addition to complex generics.

Torrent is ranked No. 11 amongst the US generic Indian companies and has a market share of around 17% in its covered market. Revenues from US business were ₹ 1,523 crores (Sales US$ 207 Mn) during the financial year 2019-20 as compared to ₹ 1,589 crores (Sales in US$ 212 Mn) in the previous year with a degrowth of 4% (constant currency degrowth of 2%). The new product approvals have been on hold pursuant to its Dahej and Indrad facility being classified OAI and WL respectively. 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 3 ANDA approvals in 2019-20. The Company has 96 ANDA approvals (including 6 tentative approvals) and its pipeline consists of 48 pending approvals and 34 products under development.

GERMANY:

Top 5 European markets are Germany, France, Italy, UK and Spain. Medicine spending in top 5 European countries will increase from US$ 174 Bn in 2019 to US$ 210 to US$ 240 Bn in 2024. CAGR from 2020 to 2024 is expected to be 3% to 6% compared to 4% CAGR seen during past five years[3].

To limit increasing healthcare cost, a number of European governments are working on healthcare reforms; prices and marketing activities are significantly regulated. 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 US$ 52 Bn and is expected to grow at a CAGR of 4% to 7% till 2024[3]. Majority of the market is tender driven which leads to a very competitive environment for the industry. Among the generic players, Torrent holds 5th position with a market share of around 6.7% and is ranked No. 1 among Indian players in the German market. Revenues from Germany operations during 2019-20 were ₹ 947 crores (Sales in Euro 119 Mn) with a degrowth of 6% (constant currency degrowth of 4%).

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 ₹ 461 crores during the 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 806 patent applications for NCEs from these and earlier projects in all major markets of which, 473 patents have been granted / accepted so far.

The most advanced discovery program of the Company is a metabolic modulator NCE for the reduction of cardiovascular 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 early this year.

Phase II study for the Company's 3rd NCE being developed for inflammatory bowel disease is ongoing.

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 has completed its phase III trial and has been granted permission for manufacturing and marketing. Another program that completed its phase III clinical trial is for the indication of acute pain management through nasal route of delivery. Nasal route of delivery is also being explored for management of vitamin B12 deficiency. The phase I trial has been completed and phase III 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. The Company is facing litigation on two of its products viz. Losartan and Valsartan in the US due to detection of certain impurities in the outsourced API during 2018-19.

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.

COVID-19 pandemic is expected to bring impact across the pharma value chain in 2020-21. Lower manufacturing attendance in order to maintain social distancing norms, regional lockdowns, disruption in logistics services, congestion at the ports caused due to non-availability of manpower etc. may result into cost increases across the supply chain management for the Company.

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.

Base Erosion Profit Shifting (BEPS) action plan and reporting formulated by the OECD (Organization of Economic Co-operation and Development) has been implemented in India which 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 2019-20 was 13,801 against 14,550 as at the end of financial year 2018-19, a decrease of 749 employees.

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 2019-20 COMPARED WITH FINANCIAL YEAR 2018-19

Summary Financial Information:

Particulars	2019-20		2018-19	
	₹ crores	% to Revenues	₹ crores	% to Revenues
Sales and Operating Income (Revenues)	**7,939**	**100%**	**7,673**	**100%**
Gross Profit	**5,772**	**73%**	**5,453**	**71%**
Selling, General and Admin expenses (SG&A)	3,108	39%	2,931	38%
Research and development spend	494	6%	538	7%
Forex Gain / (Loss)	83	1%	(1)	(0%)
Other Income	31	0%	42	1%
EBIDTA	**2,284**	**29%**	**2,025**	**26%**
Depreciation / Amortization	654	8%	618	8%
Net Interest expense / (Income)	443	6%	488	6%
Profit before tax and exceptional items	**1,187**	**15%**	**919**	**12%**
Exceptional Items	-	-	357	5%
Profit before tax and after exceptional items	**1,187**	**15%**	**562**	**7%**
Income Tax	162	2%	126	1%
Profit after Tax	**1,025**	**13%**	**436**	**6%**

Financial Performance

– Revenues grew by 3% to ₹ 7,939 crores from ₹ 7,673 crores in the previous year.

– EBIDTA grew by 13% to ₹ 2,284 crores from ₹ 2,025 crores.

– Depreciation and amortization for the current year includes amount related to Right of use assets recognized on adoption of Ind-AS 116 “Leases”.

– Exceptional items in the previous year 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.

– Long term borrowings reduced by ₹ 410 crores during the current year.

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 ₹ 347 crores from ₹ 2,195 crores at the end of financial year 2018-19 to ₹ 2,542 crores at the end of financial year 2019-20. The number of days of net trade working capital has increased from 107 days in 2018-19 to 119 days in 2019-20.

Cash and cash equivalents including current investments was at ₹ 662 crores during the financial year 2019-20 compared to ₹ 940 crores at the end of financial year 2018-19.

KEY FINANCIAL RATIOS FOR FINANCIAL YEAR 2019-20 COMPARED WITH FINANCIAL YEAR 2018-19

Reference	Particulars	2019-20	2018-19
	Profitability ratios		
a)	Operating profit margin	**29%**	26%
b)	Net profit margin (Refer Note 1)	**13%**	6%
c)	Return on net worth (Refer Note 1)	**21%**	9%
	Working capital ratios		
d)	Debtors turnover (days)	**77**	70
e)	Inventory turnover (days)	**101**	95
	Gearing ratios		
f)	Interest coverage	**4.73**	3.51
g)	Debt / Equity	**0.98**	1.08
	Liquidity ratios		
h)	Current ratio	**0.91**	0.98

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 after tax + Deferred Tax + Depreciation and Amortization + Interest expense) / 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 in the previous year are lower mainly on account of impairment of intangibles and product recall expenses aggregating to ₹ 357 crores shown under exceptional items.

For and on behalf of the Board

Ahmedabad
26th May, 2020

Samir Mehta
Executive Chairman

References

1. International Monetary Fund - World Economic Outlook, April, 2020
2. Global Medicine Spending and Usage Trends- Outlook to 2024, IQVIA Institute, March, 2020
3. IQVIA Market Prognosis, September 2019; IQVIA Institute, December, 2019
4. Medicine Use and Spending in the U.S.- Review of 2018 and outlook to 2023, IQVIA Institute, May, 2019
5. United Nations, Department of Economic and Social Affairs - World Population Ageing 2019
6. IQVIA Pharma Deals, Review of 2019
7. The Impact of the COVID-19 Pandemic on Global Pharmaceutical Growth, IQVIA
8. AIOCD MAT March, 2020 dataset

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019-20

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:**	2019-20
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 fifteen subsidiaries, two representative offices and one manufacturing unit of subsidiary Company. Details of major locations are explained in the Management Discussion and Analysis.
	ii. Number of National Locations:	There are eight manufacturing units, one R&D unit, and twenty two 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, 2020
2	**Total Turnover (INR) (Consolidated):**	₹ 7,939 Crores
3	**Total profit after taxes (INR) (Consolidated):**	₹ 1,025 Crores
4	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (Consolidated):**	1.76% 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 2019-20: 1. Paediatric Healthcare Programme 2. Development and Maintenance of Public Parks 3. Shiksha Setu – A quality education programme 4. 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 15 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	00406498
2	Name	Dr. Chaitanya Dutt	Shri Jinesh Shah
3	Designation	Director (R&D)	Director (Operations)
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	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y		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	NA	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		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 has always believed that highest level of Corporate Governance practices are pre-requisite for growing sustainable and successful business. The sound governance processes and systems guide the Company on its journey towards continued success. 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 ("the Code"), which is applicable to all the employees and Board Members of the Company, and which lays down the important corporate ethical practices that shape the Company's business practices and represents cherished values of the Company. The Code is an extension of our values and reflects our continued commitment to ethical business practices across our operations. The core values embedded in our functioning are Integrity, Passion for Excellence, Participative Decision Making, Concern for Society & Environment, Transparency and Fairness with Care.

   In the endeavor 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 its stakeholders 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 Business Conduct that could adversely impact Company's operation, business performance and reputation.

   In order to protect investors' interest, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons.

   The Related Party Transactions Policy of the Company provides the process for the approval of various types of Related Party Transactions (RPTs) and general principles governing RPTs. This brings the necessary transparency in the RPTs and 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 36 complaints from various stakeholders during the year 2019-20, which were promptly resolved except 3 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 endeavours to develop environment friendly product processes and product designs in its effort to fulfil its obligations to the society 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) Duloxetine is a selective serotonin and norepinephrine reuptake inhibitor antidepressant (SSNRI). Duloxetine affects chemicals in the brain that may be unbalanced in people with depression. Duloxetine is used to treat major depressive disorder in adults.

      The Duloxetine manufacturing process involves single stage operation. Earlier process involved 3 stages and lengthy workup procedure having issue of racemization which leads to yield loss as well as increase in the environmental load. The process was designed to minimize racemization and maximize yield by incorporating single base and mixed solvent. This resulted in higher yield with desired quality and less environmental load due to less waste generation from work-up procedures.

b) Nebivolol is highly cardio selective beta-blocker with antihypertensive efficacy similar to that of other beta-blockers, but with tolerability better than older agents in its class. It may be used by itself or with other blood pressure medication.

The manufacturing process involves Flash chromatography for isomers separation. Earlier process involved column chromatography and used huge solvent volume and solid disposal. The process was designed to maximize separation efficiency with lesser time. This resulted in higher yield with desired quality and less environmental load due to less waste generation from work-up procedures.

c) Olmesartan is a medication used to treat high blood pressure. It belongs to a class of drugs called angiotensin receptor blockers (ARBs). It is a reasonable initial treatment for high blood pressure.

The Olmesertan manufacturing, process involves 3-stages. Earlier process involved number of extractions and lengthy isolation process in initial stages leading to yield loss, higher cycle-time as well as increase in the environmental load. The process was designed such that it resulted in higher yields with desired quality and less environmental load due to less waste generation from work-up procedures.

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 strengthening sustainable sourcing, production and distribution practices ensuring quality and safety of raw materials, API, intermediates and packaging materials procured from suppliers as well as of products manufactured, stored and distributed throughout the value chain. The Company has laid down a robust process for vendor evaluation and selection mechanism and prefer local suppliers wherever possible. The Company's emphasis is also on safe transportation, optimization of logistics and reduction of vehicular air emissions. More than 10% waste is recycled through recovery system (solvent recovery system / waste sale for reprocessing and reuse by external approved agency). For Duloxetine effluent load has been reduced by up to 70%. In case of Nebivolol, solvent consumption has been reduced by up to 20% and reuse of adsorbent done to reduce waste generation. In case of Olmesartan, effluent load has been reduced by up to 50%. All these achievements are successfully demonstrated on a pilot scale and planned to be implemented on a commercial scale in the near future. So during product development itself, the Company employed strategies to achieve more output with less waste.

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

The Company promotes to improve systems to minimize the energy and water, by energy management system, which reduces the power and fuel consumption and thereby reduces related costs. The Company also promote renewable energy in term of Solar Systems. For Duloxetine, Nebivolol and Olmesartan productivity estimated to be improved by 50% on commercial scale (demonstrated on pilot scale) with substantial reduction in Energy requirement and water consumption. Thus, the Company always promote conservation, reuse, reduce, recycle and waste minimization throughout 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 60%) is being used as an alternate fuel in cement industry in eco-friendly manner instead of disposal through incineration.

   More efficient sludge dryer is being installed to reduce landfill disposal volume by 50-60% of total landfill waste.

   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. The take back program under Extended Producer's Responsibility is under taken as per guidelines. Liabilities for Plastic Waste in different states of India is complied as per guidelines.

   Green energy initiative- Bio gas plant to use the ETP & food waste and reduce landfill waste, is under installation & put in use from May, 2020.

Principle 3: EMPLOYEES WELL-BEING [1]

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.

Various women friendly facilities like flexi-work timing and extended maternity leave has supported the women employees in carrying on with their career along with other responsibilities.

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 12,881 as on 31st March, 2020.

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 1,691 as on 31st March, 2020.

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

   The total number of permanent women employees is 1,105 as on 31st March, 2020.

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

   The total number of permanent employees with disabilities is 35 as on 31st March, 2020.

[1] All the figures are on standalone basis

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?**

   4.58% 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.

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	94.04%
b.	Permanent Women Employees	91.76%
c.	Casual / Temporary / Contractual Employees	99.35%
d.	Employees with Disabilities	94.29%

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.

   Engagement and dialogue enables us to understand the needs and views of stakeholders. 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 headquarter 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 employability of youth 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 2019-20, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

Principle 5: HUMAN RIGHTS

Torrent believes in the conduct of its business affairs in a fair and transparent manner, and adheres to the highest standards of ethical behavior and integrate practices that support environment, human rights and labour laws.

The Company's policy also aims to provide adequate safeguards for protection of Women against Sexual Harassment at Workplace and the Whistle Blower Policy are developed and aligned to these principles.

Torrent is committed to providing an environment, wherein all employees are treated equally, without fear of discrimination, retaliation or harassment 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 and are compliant with all statutory laws and regulations, and have put in place a redressal mechanism for violations / misconducts. The Company's policy 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. The policy is published in vernacular language of respective regions.

   Rain Water Harvesting System is installed at Indrad manufacturing facility with 26 injection wells with large sunken (Catchment) area & inverted umbrella system (Ulta Chhata-6 nos). Piezometer has been installed for online monitoring of Ground water level. 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 our Loan Licensees' sites are maintaining a good level of environment protection plan. All LLM sites are covered under HSE audits and compliances are ensured.

   Major manufacturing facilities have been accredited with New ISO-45001 Standard on occupational Health & Safety.

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 manufacturing facility generates approx. 15 lacs units per annum. The Company has also installed 90 KW Solar Rooftop power plant at its R&D Centre. 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.

The Company has developed above 40% state- of –the- art green belt across all the facilities PAN India to mitigate impact of fugitive emission and global environmental issues.

Though clean fuel Natural Gas is used extensively at manufacturing facilities, the Company is exploring the feasibility to discontinue use of Furnace Oil completely in coming years.

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 & ISO – 45001:2018.

Environment & Safety risks are evaluated in detail for all process, storage and handling operations at site. Health, Safety and Environment aspects are taken care while designing manufacturing processes at Research & 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 being used in air conditioning operations. Air conditions are being operated above 25°C. Water less urinals had been installed in wash rooms.

Clean Agent Fire Extinguishers are being used to minimize the impact on ozone layer.

Installation of Nano-Filter is in process at Indrad manufacturing facility to increase the recovery of RO plant from 90% to 95%. Thus, having substantial saving in steam consumption by having low feed intake in MEE feed (1450 MT steam saving per annum).

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

The incinerated type hazardous waste is also disposed off to the cement industries as an alternate fuel as a part of co-process / Pre-process. Major part of hazardous waste is disposed of through co-processing in cement plants as per modern acceptable practice.

Organic Waste Converter is installed at its various manufacturing facilities/ R & D Centre for converting canteen waste into useful compost. The Company is installing Bio Gas plant to reuse the food waste and ETP waste and convert into useful fuel at Indrad manufacturing facility.

The initiatives taken by the Company to reduce overall quantity of hazardous waste disposal and its transportation by installation of sludge dryer and bio gas system, is expected to reduce the waste by 50-60 % by 2020-21.

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 (1MW) & R&D centre (90KW). Energy efficient dewatering system has been installed & commissioned to reduce the moisture content in ETP sludge.

   The Company is installing bio gas system, a positive step towards waste to energy concept.

   High calorific hazardous waste being disposed off for co processing in cement kiln.

   Initiated to increase recovery of effluent recycling RO system from 90% to 95%, resulted in substantial reduction of steam and power in MEE & ATFD system.

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

   Yes. All hazardous waste and emissions are within the permissible limits of CPCB/ SPCB during the financial year. The Company has installed online continuous emission monitoring system on fugitive and process vents. Third party external monitoring through NABL/MoEF approved laboratory of all vents being conducted on monthly basis and reports are submitted to SPCB.

   The Company has in place online real time monitoring system for treated waste water. This data are accessible by CPCB/ SPCB. Online Camera is also installed for treated waste water flow monitoring and accessible by CPCB/SPCB.

   However, Monthly monitoring of all required parameters are being carried out by NABL approved third party laboratories to ascertain our ETP operation. Such monthly monitoring reports are being submitted to SPCB in time.

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

   The Company has not received any such notices from CPCB / SPCB during the year 2019-20.

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

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.

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 2019-20, 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 ₹ 18.07 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 ₹ 30.74 crores to various organisations involved in activities related to education, health, socio-economic development, culture, integrated development of tribes, Community development, Donation to PM Cares 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?**

   4.92% 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 alleged 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 has been decided & disposed off in the Company's favour.

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 ACCOUNTABILITY. 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”) as amended from time to time for the financial year ended 31st March, 2020. 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 eight directors as on 31st March, 2020. Out of total Board strength, five are Non-Executive Directors (NEDs) (63% of the Board strength) and four are Independent Non-Executive Directors (IDs) (50% 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, expertise and competencies possessed by Directors of the Company:

Skills / Expertise / Competencies		Director who possess 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.	Entire Board
Industry Experience	Experience and/or knowledge of the industry in which the Company operates.	Shri Sudhir Mehta Shri Samir Mehta Dr. Chaitanya Dutt Ms. Ameera Shah Shri Jinesh Shah
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.	Shri Samir Mehta Shri Shailesh Haribhakti Shri Haigreve Khaitan Ms. Ameera Shah Ms. Nayantara Bali
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.	Entire Board
Diversity	Representation of gender, cultural or other such diversity that expand the Board’s understanding and perspective.	Ms. Ameera Shah Ms. Nayantara Bali

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 five times on 20th May, 2019, 23rd July, 2019, 23rd October, 2019, 27th January, 2020 and 11th March, 2020. Time elapsed between any two consecutive meetings never exceeded 120 days.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and 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	5	5	Yes
Shri Samir Mehta, Executive Chairman	Executive Chairman	5	5	Yes
Shri Shailesh Haribhakti	ID	5	5	Yes
Shri Haigreve Khaitan	ID	5	5	Yes
Ms. Ameera Shah	ID	5	4	No
Ms. Nayantara Bali	ID	5	5	Yes
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	5	5	Yes
Shri Jinesh Shah,[2] Director (Operations)	WTD	3	3	NA

Notes:

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

2 Shri Jinesh Shah was appointed as Director (Operations) of the Company for a period of 5 (five) years effective from 1st August, 2019.

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	1	-	1. Torrent Power Limited, Executive Chairman	1 (Member)
Shri Shailesh Haribhakti	6	3	1. Future Lifestyle Fashions Limited, Non Executive Chairman 2. Blue Star Limited, Non Executive Chairman 3. ACC Limited, Independent Director 4. L&T Finance Holdings Limited, Non-Executive Chairman 5. Bajaj Electricals Limited, Independent Director 6. Ambuja Cements Limited, Independent Director	4 (Chairperson) 8 (Member)
Shri Haigreve Khaitan	6	1	1. Ceat Limited, Independent Director 2. Inox Leisure Limited, Independent Director 3. JSW Steel Limited, Independent Director 4. Borosil Renewables Limited, Independent Director 5. Mahindra & Mahindra Limited, Independent Director 6. Tech Mahindra Limited, Independent Director	3 (Chairperson) 5 (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		
Ms. Ameera Shah	3	1	1. Kaya Limited, Independent Director 2. Shoppers Stop Limited, Independent Director 3. Metropolis Healthcare Limited, Managing Director	1 (Chairperson) 4 (Member)
Ms. Nayantara Bali	-	-	-	-
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-
Shri Jinesh Shah, Director (Operations)	-	-	-	-

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, 2020 are as under:

Name of the Director	Nos of Equity shares
Shri Sudhir Mehta	200*

*Including shares held as Karta of HUF

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

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 on the declaration(s) 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 27th January, 2020 under the chairmanship of Shri Shailesh Haribhakti 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 familiarization 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/Familiarization_Programme_2019-20.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 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.

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 from Audit and Risk Management Committee to Audit Committee.

During the year under review, four meetings of the Committee were held on 20th May, 2019, 23rd July, 2019, 23rd October, 2019 and 27th January, 2020. 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.	4	4
Shri Haigreve Khaitan	ID	LL. B.	4	3
Ms. Ameera Shah	ID	Degree in Finance (University of Texas)	4	4
Ms. Nayantara Bali[1]	ID	Post Graduate Diploma in Business Management (IIM, Ahmedabad)	4	4

1. Ms. Nayantara Bali was appointed as Member of the Committee 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 as and when it deems fit and has ascertained that they have no unexpressed concerns.

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 ₹ 1.62 crores for the year 2019-20.

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. RELATED PARTY TRANSACTIONS

i. Approval or any subsequent modification of transactions of the Company with related parties.

ii. To lay down the criteria for granting the omnibus approval in line with the policy on related party transactions.

iii. To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

The Committee has full access to information and records of the Company and can seek information from any employee of the Company and may invite such executives, as it considers appropriate, to be present at the meetings of Committee. The Committee may access external professionals and obtain legal advice, if so required, and secure attendance of outsiders with relevant expertise, if it considers necessary, in discharge of its functions.

In addition to the above, the Committee shall have such functions / role / powers as may be specified in the terms of reference of the Audit Committee under applicable laws or as required by any statute.

3. RISK MANAGEMENT COMMITTEE

SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 effective from 1st April, 2019, mandated constitution of the Risk Management Committee (RMC) for top 500 listed entities. Accordingly, the Board of Directors of the Company have constituted a separate RMC by segregating it from Audit and Risk Management Committee. The Board have re-designated the "Audit and Risk Management Committee" as "Audit Committee" and revised the terms of reference to segregate the scope of work covering the enterprise risk of the Company on the recommendations of Nomination and Remuneration Committee (NRC).

The principal terms of reference of the Committee as approved by the Board are as under:

1. Review procedures for risk assessment and minimization for informing the same to the Board.
2. Framing and recommending to the Board the Risk Management Policy and Plan.
3. Monitoring and reviewing the risk management plan including inter-alia cyber security.

The composition of the Committee as well as the particulars of attendance at the Committee meeting held during the year on 22nd July, 2019 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 Haigreve Khaitan, Chairman	ID	1	1
Shri Shailesh Haribhakti	ID	1	1
Shri Sudhir Menon	CFO	1	1

4. 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.

The composition of the Committee as well as the particulars of attendance at the Committee meeting held during the year on 20th May, 2019 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 Haigreve Khaitan, Chairman	ID	1	1
Shri Shailesh Haribhakti	ID	1	1
Ms. Ameera Shah	ID	1	1

The Committee passed various circular resolutions for issuance of duplicate share certificates and other routine matters. Shri Mahesh Agrawal, Vice President (Legal) & Company Secretary is designated as the Compliance Officer.

99.70% of the equity shares of the Company are held in dematerialised form and the handling of physical transfer of shares are minimal.

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 7645 equity shares to the demat account of Investor Education and Protection Fund (IEPF) Authority during the year 2019-20. As on 31st March, 2020, 88,906 equity shares are lying with IEPF Authority.

During the year, the Company has received 3 (three) complaints from shareholders which were attended within a reasonable period of time. No complaint was pending as on 31st March, 2020.

5. 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, three meetings of the Committee were held on 20th May, 2019, 23rd July, 2019 and 27th January, 2020.

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	3	3
Shri Samir Mehta	Executive Chairman	3	3
Shri Haigreve Khaitan	ID	3	3

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 and Remuneration of Executive Chairman / Whole-time Directors

The re-appointment and remuneration of Shri Samir Mehta as Executive Chairman of the Company was decided by the Board and approved by the shareholders recently through Postal Ballot on 7th March, 2020. The appointment is for a period of five years effective from 1st April, 2020 till 31st March, 2025 subject to provisions contained in Regulation 17(1B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations Amendment") which are scheduled to be effective from 1st April, 2022 or such later date as may be determined by SEBI and upon the Listing Regulations Amendment coming into effect, Shri Samir Mehta shall cease to be the Executive Chairman of the Company.

Shri Jinesh Shah was appointed as a Whole time Director designated as Director (Operations) of the Company for the period of 5 (five) years effective from 1st August, 2019. The said appointment alongwith remuneration was approved by the shareholders through Postal Ballot on 7th March, 2020.

Dr. Dutt being a director liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

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 for the period of 5 (five) years commencing from 1st April, 2015 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 lakh 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, 2020 are as under:

(₹ in lakhs)

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**	2000.00	Nil	2000.40
Shri Shailesh Haribhakti	Nil	28.50	15.00	43.50
Shri Haigreve Khaitan	Nil	27.00	14.00	41.00
Ms. Ameera Shah	Nil	24.00	13.00	37.00
Ms. Nayantara Bali	Nil	28.50	13.00	41.50
Dr. Chaitanya Dutt, Director (Research & Development)	862.12#**	Nil	Nil	862.12
Shri Jinesh Shah, Director (Operations)	258.72+**	Nil	Nil	258.72
Total	**1121.24**	**2608.00**	**55.00**	**3784.24**

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 & value of perquisites provided.

+ Shri Jinesh Shah has been appointed as Whole-time Director w.e.f. 1st August, 2019. Includes house rent allowance, contribution to provident fund, superannuation fund & value of perquisites provided.

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.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Shri Haigreve Khaitan, an Independent Director, is a partner, were paid ₹ 0.33 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.

6. 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 20th May, 2019, 23rd October, 2019 and 27th January, 2020.

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
Ms. Ameera Shah, Chairperson	ID	3	3
Ms. Nayantara Bali[1]	ID	3	3
Dr. Chaitanya Dutt	WTD	3	3

1. Ms. Nayantara Bali was appointed as the member of the Committee with effect from 6th April, 2019.

7. GENERAL BODY MEETINGS

Details of the AGM held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
44th AGM	31st July, 2017	04.00 PM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	2
45th AGM	02nd August, 2018	09.30 AM		2
46th AGM	23rd July, 2019	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 7th March, 2020:

Date of Notice	Proposal	No. & % of votes casts in favour	No. & % of votes casts against
27th January, 2020	Resolution No. 1 – Special Resolution 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	151791295 (99.30%)	1071495 (0.70%)
	Resolution No. 2 – Special Resolution for Re-appointment of Shri Samir Mehta as Executive Chairman and fixation of remuneration;	139136915 (91.36%)	13162982 (8.64%)
	Resolution No. 3 - Ordinary Resolution for Appointment of Shri Jinesh Shah as Director and Whole-time Director and fixation of remuneration	142770511 (93.72%)	9568285 (6.28%)

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.

8. DISCLOSURES

a. Legal Compliances

The Company follows a formal management policy and system of legal compliance and 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 prevent any insider trading and 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. 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. 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 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 39 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, 2019	169	49,780
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, 2020	8	5,640
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2020	8	5,640
Number of shares transferred to IEPF authority from Unclaimed Suspense Account during the year ended 31st March, 2020	-*	2,700
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, 2020	161	41,440

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

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 established the 'Whistle Blower Policy'. Through this Policy, the Company encourages employees, stakeholders, stockiest and directors to report their concerns about suspected misconducts, unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct that could adversely impact Company's operations, business performance and / or reputation.

This Policy provides a channel to the employees to report their concerns to the management without fear of punishment or unfair treatment. Any actual or potential violation of the Code of Conduct, howsoever insignificant or perceived as such is a matter of serious concerns for the Company. The Company ensures adequate safeguards of the employees who brings forth any such incidents to its attention. Investigation report is informed to all the concerned parties and a written report of the finding is prepared. The Audit Committee (AC) 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 AC. 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 AC. Protected disclosures can be made through a phone call, email or letters.

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

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

The Company offers equal opportunity to men and women and is committed to creating a healthy working environment that enables employees to work without fear of prejudice and sexual harassment. The Company believes that all employees have the right to be treated with dignity. Sexual harassment at the work place or other than work place if involving employees is treated as a grave offence and is, therefore, punishable.

A Committee has been constituted by the Management to consider and redress complaints of 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 2019-20, there were no complaints registered under SHP forum.

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 2019-20 do not contain any modified audit opinion.

Reporting of Internal Auditors: The Internal Auditors present their internal audit observations quarterly to the Audit Committee.

9. COMMUNICATION TO SHAREHOLDERS

During the year, audited quarterly and 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 / annual 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.

10. GENERAL SHAREHOLDER INFORMATION

a. 47th AGM

Date & Time	Thursday, 30th July, 2020 at 09:30 AM
Venue	The Company is conducting meeting through VC / OAVM pursuant to the MCA circular dated 5th May, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

b. Tentative Financial Calendar for the year 2020-21

Financial year	1st April to 31st March
First Quarter results	Fourth week of July 2020
Half Yearly results	Fourth week of October 2020
Third Quarter results	Second week of February 2021
Results for year-end	Second week of May 2021

c. Dividend payment date

During the year, the Company distributed Interim Dividend amounting to ₹ 32/- per share (640%) which was paid on 26th March, 2020.

d. 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 2020-21 to both the above stock exchanges.

e. Market Price Data

The closing market price of equity share on 31st March, 2020 (last trading day of the year) was ₹ 1971.50 on BSE & ₹ 1971.80 on NSE.

The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

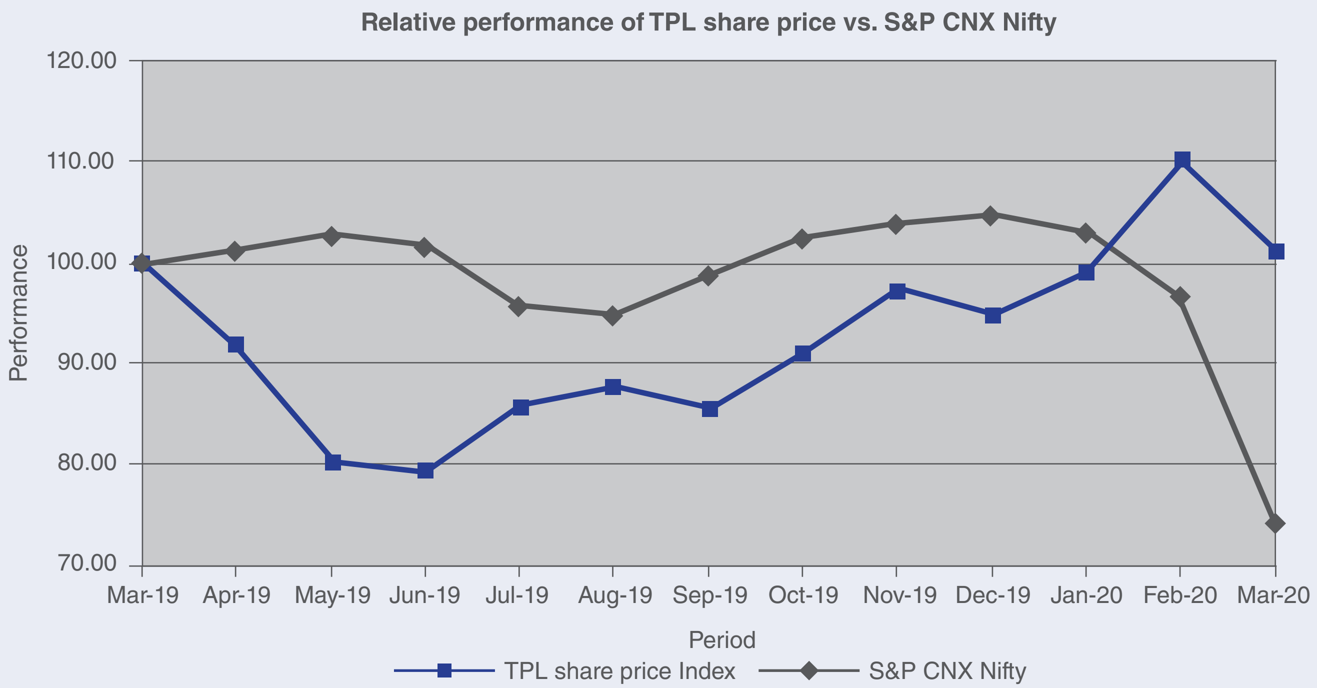
Monthly Share Price movement during the financial year ended 31st March, 2020 at BSE & NSE:

(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-19	1,952.00	1,717.00	1,98,313	1,950.00	1,715.70	60,83,830
May-19	1,800.00	1,505.00	3,07,796	1,801.00	1,505.05	74,51,903
Jun-19	1,573.05	1,464.75	2,31,612	1,573.85	1,462.60	39,84,497
Jul-19	1,690.00	1,453.00	9,11,194	1,690.00	1,452.00	1,07,73,393
Aug-19	1,718.85	1,592.15	2,63,812	1,750.00	1,595.00	48,11,466
Sep-19	1,771.30	1,646.45	1,08,249	1,775.00	1,644.85	34,12,308
Oct-19	1,815.00	1,554.65	2,74,525	1,809.85	1,555.00	81,73,032
Nov-19	1,920.00	1,691.30	1,13,298	1,920.50	1,689.10	38,32,485
Dec-19	1,939.95	1,810.00	94,770	1,941.00	1,808.05	37,42,370
Jan-20	2,072.60	1,841.10	2,29,800	2,073.65	1,840.05	89,22,105
Feb-20	2,285.95	1,883.15	3,27,887	2,287.25	1,882.15	73,14,832
Mar-20	2,245.00	1,619.00	2,49,338	2,245.00	1,583.25	92,64,059
Total			**33,10,594**			**7,77,66,280**
% of volume traded to outstanding shares			**1.96%**			**45.95%**

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-19	1949.75	11,623.90	100.00	100.00
Apr-19	1791.90	11,748.15	91.90	101.07
May-19	1564.85	11,922.80	80.26	102.57
Jun-19	1547.30	11,788.85	79.36	101.42
Jul-19	1670.85	11,118.00	85.70	95.65
Aug-19	1707.60	11,023.25	87.58	94.83
Sep-19	1667.40	11,474.45	85.52	98.71
Oct-19	1776.30	11,877.45	91.10	102.18
Nov-19	1898.60	12,056.05	97.38	103.72
Dec-19	1849.05	12,168.45	94.84	104.68
Jan-20	1931.10	11,962.10	99.04	102.91
Feb-20	2150.30	11,201.75	110.29	96.37
Mar-20	1971.80	8597.75	101.13	73.97
** data as on closing of the month				



f. **Distribution of shareholding as at 31st March, 2020**

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% To Equity	No. of Holders	% To Holders
1 - 1,000	Electronic	3,875,136	2.29	35,215	93.97
	Physical	417,550	0.25	1,048	2.80
1,001 - 2,000	Electronic	808,666	0.48	544	1.45
	Physical	40,000	0.02	25	0.07
2,001 - 10,000	Electronic	1,441,650	0.85	340	0.91
	Physical	43,200	0.03	11	0.03
10,001 - 20,000	Electronic	976,341	0.58	72	0.19
	Physical	-	-	-	-
Above 20,000	Electronic	161,620,177	95.51	220	0.59
	Physical	-	-	-	-
Total	**Electronic**	**168,721,970**	**99.70**	**36,391**	**97.11**
	Physical	**500,750**	**0.30**	**1,084**	**2.89**
	Total:	**169,222,720**	**100.00**	**37,475**	**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	13,786,388	400	13,786,788	8.15
Bank, FIs, AIFs & Insurance Companies	1,179,241	-	1,179,241	0.70
Foreign Institutional Investors / QIB/QFIs / NRIs	20,213,901	-	20,213,901	11.95
Other Bodies Corporate	2,165,997	5,880	2,171,877	1.28
Indian Public	10,722,817	494,470	11,217,287	6.63

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
IEPF	88906	-	88,906	0.05
Total	**168,721,970**	**500,750**	**169,222,720**	**100**

g. 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 99.70% 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.

h. Share transfer system

SEBI vide its circular dated 8th June, 2018 amended Regulation 40 of the Listing Regulations pursuant to which request for effecting the transfer shall not be processed unless the securities are held in demarterialized form. The details of transmission approved by the delegatees are noted by the Securities Transfer and Stakeholders Relationship Committee. 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.

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

During the year under review, ICRA has changed the rating outlook to “ratings under watch with negative implications”

India Ratings and Research Private Limited has assigned rating of -

- IND AA (Stable) for Non-convertible debentures and term loans.

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

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

k. Registered Office

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

l. Plant Locations

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-10, East District, Gangtok (Sikkim) – Unit I & Unit II
4. NH-10, Bagheykhola Village, Majhitar, Rangpo, East Sikkim (Sikkim) – Unit III
5. Plot No 810, Sector III, Industrial area, Pithampur, Dist - Dhar (Madhya Pradesh)
6. Plot No.77, J N Pharma City, Thanam Village, Parawada-Mandal, Vizag (Andhra Pradesh)
7. Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat).
8. Bileshwarpura, Taluka Kalol, District Gandhinagar (Gujarat)
9. Torrent Pharma Inc. - 2091 Hartel Street, Pennsylvania 19057, U.S.A

m. **Research & Development Facility**

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

n. **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

o. **Investor services**

E-mail ID: investorservices@torrentpharma.com

p. **Registrars & Transfer Agents (RTA)**

KFIN Technologies Private Limited
Unit: Torrent Pharmaceuticals Limited
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@kfintech.com

q. **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: itsl@idbitrustee.com
Tel. No: + 91 22 4080 7000
Mob No: +91 97029 43333
Fax No: +91 22 6631 1776

For and on behalf of the Board

Ahmedabad
26th May, 2020

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, 2019 or the date of their joining the Company, whichever is later, to 31st March, 2020 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
26th May, 2020

Samir Mehta
Executive Chairman

Standalone Financial Statements 2019-20

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 2020, 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.

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 2020, and 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 on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Description of Key Audit Matters

1. Impairment testing of goodwill [Refer Note 4.8.2, 8 and 9 to the Standalone Financial Statements]

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 4.8.2 to the standalone financial statements, the Company tests goodwill for impairment annually, or more frequently when there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. We identified the annual impairment assessment of goodwill as a key audit matter because the assessment process is complex and judgmental by nature and is based on assumptions on: - projected future cash inflows; - expected growth rate and profitability; - discount rate; - perpetuity value based on long term growth rate; - sensitivity analyses;	Our audit procedures in respect of impairment testing of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amounts of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the model used in determining the value in use of the cash generating units; • Assessing the accuracy of prior period cash flow forecasts of the Company by reference to actual performance to assess forecast accuracy; • Challenging the significant assumptions and judgements used in impairment analysis, such as forecast revenue, margins, long term growth and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist, especially in light of the existing economic situation due to COVID 19; • Performing sensitivity analysis of the key assumptions, such as future revenue growth rates, future gross margins, and the discount rate used in determining the recoverable value; • Evaluating the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

2. Recognition and measurement of Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets (Refer Note 4.13 and 21 to the Standalone Financial Statements):

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. As disclosed in Note 21 to the Standalone Financial Statements, the MAT credit is recognized as a deferred tax asset. The utilization of this asset will be through offsetting it when the Company pays taxes under the provision of Income Tax Act, 1961. The Company is required to reassess recognition of MAT credit asset at each reporting date. The Company has recognized MAT credit assets based on the probability of income tax payable on future taxable profits against which such MAT credit assets can be offset before they expire. The recognition is based on the projected profitability. This is determined based on approved business plans. Recognition and measurement of such deferred tax assets has been identified as a key audit matter because the assessment process involves significant judgement and complexity regarding the forecasts of future income tax. The realization of these assets will be through such income tax within the time limits available under the applicable Income tax laws. The assessment process is based on assumptions affected by expected future market or economic conditions.	In respect of MAT credit assets, we assessed recognition and measurement by performing the following procedures: • Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets and underlying data; • Obtaining the approved business plans, projected profitability statements; • Challenging the assumptions used regarding future business plans and taxable profit in light of fiscal developments, current economic environment in light of COVID 19 related situation and prior performance in determining the recoverability of MAT credit assets recognized within the period available under applicable Income tax laws; • Performing sensitivity analysis • Testing the computation of amounts recognized as deferred tax assets on MAT credit; • Focusing on the disclosures on MAT credit assets and assumptions used.

3. Revenue recognition [Refer Note 4.12 and 25 to the Standalone Financial Statements]

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. As disclosed in Note 25 to the Standalone Financial Statements, the revenue is reduced taking into consideration the anticipated sales returns. Due to the Company's presence across different regions and the competitive business environment, the estimation of anticipated sales returns involves significant estimates and considered to be complex and judgemental. The estimation is dependent on various internal and external factors. These factors include, for example, the length of time when a sale is made and when the sales return takes place, some of which are beyond the control of the Company. Accuracy of revenues may deviate because of change in judgements and estimates. Accordingly, evaluating the assumption of expected returns based on experience involves challenging auditor's judgement. We considered the evaluation of accrual for sales returns as a key audit matter.	Our audit procedures included following: • Assessing the Company's accounting policies for sales returns by comparing with applicable accounting standards; • Testing the design, implementation and operating effectiveness of key controls over the development of assumption of expected sales returns based on experience and completeness, recognition and measurement of accruals for sales returns; • Testing samples relating to sales returns recorded during the year and compared to the actual payments made or credit notes generated towards these items. Further, performed procedures to test the accruals made for the year end on a test basis and compared with the relevant source documents; • Checking completeness and accuracy of the data used by the Company for accrual of sales returns and also checking the accrual for a selected sample of sales; • Comparing the assumptions to current trends of sales returns. We have also examined the historical trend of the Company's estimates to assess the assumptions and judgements used by the Company in accrual of sales returns as well as current trend of sales return. We evaluated the Company's ability to accurately estimate the accrual for sales returns.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

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 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 and Board of Directors' 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 judgments and estimates that are reasonable and prudent; and 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 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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 judgment 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 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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.

2. (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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 38 to the standalone financial statements;

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 standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(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 Number: 102527
UDIN: 20102527AAAAAS7446

Mumbai
26th May, 2020

(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 (right-of-use assets) 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) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect of investments made or guarantees provided to the parties covered under Section 186 of the Act. The Company has not granted any loans or provided any security to the parties covered under Section 186 of the Act.

(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 as applicable have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020 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, as at 31 March 2020, 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 and its debenture holders. The Company did not have any dues in respect of financial institutions during the year.

(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 Number: 102527
UDIN: 20102527AAAAAS7446

Mumbai
26th May, 2020

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 Central Excise Act, 1944	Demand of Excise duty/Interest/ Penalty	CESTAT- Ahmedabad	2009-10 to 2010-11	0.16	0.15
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty & penalty	CESTAT- Kolkatta	2011-12	2.47	2.42
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty & penalty	Commissioner (Appeals)- Siliguri	2015-16 & 2016-17 2014-15 to June-2017	1.00	0.97
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	CESTAT- Ahmedabad	2013-14	5.97	5.97
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	Supreme Court of India	2007-08 to June 2012	55.74	55.74
Finance Act, 1994	Demand of Service Tax/Interest/ Penalty	Commissioner of GST & Central Excise- Ahmedabad	July -2012 to Sept 2013 October-2013 to March-2015	10.25	10.25
The Central Excise Act, 1944	Cenvat Credit/Input service tax/ demand of duty & penalty	CESTAT- Ahmedabad	2012-13 and 2013-14	10.49	10.49
The Central Goods & Services Tax Act, 2017	Interest on Input tax credit refund recovery	Gujarat High Court	July & August 2017	2.10	2.10
Andhra Pradesh Value Added Tax Act, 2005	Demand of Tax	Commercial Tax Officer	2015-16	0.08	0.08
Madhya Pradesh Vat Act, 2002	Demand of Tax	Assistant Commissioner of Commercial Tax, Madhya Pradesh	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
Kerala Value Added Tax Act, 2003	Demand of Tax	Asst Commissioner of Commercial Tax	2007-08, 2009-10 to 2011-12	0.68	0.68
Jharkhand Value Added Tax Act, 2005	Demand of Tax- VAT	Deputy Commissioner of Commercial Tax	2015-16	0.03	0.03
West Bengal Value Added Tax Act, 2003	Demand of Tax- CST	West Bengal Taxation Tribunal	2015-16	1.20	1.20
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 AUDITORS' REPORT

on Standalone financial statements of Torrent Pharmaceuticals Limited for the year ended 31 March 2020

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 2020 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 2020, 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 judgment, 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 Number: 102527
UDIN: 20102527AAAAAS7446

Mumbai
26th May, 2020

STANDALONE BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2020	As at 31-Mar-2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,700.72**	2,673.30
Capital work-in-progress	6	**513.33**	470.88
Right-of-use assets	7	**112.43**	-
Goodwill	8	**243.96**	243.96
Other intangible assets	9	**4,140.39**	4,507.89
Intangible assets under development	9	**23.08**	26.70
Financial assets			
Investments	10	**134.87**	134.87
Loans	11	**2.29**	2.61
Other financial assets	12	**27.76**	77.44
		164.92	214.92
Income tax assets (net)		**79.89**	66.93
Deferred tax assets (net)	21	**67.76**	-
Other non-current assets	13	**18.73**	73.74
Total non-current assets		**8,065.21**	8,278.32
Current assets			
Inventories	14	**1,507.76**	1,358.30
Financial assets			
Investments	10	**0.02**	351.35
Trade receivables	15	**1,508.94**	1,356.01
Cash and cash equivalents	16(a)	**386.46**	92.61
Bank balances other than cash and cash equivalents	16(b)	**4.49**	145.23
Loans	11	**3.64**	3.79
Other financial assets	12	**23.01**	44.41
		1,926.56	1,993.40
Other current assets	13	**412.99**	397.24
Non-current assets held for sale		**-**	0.01
Total current assets		**3,847.31**	3,748.95
TOTAL ASSETS		**11,912.52**	12,027.27
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	**84.62**	84.62
Other equity	18	**5,036.35**	4,930.65
Total equity		**5,120.97**	5,015.27
Non-current liabilities			
Financial liabilities			
Borrowings	19	**3,139.99**	3,739.99
Other financial liabilities	23	**53.82**	8.69
		3,193.81	3,748.68
Provisions	20	**176.72**	163.77
Deferred tax liabilities (net)	21	**-**	7.51
Other non-current liabilities	24	**5.49**	4.22
Total non-current liabilities		**3,376.02**	3,924.18
Current liabilities			
Financial liabilities			
Borrowings	19	**789.31**	726.60
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	22	**13.19**	7.14
Total outstanding dues of creditors other than micro enterprises and small enterprises		**696.93**	575.19
		710.12	582.33
Other financial liabilities	23	**1,648.73**	1,419.85
		3,148.16	2,728.78
Provisions	20	**93.77**	84.07
Other current liabilities	24	**173.60**	274.97
Total current liabilities		**3,415.53**	3,087.82
TOTAL EQUITY AND LIABILITIES		**11,912.52**	12,027.27
Notes forming part of the Standalone Financial Statements	1-44		

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
26th May, 2020

Ahmedabad
26th May, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2020	Year ended 31-Mar-2019
REVENUE			
Revenue from operations	25	**6,168.44**	5,762.48
Other income	26	**236.93**	381.96
Total Revenue		**6,405.37**	6,144.44
EXPENSES			
Cost of materials consumed	27	**1,352.96**	1,206.95
Purchases of stock-in-trade		**341.32**	342.76
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	**(56.83)**	(4.97)
Employee benefits expense	29	**1,061.76**	1,014.06
Finance costs	30	**430.49**	480.97
Depreciation and amortisation expense	31	**606.66**	578.90
Other expenses	32	**1,552.24**	1,590.65
Total Expenses		**5,288.60**	5,209.32
PROFIT BEFORE TAX		**1,116.77**	935.12
TAX EXPENSE	21		
Current tax		**192.13**	193.75
Deferred tax credit		**(13.87)**	(4.05)
		178.26	189.70
PROFIT FOR THE YEAR		**938.51**	745.42
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(16.54)**	(7.67)
Equity instruments through other comprehensive income		**(0.03)**	-
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**5.78**	2.68
Equity instruments through other comprehensive income		**0.01**	-
Items that will be reclassified subsequently to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**(159.14)**	43.10
Income tax relating to items that will be reclassified subsequently to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**55.61**	(15.06)
		(114.31)	23.05
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**824.20**	768.47
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	34	**55.46**	44.05
Notes forming part of the Standalone 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

Mumbai
26th May, 2020

Sudhir Menon
Chief Financial Officer

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
26th May, 2020

(A) Equity share capital

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
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	Capital Reserve	Securities premium	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	
Balance as at 01-Apr-2019	1,884.05	2,510.78	489.24	-	4.34	0.03	42.21	4,930.65
Profit for the year	938.51	-	-	-	-	-	-	938.51
Other comprehensive income	(10.76)	-	-	-	-	(0.02)	(103.53)	(114.31)
Cancellation of forfeited equity shares	-	-	-	0.00	-	-	-	0.00
Dividends*	(609.20)	-	-	-	-	-	-	(609.20)
Tax on dividend	(109.30)	-	-	-	-	-	-	(109.30)
Transfer from debenture redemption reserve	-	137.53	(137.53)	-	-	-	-	-
Balance as at 31-Mar-2020	**2,093.30**	**2,648.31**	**351.71**	**0.00**	**4.34**	**0.01**	**(61.32)**	**5,036.35**
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**

*Dividends include 2018-19 final dividend of ₹ 4 per share and 2019-20 interim dividend of ₹ 32 per share.

**Dividends include 2017-18 final dividend of ₹ 5 per share and 2018-19 interim dividend of ₹ 13 per share.

Nature and purpose of reserves :

(a) **Retained earnings :** Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

(b) **General reserve :** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(c) **Debenture redemption reserve :** The reserve represents amount required to be set aside out of profits in accordance with Companies Act, 2013 upto 16-Aug-2019.

(d) **Capital reserve :** Capital reserve represents profit or loss on cancellation of own forfeited equity instruments.

(e) **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.

(f) **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.

(g) **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

Mumbai
26th May, 2020

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
26th May, 2020

STANDALONE STATEMENT OF CASH FLOWS

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
A	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	**1,116.77**	935.12
	Adjustments for :		
	Depreciation and amortisation expense	**606.66**	578.90
	Allowance for doubtful trade receivables (net)	**1.02**	1.12
	Unrealised foreign exchange (gain)/loss (net)	**(77.16)**	108.50
	Share of profit from partnership firm	**-**	(0.65)
	Loss on sale / discard / write-off of property, plant & equipment	**8.25**	3.23
	Net gain on sale of investments	**(30.32)**	(45.54)
	Finance costs	**430.49**	480.97
	Interest income	**(6.38)**	(18.34)
	Dividend income	**(76.60)**	(287.41)
		1,972.73	1,755.90
	Adjustments for changes in working capital :		
	Trade receivables, loans and other assets	**(82.82)**	(232.57)
	Inventories	**(149.46)**	(58.90)
	Trade payables, liabilities and provisions	**45.03**	(24.42)
	CASH GENERATED FROM OPERATIONS	**1,785.48**	1,440.01
	Direct taxes paid	**(206.70)**	(208.18)
	NET CASH FROM OPERATING ACTIVITIES	**1,578.78**	1,231.83
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipment and intangible assets	**(346.20)**	(615.80)
	Proceeds from sale of property, plant and equipment and intangible assets	**1.96**	1.78
	Purchase of investment in equity shares	**-**	(2.00)
	Sale of government securities	**-**	15.25
	Refund of partner's capital on dissolution of partnership firm	**-**	17.61
	Net gain on sale of investments	**30.32**	45.54
	Dividend received	**76.60**	287.41
	Fixed deposits matured / (Investment in fixed deposits)	**141.29**	(141.42)
	Interest received	**15.28**	18.30
	NET CASH USED IN INVESTING ACTIVITIES	**(80.75)**	(373.33)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from long-term borrowings	**750.00**	750.00
	Repayment of long-term borrowings	**(1,163.31)**	(689.63)
	Proceeds from / (repayment of) short term borrowings (net)	**62.71**	(313.60)
	Proceeds from loan repaid by subsidiary	**-**	115.35
	Repayment of lease obligations	**(20.00)**	-
	Dividend paid (including tax on dividend)	**(718.50)**	(309.69)
	Finance cost paid	**(466.38)**	(480.01)
	NET CASH USED IN FINANCING ACTIVITIES	**(1,555.48)**	(927.58)
	NET DECREASE IN CASH AND CASH EQUIVALENTS	**(57.45)**	(69.08)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**443.91**	512.99
	CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**386.46**	443.91

STANDALONE STATEMENT OF CASH FLOWS (Contd.)

(₹ in crores)

			Notes	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Notes:	**(1)**	**Cash and cash equivalents as at end of year**			
		Cash and cash equivalents	16(a)	**386.46**	92.61
		Current investment in mutual funds	10	**-**	351.30
				386.46	443.91
	(2)	**Changes in liabilities arising from financing activities :**			
		Long-term borrowings (Refer note 19) :			
		Opening balance		**4,896.47**	4,804.36
		Amount borrowed during the year		**750.00**	750.00
		Amount repaid during the year		**(1,163.31)**	(689.63)
		Amortised cost adjustment		**3.01**	3.22
		Foreign exchange difference		**18.86**	28.52
		Closing balance		**4,505.03**	4,896.47
		Lease obligations (Refer note 19) :			
		Recognised on adoption of Ind AS 116		**48.99**	-
		Interest accrued during the year		**3.52**	-
		Amount paid during the year		**(20.00)**	-
		Foreign exchange difference		**(0.19)**	-
		Closing balance		**32.32**	-
		Short-term borrowings (Refer note 19) :			
		Opening balance		**726.60**	1,040.20
		Amount borrowed / (repaid) during the year (net)		**62.71**	(313.60)
		Closing balance		**789.31**	726.60

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

Mumbai
26th May, 2020

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
26th May, 2020

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 116 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.

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

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 4.1)
- Valuation of assets acquired as part of business combination (refer note 4.2.1)
- Useful lives of intangible assets (refer note 4.3)
- Impairment of investments in subsidiaries (refer note 4.5.1)
- Valuation of inventories (refer note 4.7)
- Impairment of intangible assets and goodwill (refer note 4.8.2)
- Employee benefits (refer note 4.9)
- Provisions & contingent liabilities (refer note 4.11)
- Sales returns (refer note 4.12)
- Valuation of deferred tax assets (refer note 4.13)

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and any accumulated impairment losses. The cost of fixed assets comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to financing of acquisition or construction of the qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.

When major items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The cost of replacement of any property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit associated with the item will flow to the Company and its cost can be measured reliably.

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.

Acquired research and development intangible assets that are under development are recognised as Intangible assets under development. These assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

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	Upto 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 Financial assets

(a) Classification of financial assets :

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(b) Initial measurement :

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

(c) Subsequent measurement :

- **Amortised Cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI)**

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- **Fair value through profit or loss (FVTPL)**

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(d) Derecognition of financial assets :

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset

When the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of financial asset, the financial asset is derecognised if the Company has not retained control over the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(e) Income recognition :

Dividend is accounted when the right to receive payment is established. Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(f) 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.

(g) 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.

(h) 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.

4.5.2 Financial liabilities

The Company's financial liabilities include trade payables, loans and borrowing and derivative financial instruments.

(a) Classification :

All the Company's financial liabilities, except for financial liabilities at fair value through profit or loss, are measured at amortized cost.

(b) **Initial measurement :**

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(c) **Subsequent measurement :**

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate Method. The Effective Interest Rate Method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(d) **Derecognition of financial liabilities :**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or waived off or have expired. An exchange between the Company and the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) **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.

(f) **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.

4.5.3 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.

4.6 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.

Effective 01-April-2019, the Company has adopted Ind AS 116 Leases which introduces single accounting model and requires a lessee to recognise assets and liabilities for all leases subject to recognition exemptions.

The Company adopted Ind AS 116 Leases using modified retrospective approach and practical expedients. Accordingly, the comparative information presented for the year ended 31-March-2019 is presented as previously reported under Ind AS 17 Leases.

At inception of a contract, the Company assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether contract involves the use of an identified asset, the Company has a right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use and the Company has the right to direct the use of the asset.

At the inception date, right-of-use asset is recognised at cost which includes present value of lease payments adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. Right-of-use asset is depreciated using the straight-line method from the commencement date over the earlier of useful life of the asset or the lease term. When the Company has purchase option available under lease and cost of right-of-use assets reflects that purchase option will be exercised, right-of-use asset is depreciated over the useful life of underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

At the inception date, lease liability is recognised at present value of lease payments that are not made at the commencement of lease. Lease liability is subsequently measured by adjusting carrying amount to reflect interest, lease payments and remeasurement, if any.

Lease payments are discounted using the incremental borrowing rate or interest rate implicit in the lease, if the rate can be determined.

The Company has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

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

4.8.1 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.

4.8.2 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 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.

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.

4.13 Income taxes

Income tax expense comprises current and deferred tax expense. Income tax expenses are recognized in statement of profit and loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, income tax expenses are also recognized in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes arising from deductible and taxable temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements are recognized using substantively enacted tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The deferred tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction are not recognized.

Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to do the same.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

4.14 Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.15 Research and development

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

4.16 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

4.17 GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilizable is charged to the statement of profit and loss for the year.

5 RECENT IND AS

Ministry of Corporate Affairs notifies amendments to the existing Ind AS or new Ind AS. There is no such amendment to the existing Ind AS or new Ind AS which are notified and applicable from April 1, 2020.

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-2019	695.11	29.50	928.74	1,665.04	60.93	15.85	95.94	199.33	3,690.44
Additions during the year	89.33	-	15.53	117.50	4.82	5.69	9.54	10.98	253.39
Deductions during the year	-	29.50	4.01	27.42	6.55	1.94	1.13	3.77	74.32
Gross carrying amount as at 31-Mar-2020	784.44	-	940.26	1,755.12	59.20	19.60	104.35	206.54	3,869.51
Accumulated depreciation as at 01-Apr-2019	-	-	156.20	682.00	35.51	4.78	61.70	76.95	1,017.14
Depreciation for the year	-	-	27.92	133.24	3.75	1.68	13.12	9.67	189.38
Deductions during the year	-	-	2.02	24.07	4.50	1.42	2.48	3.24	37.73
Accumulated depreciation as at 31-Mar-2020	-	-	182.10	791.17	34.76	5.04	72.34	83.38	1,168.79
Net carrying amount as at 31-Mar-2020	**784.44**	**-**	**758.16**	**963.95**	**24.44**	**14.56**	**32.01**	**123.16**	**2,700.72**
Capital work-in-progress									513.33
Total									**3,214.05**
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**

(i) Certain property, plant and equipments hypothecated/mortgaged as security for borrowings as disclosed under note 19.

(ii) Capital work-in-progress includes expenditure of ₹ 24.77 crores (previous year : ₹ 12.40 crores) incurred in the course of construction.

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

(iv) Additions to research and development assets during the year are as under:

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Buildings	**0.57**	0.94
Plant and equipments [including laboratory equipments]	**21.04**	25.34
Electrical equipments	**1.75**	0.77
Furniture and fixtures	**2.73**	1.74
Office equipments	**0.62**	0.21
Vehicles	**0.37**	0.57
Intangibles being softwares	**3.96**	1.61
Total	**31.04**	31.18

(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-2020	As at 31-Mar-2019
Freehold Land	50%	23.79	23.79
Freehold Land	30%	35.69	35.69
Building	30%	0.65	0.65

7 RIGHT-OF-USE ASSETS

(₹ in crores)

	Land	Buildings	Vehicles	Total
Gross carrying amount as at 01-Apr-2019 (On adoption of Ind AS 116)	52.21	6.86	43.68	102.75
Additions during the year	-	-	-	-
Deductions / Adjustments during the year	(29.50)	-	-	(29.50)
Gross carrying amount as at 31-Mar-2020	81.71	6.86	43.68	132.25
Accumulated depreciation as at 01-Apr-2019	-	-	-	-
Depreciation for the year	1.88	2.52	15.42	19.82
Accumulated depreciation as at 31-Mar-2020	1.88	2.52	15.42	19.82
Net carrying amount as at 31-Mar-2020	**79.83**	**4.34**	**28.26**	**112.43**

(i) Lease contracts entered by the Company majorly pertains for land, buildings and vehicles taken on lease to conduct its business in the ordinary course.

(ii) Lease expenses of ₹ 9.44 crores recognised in statement of profit and loss for the year ended 31-Mar-2020 towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability.

(iii) Extension and termination options are included in some of the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Company's operations.

(iv) Lease obligations, interest expense on lease, maturity profile of lease obligation and payment of lease obligations are disclosed respectively in Borrowings (refer note 19), Finance costs (refer note 30), Liquidity risk (refer note 38) and Statement of Cash Flows.

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
8 GOODWILL		
Balance at beginning of year	**243.96**	243.96
Balance at end of year	**243.96**	243.96

The Company tests goodwill for impairment annually or based on an indicator. The Company 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 CGU.

9 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-2019	98.92	37.53	5,266.80	98.53	29.46	5,531.24
Additions during the year	15.93	17.15	-	-	-	33.08
Deductions during the year	-	-	-	-	4.43	4.43
Gross carrying amount as at 31-Mar-2020	114.85	54.68	5,266.80	98.53	25.03	5,559.89
Accumulated amortisation as at 01-Apr-2019	70.19	17.39	880.01	48.14	7.62	1,023.35
Amortisation for the year	19.70	10.38	351.12	13.61	2.65	397.46
Deductions during the year	-	-	-	-	1.31	1.31
Accumulated amortisation as at 31-Mar-2020	89.89	27.77	1,231.13	61.75	8.96	1,419.50
Net carrying amount as at 31-Mar-2020	**24.96**	**26.91**	**4,035.67**	**36.78**	**16.07**	**4,140.39**
Intangible assets under development						23.08
Total						**4,163.47**
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**

Material intangible assets to the Company's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 4035.67 crores as at 31-Mar-2020 (₹4386.79 crores as at 31-Mar-2019)
Remaining amortisation period	9 years to 13 years as at 31-Mar-2020 (10 years to 14 years as at 31-Mar-2019)

(₹ in crores)

	No. of shares	As at 31-Mar-2020	As at 31-Mar-2019
10 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
At fair value through other comprehensive income			
Equity instruments of :			
Epigeneres Biotech Private Limited	158	**2.00**	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			

(₹ in crores)

	No. of shares	As at 31-Mar-2020	As at 31-Mar-2019
10 INVESTMENTS (Contd.)			
UNM Foundation	25000	**0.03**	0.03
fully paid-up equity shares of ₹ 10 each			
At amortised cost			
National savings certificates		**0.01**	0.01
		134.87	134.87
Current			
At fair value through other comprehensive income			
Equity instruments of :			
Corporation Bank	15500	**0.02**	0.05
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		**-**	351.30
		0.02	351.35
		134.89	486.22
(i) Aggregate amount of unquoted investments		**134.87**	134.87
(ii) Aggregate amount of quoted investments		**0.02**	0.05
(iii) Aggregate amount of investment in mutual funds at market value		**-**	351.30
(iv) Aggregate impairment in value of investment		**29.44**	29.44
(v) Ownership interest in all subsidiaries is 100%.			
11 LOANS			
[Unsecured and considered good, unless otherwise stated]			
Non-current			
Employee loans		**2.29**	2.61
		2.29	2.61
Current			
Employee loans		**3.64**	3.79
		3.64	3.79
		5.93	6.40
12 OTHER FINANCIAL ASSETS			
Non-current			
Derivative financial instruments		**18.52**	70.16
Fixed deposit with maturity of more than 12 months		**0.03**	0.15
Other receivables		**9.21**	7.13
		27.76	77.44
Current			
Derivative financial instruments		**14.02**	22.45
Interest accrued on deposits		**0.32**	9.22
Other receivables		**8.67**	12.74
		23.01	44.41
		50.77	121.85

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
13 OTHER ASSETS		
Non-current		
Capital advances	18.73	23.81
Pre-paid expenses	-	49.93
	18.73	73.74
Current		
Export benefits receivable	77.11	63.59
Claims receivable (indirect tax / insurance / others)	111.52	112.85
Employee advances	4.63	5.06
Pre-paid expenses	33.34	27.07
Indirect taxes recoverable	101.15	100.71
Advances to suppliers	82.52	77.34
Other receivables	2.72	10.62
	412.99	397.24
	431.72	470.98
14 INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	730.52	639.51
Packing materials	46.00	44.38
Work-in-progress	203.18	187.37
Finished goods	407.67	363.47
Stock-in-trade	120.39	123.57
	1,507.76	1,358.30

(i) The Company charged inventory write-down (net) of ₹ 6.69 crores and ₹ 21.62 crores to statement of profit and loss for the year ended 31-Mar-2020 and 31-Mar-2019 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 19.

	As at 31-Mar-2020	As at 31-Mar-2019
15 TRADE RECEIVABLES		
Unsecured		
(a) Considered good	1,508.94	1,356.01
(b) Significant increase in credit risk	9.80	18.82
Less : Allowance for doubtful trade receivables	9.80	18.82
	1,508.94	1,356.01

(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 :

	As at 31-Mar-2020	As at 31-Mar-2019
Opening balance	18.82	87.36
Add : Provision made during the year (net)	1.02	1.12
Less: Provision used during the year	(9.06)	(62.85)
Add / (less): Translation exchange difference	(0.98)	(6.81)
Closing balance	9.80	18.82

(₹ in crores)

		As at 31-Mar-2020	As at 31-Mar-2019
16	**CASH AND BANK BALANCES**		
(a)	**Cash and cash equivalents :**		
	Balances with banks	**136.27**	58.97
	Cash on hand	**0.19**	0.14
	Fixed deposit with original maturity of less than 3 months	**250.00**	33.50
		386.46	92.61
(b)	**Bank balances other than cash and cash equivalents :**		
	Earmarked balances with banks	**4.35**	3.92
	Fixed deposit with maturity of less than 12 months	**0.14**	141.31
		4.49	145.23
	Earmarked balances with banks primarily relates to unclaimed dividends.		
		390.95	237.84
17	**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			
	169,222,720 (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 Nil (previous year 14,000) equity shares of ₹ 5 each forfeited * (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-2020		As at 31-Mar-2019	
	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) 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.

(iii) 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.

*Torrent Private Limited changed to Torrent Investments Private Limited w.e.f 15-Apr-2020

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
18 OTHER EQUITY		
Reserves and Surplus		
Retained earnings	**2,093.30**	1,884.05
General reserve	**2,648.31**	2,510.78
Debenture redemption reserve	**351.71**	489.24
Capital reserve	**0.00**	-
Securities premium	**4.34**	4.34
	5,097.66	4,888.41
Other comprehensive income		
Effective portion of cash flow hedges	**(61.32)**	42.21
Equity instruments through other comprehensive income	**0.01**	0.03
	(61.31)	42.24
	5,036.35	4,930.65
19 BORROWINGS		
Non-current		
Secured non-convertible debentures	**1,162.72**	1,404.43
Secured term loans from banks	**1,960.17**	2,332.45
Unsecured term loans from others	**1.56**	3.11
Lease obligations	**15.54**	-
	3,139.99	3,739.99
Current maturities of long-term debt (Refer note 23)		
Secured non-convertible debentures	**542.56**	550.11
Secured term loans from banks	**836.46**	603.73
Unsecured term loans from others	**1.56**	2.64
Lease obligations	**16.78**	-
	1,397.36	1,156.48
Current		
Secured loans from banks	**489.31**	450.00
Unsecured loans from banks	**300.00**	-
Unsecured commercial paper from banks	**-**	276.60
	789.31	726.60
	5,326.66	5,623.07

Notes:

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

(a) ₹ 1,943.72 crores (Previous year ₹ 1,515.44 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.

(b) ₹ Nil (Previous year ₹ 749.54 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) ₹ 251.29 crores (Previous year ₹ 345.86 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

19 BORROWINGS (Contd.)

(d) ₹ 75.38 crores (Previous year ₹ 193.68 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) ₹ 76.24 crores (Previous year ₹ 131.66 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) ₹ 450.00 crores (Previous year ₹ Nil) 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, in respect of which company is in the process of creating charge.

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

(a) ₹ 549.57 crores (Previous year ₹ 956.22 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) ₹ 855.71 crores (Previous year ₹ 998.32 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.

(c) ₹ 300.00 crores (Previous year ₹ Nil) are secured by first pari passu mortgage/ charge on tangible immovable and movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) 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) Average interest rate on borrowings is 7.82% for the year ended 31-Mar-2020 (Previous year 8.39%).

(v) The principal amount repayable in yearly instalments for long-term loans and lease obligations are as under:

Financial year	₹ in crores
2020-21	**1,397.36**
2021-22	**1,059.58**
2022-23	**856.70**
2023-24	**515.75**
2024-25	**424.55**
2025-26	**292.84**
	4,546.78
Less : Amortised cost adjustment	**9.43**
Total	**4,537.35**

(vi) 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	Total repayment	Amortised cost adjustment	Closing balance
7.40% to 9.30%	142.84	142.86	142.86	442.86	292.86	542.56	1,706.84	1.56	1,705.28

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
20 PROVISIONS		
Non-current		
Provision for employee benefits		
Post-retirement benefits (Refer note 37)	**2.13**	-
Leave benefits	**86.45**	84.73
	88.58	84.73
Provision for sales returns	**88.14**	79.04
	176.72	163.77
Current		
Provision for employee benefits		
Leave benefits	**14.34**	13.61
Provision for sales returns	**79.43**	70.46
	93.77	84.07
	270.49	247.84

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.

	As at 31-Mar-2020	As at 31-Mar-2019
Opening balance	**149.50**	140.47
Add: Provision made during the year	**87.53**	62.47
Less: Provision utilised during the year	**69.46**	53.44
Closing balance	**167.57**	149.50
Non-current provision	**88.14**	79.04
Current provision	**79.43**	70.46
Total	**167.57**	149.50

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
21 INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**192.13**	193.75
Deferred tax:		
Deferred tax benefit for current year	**(13.87)**	(4.05)
	178.26	189.70
(b) Expense / (benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	**5.78**	2.68
Equity instruments through other comprehensive income	**0.01**	-
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**55.61**	(15.06)
	61.40	(12.38)
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**1,116.77**	935.12
Enacted tax rate in India	**34.94%**	34.94%
Expected income tax expenses	**390.24**	326.77

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
21	**INCOME TAXES (Contd.)**		
	Adjustments to reconcile expected income tax expense to reported income tax expense:		
	Weighted deduction allowed in respect of research and development expenses	**(72.31)**	(70.64)
	Effect of deductions allowed under Income Tax	**(137.84)**	-
	Effect of expenses not deductible in determining taxable profit	**54.37**	23.33
	MAT Credit entitlement of earlier periods recognised	**-**	(73.28)
	Tax impact on future transition to new tax regime	**(41.00)**	-
	Effect of income taxed at special rates	**(13.39)**	(21.51)
	Others (net)	**(1.81)**	5.03
	Adjusted income tax expenses	**178.26**	189.70
	Effective Tax Rate	**15.96%**	20.29%

(₹ in crores)

		As at 31-Mar-2020	As at 31-Mar-2019
(d)	**Deferred tax relates to:**		
	Deferred tax liabilities / (assets) :		
	Property, plant and equipments and intangible assets	**932.26**	829.07
	Amortised cost adjustment on borrowings	**3.31**	4.35
	Fair valuation of investment in mutual funds	**-**	0.38
	Fair valuation of investment in equity instruments	**0.00**	0.01
	Cash flow hedge reserve	**(32.94)**	22.67
	Provision for employee benefit expense	**(35.97)**	(34.36)
	Valuation of inventories	**(8.74)**	(5.24)
	Allowance for doubtful trade receivables	**(3.42)**	(6.58)
	Interest accrued but not due	**(9.95)**	(14.66)
	Lease obligations	**(11.74)**	-
	MAT credit entitlement	**(900.57)**	(721.82)
	Unabsorbed depreciation	**-**	(66.31)
	Deferred tax liabilities / (assets) net	**(67.76)**	7.51

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.

21 INCOME TAXES (Contd.)

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

(₹ in crores)

Year ended 31-Mar-2020	**Opening balance as at 01-Apr-2019**	**Recognised in statement of profit and loss**	**Recognised in other comprehensive income**	**Closing balance as at 31-Mar-2020**
Deferred tax liabilities / (assets) in relation to:				
Property, plant and equipments and intangible assets	829.07	103.19	-	**932.26**
Amortised cost adjustment on borrowings	4.35	(1.04)	-	**3.31**
Fair valuation of investment in mutual funds	0.38	(0.38)	-	**-**
Cash flow hedge reserve	22.67	-	(55.61)	**(32.94)**
Fair valuation of investments in equity instruments	0.01	-	(0.01)	**0.00**
Provision for employee benefit expense	(34.36)	4.17	(5.78)	**(35.97)**
Valuation of inventories	(5.24)	(3.50)	-	**(8.74)**
Allowance for doubtful trade receivables	(6.58)	3.16	-	**(3.42)**
Interest accrued but not due	(14.66)	4.71	-	**(9.95)**
Lease obligations	-	(11.74)	-	**(11.74)**
MAT credit entitlement	(721.82)	(178.75)	-	**(900.57)**
Unabsorbed depreciation	(66.31)	66.31	-	**-**
Deferred tax liabilities / (assets) net	**7.51**	**(13.87)**	**(61.40)**	**(67.76)**

(₹ 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

(₹ in crores)

			As at 31-Mar-2020	As at 31-Mar-2019
22	**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	**13.19**	7.14
	(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	**7.12**	5.76
	(ii)	Interest actually paid under Section 16 of the MSMED Act	**0.07**	0.03
(c)	Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms		**0.03**	0.07
(d)	Total interest accrued during the year and remaining unpaid		**0.03**	0.07
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act		**-**	-
	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.			
23	**OTHER FINANCIAL LIABILITIES**			
	Non-Current			
	Creditors for capital goods		**8.11**	8.42
	Security deposits		**0.20**	0.27
	Derivative financial instruments		**45.51**	-
			53.82	8.69
	Current			
	Current maturities of long-term debt (Refer note 19)		**1,397.36**	1,156.48
	Interest accrued but not due on borrowings		**51.13**	93.55
	Creditors for capital goods		**14.31**	38.03
	Payables for employee benefits		**102.61**	92.39
	Book overdraft		**13.27**	14.14
	Derivative financial instruments		**55.37**	9.35
	Unclaimed dividend		**4.35**	3.92
	Other payables		**10.33**	11.99
			1,648.73	1,419.85
			1,702.55	1,428.54
24	**OTHER LIABILITIES**			
	Non-Current			
	Government grant		**5.49**	4.22
			5.49	4.22
	Current			
	Payables to statutory and other authorities		**52.52**	46.50
	Trade advances		**107.35**	213.47
	Government grant		**2.19**	1.69
	Other payables		**11.54**	13.31
			173.60	274.97
			179.09	279.19

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
25 REVENUE FROM OPERATIONS		
Sales		
Sales in India	**3,792.11**	3,509.18
Sales outside India	**2,233.82**	2,047.54
	6,025.93	5,556.72
Other operating income		
Export benefits	**83.18**	76.17
Income from product registration dossiers	**1.34**	3.41
Compensation and settlement income	**-**	62.81
Government grant income	**3.53**	7.17
Other income	**54.46**	56.20
	142.51	205.76
	6,168.44	5,762.48
Reconciliation of revenue from operations with the contracted price :		
Contracted price	**6,114.00**	5,619.68
Adjustments :		
Discounts	**(0.54)**	(0.49)
Sales return	**(87.53)**	(62.47)
Sales	**6,025.93**	5,556.72
Add : Other operating income	**142.51**	205.76
Revenue from operations	**6,168.44**	5,762.48
Revenue disaggregation by geography :		
India	**3,836.10**	3,553.04
Outside India :		
USA	**1,185.63**	1,082.20
Germany	**238.87**	155.42
Brazil	**262.37**	336.09
Other countries	**645.47**	635.73
	6,168.44	5,762.48

Revenue from operations also includes contract manufacturing revenue of ₹ 461.17 crores and ₹ 460.31 crores for the year ended 31-Mar-2020 and 31-Mar-2019 respectively.

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
26 OTHER INCOME		
Interest income	**6.38**	18.34
Share of profit from partnership firms	**-**	0.65
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ (1.12) crores and ₹ (6.33) crores for year ended 31-Mar-2020 and 31-Mar-2019 respectively)	**29.20**	39.21
Net foreign exchange gain	**112.79**	25.29
Dividend income	**76.60**	287.41
Other non-operating income	**11.96**	11.06
	236.93	381.96
27 COST OF MATERIALS CONSUMED		
Raw materials	**1,167.83**	1,028.52
Packing materials	**185.13**	178.43
	1,352.96	1,206.95

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening 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
Less : Closing inventory :		
Finished goods	**407.67**	363.47
Work-in-progress	**203.18**	187.37
Stock-in-trade	**120.39**	123.57
	731.24	674.41
Net (increase) / decrease in inventory	**(56.83)**	(4.97)
29 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	**941.12**	895.23
Contribution to provident and other funds	**69.51**	69.57
Gratuity cost	**19.14**	18.40
Staff welfare expenses	**31.99**	30.86
	1,061.76	1,014.06
30 FINANCE COSTS		
Interest expenses	**424.62**	478.49
Interest expenses on lease	**3.52**	-
Other borrowing cost	**2.35**	2.48
	430.49	480.97
31 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of tangible assets	**189.38**	183.16
Amortisation of intangible assets	**397.46**	395.74
Depreciation on right-of-use assets	**19.82**	-
	606.66	578.90
32 OTHER EXPENSES		
Selling, publicity and medical literature expenses	**596.66**	539.39
Power and fuel	**126.70**	131.49
Laboratory goods and testing expenses	**103.46**	133.24
Stores and spares consumed	**85.60**	101.98
Clinical research expense	**91.51**	47.01
Travelling, conveyance and vehicle expenses	**71.46**	91.49
Cost of outsourced manpower	**44.83**	51.14
Professional and legal fees	**48.38**	86.21
Compensation expense	**2.80**	40.42
Allowance for doubtful trade receivables (net)	**1.02**	1.12
Auditors remuneration and expenses (Refer note 35)	**1.08**	0.90
Commission to non-executive directors	**6.08**	5.62
Donation	**55.74**	31.60
Corporate social responsibility expenditure (Refer note 42)	**18.07**	25.34
General charges	**298.85**	303.70
	1,552.24	1,590.65

(₹ in crores)

			Year ended 31-Mar-2020	Year ended 31-Mar-2019
33	**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		**16.98**	47.04
	Employee benefits expense			
	Salaries, wages and bonus		**114.70**	115.01
	Contribution to provident and other funds		**10.84**	11.06
	Gratuity cost		**3.46**	3.87
	Staff welfare expenses		**2.83**	2.71
			131.83	132.65
	Other expenses			
	Power and fuel		**6.97**	6.84
	Stores and spares consumed		**20.96**	23.75
	Laboratory goods and testing expenses		**67.97**	89.05
	Travelling, conveyance and vehicle expenses		**2.81**	5.88
	Clinical research expense		**91.17**	46.32
	General charges		**25.42**	22.83
			364.11	374.36
(b)	Depreciation and amortisation includes ₹ 23.33 crores (previous year ₹ 20.97 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		**22.06**	35.11
	Advances for capital expenditure		**0.19**	1.39
	Total		**22.25**	36.50
34	**EARNINGS PER SHARE**			
	The basic and diluted earnings per share [EPS] are:			
	Net profit for the year [a]	(₹ in crores)	**938.51**	745.42
	Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
	EPS (basic and diluted) [a] / [b]	₹	**55.46**	44.05
	Nominal value per equity share	₹	**5.00**	5.00
35	**AUDITORS REMUNERATION**			
(a)	As audit fees			
	Statutory audit fees		**0.76**	0.71
(b)	For quarterly limited reviews of subsidiaries financials		**0.13**	0.13
(c)	For other services		**0.14**	0.02
(d)	For reimbursement of expenses		**0.05**	0.04
			1.08	0.90

36 DONATION TO POLITICAL PARTIES

Donation includes political contributions of ₹ 25.00 crores and ₹ 25.50 crores for the year ended 31-Mar-2020 and 31-Mar-2019 respectively.

37 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-2020	Year ended 31-Mar-2019
(a)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**		
	Obligations at the beginning of the year	**195.51**	164.43
	Current service cost	**20.07**	18.91
	Interest cost	**14.94**	12.83
	Liability transferred out	**(0.34)**	(0.02)
	Actuarial (gains) / losses	**20.56**	8.47
	Benefits paid directly by the employer	**(0.15)**	(0.39)
	Benefits paid from the fund	**(15.21)**	(8.72)
	Obligations at the end of the year	**235.38**	195.51
(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	**201.95**	166.86
	Interest income	**15.43**	13.01
	Return on plan assets, excluding interest income	**4.02**	0.80
	Contributions	**27.06**	30.00
	Benefits paid	**(15.21)**	(8.72)
	Plan assets at the end of the year, at fair value	**233.25**	201.95
	Actual return on plan assets	**19.45**	13.81
(c)	**Expense recognised in the statement of profit and loss for the year :**		
	Current service cost	**20.07**	18.91
	Net interest on net defined benefit liability	**(0.49)**	(0.18)
	Net gratuity cost	**19.58**	18.73
(d)	**Expense recognised in other comprehensive income for the year :**		
	Actuarial (gains) / losses	**20.56**	8.47
	Return on plan assets, excluding interest income	**(4.02)**	(0.80)
		16.54	7.67
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**		
	Obligations at the end of the year	**235.38**	195.51
	Plan assets at the end of the year, at fair value	**233.25**	201.95
	Liability / (Asset) recognised in balance sheet	**2.13**	(6.44)

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
37	**DEFINED BENEFIT PLANS (Contd.)**		
(f)	**Remeasurement of net defined benefit liability / (asset) :**		
	Actuarial (gains) / losses from changes in financial assumptions	16.98	2.06
	Experience adjustments	3.58	6.41
	Remeasurement of defined benefit liability	20.56	8.47
	Remeasurement of return on plan assets	(4.02)	(0.80)
	Total	16.54	7.67
(g)	**Expected contribution for the next year**	25.22	13.64
(h)	**Assumptions :**		
	Discount rate	6.56%	7.64%
	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-2020	Year ended 31-Mar-2019
Impact of increase in discount rate by 1 %	(15.80)	(12.24)
Impact of decrease in discount rate by 1 %	18.02	13.93
Impact of increase in salary escalation rate by 1 %	17.26	13.48
Impact of decrease in salary escalation rate by 1 %	(15.47)	(12.10)

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-2020	As at 31-Mar-2019
Equity instruments	7.11%	9.23%
Corporate bonds	53.48%	58.90%
Government securities	29.96%	26.07%
Fixed deposits with banks	0.13%	0.17%
Other current assets	9.32%	5.63%

37 DEFINED BENEFIT PLANS (Contd.)

(k) Maturity profile :

The defined benefit obligations shall mature after year ended 31-Mar-2020 as follows:

(₹ in crores)

	Undiscounted values
1st following year	20.67
2nd following year	20.70
3rd following year	22.19
4th following year	23.38
Thereafter	117.92

(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.

38 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-2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	386.46	-	-	-	-
Bank balances other than cash and cash equivalents	4.49	-	-	-	-
Trade receivables	1,508.94	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.93	-	-	-	-
Other financial assets	18.23	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments (Other than investment in subsidiaries)	2.10	0.02	-	2.08	2.10
Derivative instruments :					
Fair value through profit and loss	32.54	-	32.54	-	32.54
Total	1,958.70	0.02	32.54	2.08	34.64
Financial liabilities :					
Amortised cost* :					
Borrowings	5,326.66	-	-	-	-
Trade payables	710.12	-	-	-	-
Other financial liabilities	204.31	-	-	-	-
Derivative instruments :					
Designated as cash flow hedge	94.26	-	94.26	-	94.26
Fair value through profit and loss	6.62	-	6.62	-	6.62
Total	6,341.97	-	100.88	-	100.88

38 FINANCIAL INSTRUMENTS (Contd.)

(₹ 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

* 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.

38 FINANCIAL INSTRUMENTS (Contd.)

(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-2020	31-Mar-2019	**31-Mar-2020**	31-Mar-2019
USD	Forward contracts	Sell	**35.74**	28.75	**(117.28)**	66.27
EUR	Forward contracts	Sell	**3.57**	2.11	**7.84**	8.33
GBP	Forward contracts	Sell	**0.70**	0.81	**3.04**	1.29
MXN	Forward contracts	Sell	**2.46**	2.18	**1.52**	(0.18)
MYR	Forward contracts	Sell	**2.44**	2.10	**(0.01)**	(0.94)
RUB	Forward contracts	Sell	**67.73**	46.64	**10.99**	(0.37)
THB	Forward contracts	Sell	**0.35**	-	**0.01**	-
USD	Cross Currency Interest Rate Swaps	Buy	**1.00**	2.80	**(0.37)**	(9.52)
					(94.26)	64.88
Less : Deferred tax					**(32.94)**	22.67
Balance in cash flow hedge reserve					**(61.32)**	42.21

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

(₹ in crores)

Particulars	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Balance at the beginning of the year	**42.21**	14.17
(Gain) / losses reclassified to profit or loss	**2.45**	84.76
Deferred tax on (gains) / losses reclassified to profit or loss	**(0.86)**	(29.62)
Change in the fair value of effective portion of cash flow hedges	**(161.58)**	(41.66)
Deferred tax on fair value of effective portion of cash flow hedges	**56.46**	14.56
Balance at the end of the year	**(61.32)**	42.21

Net foreign currency outstanding positions of recognised assets and liabilities are as under:

(Amount in crores)

	Hedged item / nature of derivative contracts	Buy/Sell	Currency	Net Position under derivative contracts	
				31-Mar-2020	31-Mar-2019
1	**Foreign currency loan - payable**				
	Cross currency interest rate swap	Buy	USD	**4.33**	7.80
	Foreign currency interest - payable	Buy	USD	**0.01**	0.03
2	**Foreign currency receivables**				
	Forward exchange contracts	Sell	USD	**15.96**	14.87
		Sell	EUR	**0.08**	0.42
		Sell	RUB	**23.91**	26.97
		Sell	GBP	**0.44**	0.77
		Sell	MXN	**1.31**	0.88
		Sell	MYR	**1.23**	0.79

(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.

38 FINANCIAL INSTRUMENTS (Contd.)

(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 foreign exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1 based on management's current assessment. 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-2020	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.01	-	2.31	2.32
Trade receivables	1,200.48	8.67	88.86	1,298.01
Other assets	21.66	0.79	0.26	22.71
Total	1,222.15	9.46	91.43	1,323.04
Liabilities :				
Borrowings	326.67	-	2.12	328.79
Trade payables	102.89	13.87	6.96	123.72
Other liabilities	11.93	102.08	0.90	114.91
Total	441.49	115.95	9.98	567.42
Net assets / (liabilities)	780.66	(106.49)	81.45	755.62

38 FINANCIAL INSTRUMENTS (Contd.)

(₹ 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

*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 and currency swap, a 5% increase / decrease in relation to USD & EURO of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 82.61 crores (₹ 48.14 crores) in the Company's net profit and ₹ 152.54 crores (₹ 98.45 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2020 and 31-Mar-2019 respectively.

With respect to the Company's non-derivative financial instruments (as given above), a 5% increase / decrease in relation to USD & EURO on the underlying would have resulted in increase /decrease of ₹ 33.72 crores (₹ 11.09 crores) in the Company's net profit for the year ended 31-Mar-2020 and 31-Mar-2019 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 43.33 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-2020 and 31-Mar-2019.

38 FINANCIAL INSTRUMENTS (Contd.)

With respect to investments, the Company limits its exposure to credit risk by investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. The Company's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Company therefore considers credit risks on such investments to be negligible.

With respect to derivatives, the Company's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹ 1,956.41 crores and ₹ 2,073.27 crores as at 31-Mar-2020 and 31-Mar-2019 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-2020	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	710.12	-	-	-	710.12
Borrowings					
Lease obligations	16.78	13.45	2.09	-	32.32
Other borrowings*	2,169.89	1,046.13	1,794.91	292.84	5,303.77
Other financial liabilities	196.00	8.31	-	-	204.31
Derivative financial liabilities	55.37	45.51	-	-	100.88
Total	**3,148.16**	**1,113.40**	**1,797.00**	**292.84**	**6,351.40**

(₹ 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

*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.

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		Subsidiaries		Enterprises controlled by the Company		Key Management Personnel / Independent Directors		Other related parties		Total	
(a) Nature of Transactions	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19
Sale of finished goods*	-	-	**1,867.57**	1,689.04	-	-	-	-	-	-	**1,867.57**	1,689.04
Sale of dossiers	-	-	**0.11**	-	-	-	-	-	-	-	**0.11**	-
Purchase of material, consumables etc (Net of returns)	-	-	**0.21**	35.68	-	-	-	-	**0.75**	0.25	**0.96**	35.93
Remuneration to key management personnel / independent directors**	-	-	-	-	-	-	**37.84**	28.70	-	-	**37.84**	28.70
Contribution to Gratuity / Superannuation funds	-	-	-	-	-	-	-	-	**42.89**	45.18	**42.89**	45.18
Advance given	-	-	-	-	-	-	-	-	**1.49**	1.54	**1.49**	1.54
Lease rent paid	**0.02**	0.02	-	-	-	-	-	-	-	-	**0.02**	0.02
Services received	-	-	**14.09**	20.71	-	-	-	-	**16.18**	16.85	**30.27**	37.56
Sales commission	-	-	-	-	-	-	-	-	**1.82**	-	**1.82**	-
CSR expenditure	-	-	-	-	-	-	-	-	**16.18**	18.72	**16.18**	18.72
Interest income	-	-	-	7.61	-	-	-	-	**0.04**	0.07	**0.04**	7.68
Expenses reimbursement	-	-	**1.08**	0.99	-	-	-	-	**0.06**	-	**1.14**	0.99
Sale of property, plant and equipment	-	-	-	0.34	-	-	-	-	-	-	-	0.34
Purchase of property, plant and equipment	-	-	-	-	-	-	-	-	**0.13**	184.18	**0.13**	184.18
Remuneration paid	-	-	-	-	-	-	-	-	**1.13**	0.27	**1.13**	0.27
Refund of capital on dissolution of partnership firm	-	-	-	-	-	17.61	-	-	-	-	-	17.61
Share of profit/(loss) from partnership firm	-	-	-	-	-	0.65	-	-	-	-	-	0.65
Repayment of loan	-	-	-	115.35	-	-	-	-	-	-	-	115.35
Dividend Received	-	-	**76.60**	287.41	-	-	-	-	-	-	**76.60**	287.41
Recovery of expenses	-	-	**13.38**	14.17	-	-	-	-	-	-	**13.38**	14.17
Transfer value of employees (net)	-	-	-	-	-	-	-	-	**0.50**	0.02	**0.50**	0.02
(b) Balances at the end of the year	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Trade receivables	-	-	**1,231.48**	1,092.78	-	-	-	-	-	-	**1,231.48**	1,092.78
Advances recoverable	-	-	**2.41**	-	-	-	-	-	**0.66**	0.66	**3.07**	0.66
Trade advances	-	-	**98.48**	206.14	-	-	-	-	-	-	**98.48**	206.14
Investments in equities	-	-	**162.22**	162.22	-	-	-	-	**0.06**	0.06	**162.28**	162.28
Provision for impairment in value of investment	-	-	**29.44**	29.44	-	-	-	-	-	-	**29.44**	29.44
Trade payables	-	-	**9.35**	30.76	-	-	-	-	**1.95**	1.23	**11.30**	31.99
Other payables	-	-	-	-	-	-	**26.17**	20.76	-	-	**26.17**	20.76
Guarantees given	-	-	**861.28**	1,073.88	-	-	-	-	-	-	**861.28**	1,073.88

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 (dissolved with effect from 15-Oct-2019), 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.

*Sale of finished goods includes sale to Torrent Pharma Inc. of ₹ 1,141.01crores (previous year ₹ 976.19 crores).

** Excluding provision for gratuity and leave benefits, insurance premium for group personal accident and group mediclaim.

*** Torrent Private Limited changed to Torrent Investments Private Limited w.e.f. 15-Apr-2020.

39 RELATED PARTIES AND TRANSACTIONS (Contd.)

(c) Remuneration to Key Management Personnel / Independent Directors :

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Salaries and other benefits	**10.36**	6.97
Contribution to defined contribution plan	**0.85**	0.52
Commission	**26.08**	20.62
Sitting Fees	**0.55**	0.59
Total	**37.84**	28.70

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
40 COMMITMENTS AND CONTINGENCIES		
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**192.81**	246.36
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)]	**2.74**	2.88
	195.55	249.24
Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts :		
Disputed demand of income tax for which appeals have been preferred	**1.46**	3.39
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**14.11**	13.25
Disputed demand of goods and service tax / excise	**104.83**	102.93
Disputed demand of local sales tax and C.S.T.	**0.28**	0.31
Disputed demand of stamp duty and registration charges	**3.43**	2.19
Disputed cases at labour court / industrial court	**5.24**	3.16
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.47**	0.47
	129.82	125.70

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 ₹ 3.56 crores (previous year ₹ 0.15 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) Guarantees of ₹ 861.28 crores are outstanding as at 31-Mar-2020 (previous year ₹ 1,073.88 crores), which were issued to third parties on behalf of wholly owned subsidiaries for contractual obligations.

41 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25-Mar-2020 announced by the Indian government, to contain the spread of COVID-19. Due to this the operations in some of the Company's manufacturing, warehouse and distribution locations got temporarily disrupted. Since, the Company manufactures and supplies pharmaceutical products which is categorized under essential goods, the manufacturing and supplies of the products has since been restored albeit at lower than normal levels. The situation is likely to gradually improve with easing of restrictions in the near future.

In light of these circumstances, the Company has considered the possible effects that may result from COVID-19 on the carrying amounts of tangible and intangible assets, financials assets, inventory, receivables etc as well as borrowings and liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as future estimate of volumes, continuity of supply chain etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on the Company's ability to discharge its borrowings and liabilities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
42	**CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**		
	(a) Gross amount required to be spent by the Company	16.85	26.35
	(b) Amount spent during the year on		
	(i) Construction / acquisition of any asset	-	-
	(ii) On purposes other than (i) above	18.07	26.45*
		18.07	26.45
	(c) Contribution to section 8 companies, which are related parties, included in (b) above, in relation to CSR expenditure	16.18	18.72

* ₹ 25.34 crores is included in other expenses and ₹ 1.11 crores is included in employee benefit expenses in statement of profit and loss.

43 The financial statements for the year ended 31-Mar-2020 were approved for issue by the Board of Directors on 26-May-2020.

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

Mumbai
26th May, 2020

Ahmedabad
26th May, 2020

Consolidated Financial Statements 2019-20

TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

Report on the Audit of the 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 2020, 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 2020, 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Description of Key Audit Matter

1. Impairment testing of goodwill (Refer Note 4.9.2, 8 and 9 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 4.9.2 to the consolidated financial statements, the Group tests goodwill for impairment annually, or more frequently when there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. We identified the annual impairment assessment of goodwill as a key audit matter because the assessment process is complex and judgmental by nature and is based on assumptions on: - projected future cash inflows; - expected growth rate and profitability; - discount rate; - perpetuity value based on long term growth rate; - sensitivity analyses;	Our audit procedures in respect of impairment testing of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amounts of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the model used in determining the value in use of the cash generating units; • Assessing the accuracy of prior period cash flow forecasts of the Company by reference to actual performance to assess forecast accuracy; • Challenging the significant assumptions and judgements used in impairment analysis such as forecast revenue, margins, long term growth and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist, especially in light of the existing economic situation due to COVID 19; • Performing sensitivity analysis of the key assumptions, such as future revenue growth rates, future gross margins, and the discount rate used in determining the recoverable value; • Evaluating the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

2. **Recognition and measurement of Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets (Refer Note 4.14 and 21 to the Consolidated Financial Statements):**

The Key Audit Matter	How the 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. As disclosed in Note 21 to the Consolidated Financial Statements, the MAT credit is recognized as a deferred tax asset. The utilization of this asset will be through offsetting it when the Holding Company pays taxes under the provision of Income Tax Act, 1961. The Holding Company is required to reassess recognition of MAT credit asset at each reporting date. The Holding Company has recognized MAT credit assets based on the probability of income tax payable on future taxable profits against which such MAT credit assets can be offset before they expire. The recognition is based on the projected profitability. This is determined based on approved business plans. Recognition and measurement of such deferred tax asset has been identified as a key audit matter because the assessment process involves significant judgement and complexity regarding the forecasts of Holding Company's future income tax. The realization of these assets will be through such income tax within the time limits available under the applicable Income tax laws. The assessment process is based on assumptions affected by expected future market or economic conditions.	In respect of MAT credit assets, we assessed recognition and measurement by performing the following procedures: • Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets and underlying data; • Obtaining the approved business plans, projected profitability statements; • Challenging the assumptions used regarding future business plans and taxable profit in light of fiscal developments, current economic environment in light of COVID 19 related situation and prior performance in determining the recoverability of MAT credit assets recognized within the period available under applicable Income tax laws; • Performing sensitivity analysis; • Testing the computation of amounts recognized as deferred tax assets on MAT credit; • Focusing on the disclosures on MAT credit assets and assumptions used.

3. **Revenue recognition (Refer Note 4.13 and 25 to the Consolidated Financial Statements):**

The Key Audit Matter	How the matter was addressed in our audit
■ The Group distributes its products in several geographies through commercial arrangement prevalent in those geographies. These arrangements involve granting of various considerations such as discounts, rebates, chargebacks, sales return and other allowances. As disclosed in Note 25 to the Consolidated Financial Statements, revenue is measured net of discounts, rebates, chargebacks, sales return and other similar allowances. ■ One of the key estimate of the Group is recognition and measurement of accrual of these deductions. The estimation is dependent on various internal and external factors. These factors include, for example, the length of time when a sale is made and when the sales return takes place, arrangements with varying terms which are based on annual contracts or shorter-term arrangements, etc., some of which are beyond the control of the Company. In addition, the value and timing of discounts, rebates, chargebacks and other similar allowances for products vary from period to period, and the activity spans beyond the year end. ■ Accuracy of revenues may deviate on account of change in judgements and estimates. Accordingly, the evaluation of accrual for discounts, rebates, chargebacks, sales returns and other similar allowances has been considered as a key audit matter.	Our audit procedures included following: • Assessing the Group's accounting policies for discounts, rebates, chargebacks, sales return and other allowances by comparing with applicable accounting standards. • Testing the design, implementation and operating effectiveness of key controls over the development of assumption of expected sales returns based on experience and computation of discounts, rebates, chargebacks and similar allowances and their accruals. • Testing samples relating to discounts, rebates, chargebacks, sales returns and other allowances recorded during the year and comparing to the actual payments made or credit notes generated towards these items. Further, performed procedures to test the accruals made for the year end on a test basis and compared with the relevant source documents. • Checking completeness and accuracy of the data used by the Company for accrual of discounts, rebates, chargebacks, sales return and other similar allowances and also checking the accrual for a selected sample of sales; • Comparing the assumptions to current trends of discounts, rebates, chargebacks, sales returns and other allowances. We have also examined the historical and current trends of the Group's estimates. The examination was to assess the assumptions and judgements used by the Group in accrual of discounts, rebates, chargebacks, sales return and other similar allowances.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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.

Management's and Board of Directors' Responsibilities 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 term 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 Management and 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 Management and 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 the respective Board of Directors 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 judgment 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors 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 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. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. 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 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

We did not audit the financial statements / financial information of 15 subsidiaries, whose financial statements/financial information reflect total assets of ₹ 2,939.81 crores as at 31 March 2020, total revenues of ₹ 2,207.78 crores and net cash outflows amounting to ₹ 210.93 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 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 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 2020 taken on record by the Board of Directors of the Holding Company, being the only company in the Group which is incorporated in India, none of the directors of the Holding Company, is disqualified as on 31 March 2020 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 Holding Company, being the only company in the Group which is incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"

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 2020 on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements.

  ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 36 to the consolidated financial statements in respect of such items as it relates to the Group.

  iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company, being the only company in the Group which is incorporated in India during the year ended 31 March 2020.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

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 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 Number: 102527
UDIN: 20102527AAAAAT8130

Mumbai
26th May, 2020

31 March 2020 on the Consolidated Financial Statements of Torrent Pharmaceuticals Limited for the year ended 31 March 2020

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

(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 2020, 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 Companies Act, 2013 ("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 2020, 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 Company's 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.

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 Number: 102527
UDIN: 20102527AAAAAT8130

Mumbai
26th May, 2020

CONSOLIDATED BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2020	As at 31-Mar-2019
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,817.89**	2,800.68
Capital work-in-progress	6	**576.61**	479.31
Right-of-use assets	7	**135.42**	-
Goodwill	8	**342.09**	334.79
Other intangible assets	9	**4,237.72**	4,612.24
Intangible assets under development	9	**135.32**	137.81
Financial assets			
Investments	10	**2.09**	2.09
Loans	11	**2.29**	2.61
Other financial assets	12	**126.28**	146.10
		130.66	150.80
Income tax assets (net)		**188.88**	120.39
Deferred tax assets (net)	21	**433.21**	369.85
Other non-current assets	13	**31.02**	77.51
Total non-current assets		**9,028.82**	9,083.38
Current assets			
Inventories	14	**2,148.22**	1,935.15
Financial assets			
Investments	10	**0.02**	351.35
Trade receivables	15	**1,649.34**	1,435.71
Cash and cash equivalents	16(a)	**661.82**	588.76
Bank balances other than cash and cash equivalents	16(b)	**4.83**	227.28
Loans	11	**3.64**	3.79
Other financial assets	12	**81.69**	64.26
		2,401.34	2,671.15
Other current assets	13	**457.55**	431.23
Non-current assets held for sale		**1.86**	0.01
Total current assets		**5,008.97**	5,037.54
TOTAL ASSETS		**14,037.79**	14,120.92
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	**84.62**	84.62
Other equity	18	**4,738.60**	4,639.73
Equity attributable to owners of the Company		**4,823.22**	4,724.35
Non-controlling interests		**-**	-
Total equity		**4,823.22**	4,724.35
Non-current liabilities			
Financial liabilities			
Borrowings	19	**3,303.85**	3,912.92
Other financial liabilities	23	**81.99**	14.60
		3,385.84	3,927.52
Provisions	20	**338.34**	288.52
Deferred tax liabilities (net)	21	**-**	7.50
Other non-current liabilities	24	**8.18**	7.71
Total non-current liabilities		**3,732.36**	4,231.25
Current liabilities			
Financial liabilities			
Borrowings	19	**1,090.85**	934.11
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	22	**13.19**	7.14
Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,063.67**	2,089.60
		2,076.86	2,096.74
Other financial liabilities	23	**1,753.78**	1,523.38
		4,921.49	4,554.23
Provisions	20	**418.58**	414.22
Liabilities for current tax (net)		**35.12**	78.99
Other current liabilities	24	**107.02**	117.88
Total current liabilities		**5,482.21**	5,165.32
TOTAL EQUITY AND LIABILITIES		**14,037.79**	14,120.92
Notes forming part of the Consolidated 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

Mumbai
26th May, 2020

Sudhir Menon
Chief Financial Officer

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
26th May, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2020	Year ended 31-Mar-2019
REVENUE			
Revenue from operations	25	**7,939.31**	7,672.80
Other income	26	**121.30**	57.05
Total Revenue		**8,060.61**	7,729.85
EXPENSES			
Cost of materials consumed	27	**1,377.35**	1,290.31
Purchases of stock-in-trade		**922.70**	845.94
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	**(133.13)**	83.44
Employee benefits expense	29	**1,429.04**	1,403.79
Finance costs	30	**450.71**	503.75
Depreciation amortisation and impairment expense	31	**654.38**	617.69
Other expenses	32	**2,172.99**	2,066.26
Total Expenses		**6,874.04**	6,811.18
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**1,186.57**	918.67
Exceptional items	37	**-**	357.01
PROFIT BEFORE TAX		**1,186.57**	561.66
TAX EXPENSE	21		
Current tax		**260.24**	279.45
Deferred tax credit		**(59.23)**	(155.44)
Short provision for tax of earlier years		**13.66**	1.34
One time impact on current and deferred tax due to change in law		**(52.82)**	-
		161.85	125.35
PROFIT FOR THE YEAR		**1,024.72**	436.31
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(19.69)**	(9.13)
Equity instruments through other comprehensive income		**(0.03)**	-
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**6.06**	2.68
Equity instruments through other comprehensive income		**0.01**	-
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(73.88)**	13.49
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**(159.86)**	40.59
Income tax relating to items that will be reclassified subsequently to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**55.79**	(14.53)
		(191.60)	33.10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**833.12**	469.41
PROFIT FOR THE YEAR ATTRIBUTABLE TO :			
Owners of the Company		**1,024.72**	436.28
Non-controlling interests		**-**	0.03
		1,024.72	436.31
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the Company		**833.12**	469.38
Non-controlling interests		**-**	0.03
		833.12	469.41
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	33	**60.55**	25.78
Notes forming part of the Consolidated 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

Mumbai
26th May, 2020

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
26th May, 2020

(A) Equity share capital

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
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-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
Profit for the year	1,024.72	-	-	-	-	-	-	-	1,024.72	-	1,024.72
Other comprehensive income	(13.63)	-	-	-	-	(0.02)	(104.07)	(73.88)	(191.60)	-	(191.60)
Cancellation of forfeited equity shares	-	-	-	0.00	-	-	-	-	0.00	-	0.00
Dividends*	(609.20)	-	-	-	-	-	-	-	(609.20)	-	(609.20)
Tax on dividend	(125.22)	-	-	-	-	-	-	-	(125.22)	-	(125.22)
Transfer from debenture redemption reserve	-	137.53	(137.53)	-	-	-	-	-	-	-	-
Reclassified to statement of profit and loss on dissolution of subsidiary	-	-	-	-	-	-	-	0.17	0.17	-	0.17
Balance as at 31-Mar-2020	**1,893.03**	**2,648.40**	**351.71**	**5.56**	**4.34**	**0.01**	**(63.84)**	**(100.61)**	**4,738.60**	**-**	**4,738.60**
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)
Decrease in non-controlling interest on dissolution of partnership firm	-	-	-	-	-	-	-	-	-	(0.55)	(0.55)
Transfer from debenture redemption reserve	-	235.46	(235.46)	-	-	-	-	-	-	-	-
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**

*Dividends include 2018-19 final dividend of ₹ 4 per share and 2019-20 interim dividend of ₹ 32 per share.

**Dividends include 2017-18 final dividend of ₹ 5 per share and 2018-19 interim dividend of ₹ 13 per share.

Nature and purpose of reserves :

(a) **Retained earnings :** Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

(b) **General reserve :** The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(c) **Debenture redemption reserve :** The reserve represents amount required to be set aside out of profits in accordance with Companies Act, 2013 upto 16-Aug-2019.

(d) **Capital reserve :** Capital reserve represents profit or loss on cancellation of own forfeited equity instruments and excess of fair value of net assets acquired over the consideration transferred.

(e) **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.

(f) **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.

(g) **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.

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

Jamil Khatri
Partner
Membership No. 102527

Mumbai
26th May, 2020

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
26th May, 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in crores)

		Notes	Year ended 31-Mar-2020	Year ended 31-Mar-2019
A	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before tax		**1,186.57**	561.66
	Adjustments for :			
	Depreciation, amortisation and impairment expense		**654.38**	617.69
	Allowance for doubtful trade receivables (net)		**2.64**	(5.48)
	Exceptional items (Impairment of intangible assets)	37	**-**	217.48
	Unrealised foreign exchange (gain) / loss (net)		**(220.09)**	142.71
	Loss on sale / discard / write-off of property, plant & equipment		**25.73**	4.05
	Net gain on sale of investments		**(30.32)**	(45.60)
	Finance costs		**450.71**	503.75
	Interest income		**(7.96)**	(16.41)
			2,061.66	1,979.85
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(190.47)**	(88.85)
	Inventories		**(213.07)**	31.15
	Trade payables, liabilities and provisions		**17.71**	157.09
	CASH GENERATED FROM OPERATIONS		**1,675.83**	2,079.24
	Direct taxes paid		**(284.04)**	(281.16)
	NET CASH FROM OPERATING ACTIVITIES		**1,391.79**	1,798.08
B	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment and intangible assets		**(406.78)**	(662.83)
	Proceeds from sale of property, plant and equipment and intangible assets		**3.95**	2.31
	Net gain on sale of investments		**30.32**	45.60
	Corporate deposits matured		**-**	16.04
	Purchase of investment in equity shares		**-**	(2.00)
	Sale of government securities		**-**	15.25
	Fixed deposits matured (net)		**204.08**	336.29
	Interest received		**16.86**	8.06
	NET CASH USED IN INVESTING ACTIVITIES		**(151.57)**	(241.28)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**750.00**	963.10
	Repayment of long-term borrowings		**(1,201.00)**	(724.64)
	Proceeds from / (repayment of) short term borrowings (net)		**138.10**	(739.80)
	Repayment of lease obligations		**(32.25)**	-
	Dividend paid (including tax on dividend)		**(718.50)**	(309.69)
	Finance cost paid		**(485.39)**	(503.42)
	NET CASH USED IN FINANCING ACTIVITIES		**(1,549.04)**	(1,314.45)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(308.82)**	242.35
	Effect of exchange rate changes on foreign currency cash and cash equivalents		**30.58**	(4.33)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**940.06**	702.04
	CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**661.82**	940.06
Notes:	(1) **Cash and cash equivalents as at end of year**			
	Cash and cash equivalents	16(a)	**661.82**	588.76
	Current investment in mutual funds	10	**-**	351.30
			661.82	940.06

torrent PHARMA

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
(2) Changes in liabilities arising from financing activities :		
Long-term borrowings (Refer note 19) :		
Opening balance	**5,103.99**	4,836.72
Amount borrowed during the year	**750.00**	963.10
Amount repaid during the year	**(1,201.00)**	(724.64)
Amortised cost adjustment	**3.01**	3.39
Foreign exchange difference	**37.50**	25.42
Closing balance	**4,693.50**	5,103.99
Lease obligations (Refer note 19) :		
Recognised on adoption of Ind AS 116	**84.01**	-
Interest accrued during the year	**5.20**	-
Amount paid during the year	**(32.25)**	-
Remeasurement of lease liability	**(0.60)**	-
Foreign exchange difference	**(0.68)**	-
Closing balance	**55.68**	-
Short-term borrowings (Refer note 19) :		
Opening balance	**934.11**	1,625.60
Amount borrowed / (repaid) during the year (net)	**138.10**	(739.80)
Foreign exchange difference	**18.64**	48.31
Closing balance	**1,090.85**	934.11

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

Mumbai
26th May, 2020

Ahmedabad
26th May, 2020

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	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

During the year, Aptil Pharma Limited, subsidiary of Torrent Pharma (UK) Ltd, dissolved with effect from 15-Oct-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 116 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.

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

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 4.2)
- Valuation of assets acquired as part of business combination and contingent consideration (refer note 4.3.1)
- Useful lives of intangible assets (refer note 4.4)
- Valuation of inventories (refer note 4.8)
- Impairment of intangible assets and goodwill (refer note 4.9.2)
- Employee benefits (refer note 4.10)
- Provisions & contingent liabilities (refer note 4.12)
- Sales returns, rebates, chargeback and medicaid (refer note 4.13)
- Valuation of deferred tax assets (refer note 4.14)

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The Company consolidates all entities which it controls. Control is established when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and any accumulated impairment losses. The cost of fixed assets comprises of its purchase price, non-refundable taxes & levies, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing cost attributable to financing of acquisition or construction of the qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.

When major items of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The cost of replacement of any property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit associated with the item will flow to the Group and its cost can be measured reliably.

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 equipments	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.

Acquired research and development intangible assets that are under development are recognised as Intangible assets under development. These assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

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 Financial assets

(a) Classification of financial assets :

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss) and
- those measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(b) Initial measurement :

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

(c) Subsequent measurement :

- **Amortised Cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI)**

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- **Fair value through profit or loss (FVTPL)**

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(d) Derecognition of financial assets :

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset

When the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of financial asset, the financial asset is derecognised if the Group has not retained control over the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(e) Income recognition :

Dividend is accounted when the right to receive payment is established. Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

(f) 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.

(g) 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.

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.

(h) 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.

4.6.2 Financial liabilities

The Group's financial liabilities include trade payables, loans and borrowing and derivative financial instruments.

(a) Classification :

All the Group's financial liabilities, except for financial liabilities at fair value through profit or loss, are measured at amortized cost.

(b) Initial measurement :

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(c) Subsequent measurement :

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate Method. The Effective Interest Rate Method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(d) Derecognition of financial liabilities :

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or waived off or have expired. An exchange between the Group and the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) 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.

(f) 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.

4.6.3 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.

4.7 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.

Effective 01-April-2019, the Group has adopted Ind AS 116 Leases which introduces single accounting model and requires a lessee to recognise assets and liabilities for all leases subject to recognition exemptions.

The Group adopted Ind AS 116 Leases using modified retrospective approach and practical expedients. Accordingly, the comparative information presented for the year ended 31-March-2019 is presented as previously reported under Ind AS 17 Leases.

At inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether contract involves the use of an identified asset, the Group has a right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use and the Group has the right to direct the use of the asset.

At the inception date, right-of-use asset is recognised at cost which includes present value of lease payments adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. Right-of-use asset is depreciated using the straight-line method from the commencement date over the earlier of useful life of the asset or the lease term. When the Group has purchase option available under lease and cost of right-of-use assets reflects that purchase option will be exercised, right-of-use asset is depreciated over the useful life of underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

At the inception date, lease liability is recognised at present value of lease payments that are not made at the commencement of lease. Lease liability is subsequently measured by adjusting carrying amount to reflect interest, lease payments and remeasurement, if any.

Lease payments are discounted using the incremental borrowing rate or interest rate implicit in the lease, if the rate can be determined.

The Group has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

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

4.9.1 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.

4.9.2 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 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.

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.

4.14 Income taxes

Income tax expense comprises current and deferred tax expense. Income tax expenses are recognized in statement of profit and loss, except when they relate to items recognized in other comprehensive income or directly in equity, in which case, income tax expenses are also recognized in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred taxes arising from deductible and taxable temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements are recognized using substantively enacted tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The deferred tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction are not recognized.

Deferred tax asset are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to do the same.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealized inter-company profit or loss on inventories held by the Group in different tax jurisdictions is recognised using the tax rate of jurisdiction in which such inventories are held.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognized in statement of changes in equity as part of associated dividend payment.

4.15 Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.16 Research and development

Revenue expenditure on research and development activities is recognized as expense in the 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

Ministry of Corporate Affairs notifies amendments to the existing Ind AS or new Ind AS. There is no such amendment to the existing Ind AS or new Ind AS which are notified and applicable from April 1, 2020.

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-2019	724.98	29.50	965.20	1,724.07	75.80	16.19	106.51	209.92	3,852.17
Additions during the year	89.33	-	15.53	117.70	6.32	5.71	12.06	11.15	257.80
Deductions during the year	-	29.50	8.27	32.92	6.63	1.94	1.73	4.06	85.05
Translation exchange difference	2.68	-	2.50	1.43	0.46	(0.05)	(0.32)	(1.91)	4.79
Gross carrying amount as at 31-Mar-2020	816.99	-	974.96	1,810.28	75.95	19.91	116.52	215.10	4,029.71
Accumulated depreciation as at 01-Apr-2019	-	-	159.04	695.60	41.90	5.05	68.89	81.01	1,051.49
Depreciation for the year	-	-	29.15	139.74	5.34	1.73	14.71	10.67	201.34
Deductions during the year	-	-	2.26	25.34	4.68	1.41	2.94	3.36	39.99
Translation exchange difference	-	-	0.15	(0.39)	0.24	(0.04)	(0.10)	(0.88)	(1.02)
Accumulated depreciation as at 31-Mar-2020	-	-	186.08	809.61	42.80	5.33	80.56	87.44	1,211.82
Net carrying amount as at 31-Mar-2020	**816.99**	**-**	**788.88**	**1,000.67**	**33.15**	**14.58**	**35.96**	**127.66**	**2,817.89**
Capital work-in-progress									576.61
Total									**3,394.50**
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	1.85	44.94	181.86	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	29.50	965.20	1,724.07	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**	**29.50**	**806.16**	**1,028.47**	**33.90**	**11.14**	**37.62**	**128.91**	**2,800.68**
Capital work-in-progress									479.31
Total									**3,279.99**

(i) Certain property, plant and equipments hypothecated / mortgaged as security for borrowings as disclosed under note 19.

(ii) Capital work-in-progress includes expenditure of ₹ 44.35 crores (previous year : ₹ 12.40 crores) incurred in the course of construction.

(iii) The amount of capital commitments is disclosed in note 39.

(iv) 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-2020**	As at 31-Mar-2019
Freehold Land	50%	**23.79**	23.79
Freehold Land	30%	**35.69**	35.69
Buildings	30%	**0.65**	0.65

7 RIGHT-OF-USE ASSETS

(₹ in crores)

	Land	Buildings	Vehicles	Total
Gross carrying amount as at 01-Apr-2019 (On adoption of Ind AS 116)	52.21	37.56	48.00	137.77
Additions during the year	-	-	-	-
Deductions / Adjustments during the year	(29.50)	0.60	-	(28.90)
Translation exchange difference	-	(0.40)	(0.43)	(0.83)
Gross carrying amount as at 31-Mar-2020	81.71	36.56	47.57	165.84
Accumulated depreciation as at 01-Apr-2019	-	-	-	-
Depreciation for the year	1.88	12.60	16.31	30.79
Translation exchange difference	-	(0.27)	(0.10)	(0.37)
Accumulated depreciation as at 31-Mar-2020	1.88	12.33	16.21	30.42
Net carrying amount as at 31-Mar-2020	**79.83**	**24.23**	**31.36**	**135.42**

(i) Lease contracts entered by the Group majorly pertains for land, buildings and vehicles taken on lease to conduct its business in the ordinary course.

(ii) Lease expenses of ₹ 13.08 crores recognised in statement of profit and loss for the year ended 31-Mar-2020 towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability.

(iii) Extension and termination options are included in some of the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Group's operations.

(iv) Lease obligations, interest expense on lease, maturity profile of lease obligation and payment of lease obligations are disclosed respectively in Borrowings (refer note 19), Finance costs (refer note 30), Liquidity risk (refer note 36) and Statement of Cash Flows.

(v) Refer note 34 Operating Leases in the consolidated finacial statement for the year ended 31-Mar-2019 for disclosures as per erstwhile Ind AS 17.

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
8 GOODWILL		
Balance at beginning of year	**334.79**	398.52
Add : Measurement period adjustments	**-**	3.46
Less : Impairment during the year (Refer note 37)	**-**	(76.52)
Add : Translation exchange difference	**7.30**	9.33
Balance at end of year	**342.09**	334.79

The Group tests goodwill for impairment annually or based on an indicator. The Group 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 ₹ 83.62 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 CGU.

9 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-2019	111.90	236.94	5,266.80	103.37	29.46	5,748.47
Additions during the year	16.04	28.80	-	-	-	44.84
Deductions during the year	0.08	8.67	-	-	4.43	13.18
Translation exchange difference	0.26	15.66	-	0.44	-	16.36
Gross carrying amount as at 31-Mar-2020	128.12	272.73	5,266.80	103.81	25.03	5,796.49
Accumulated amortisation and impairment as at 01-Apr-2019	79.11	120.20	880.01	49.29	7.62	1,136.23
Amortisation for the year	21.61	29.39	351.12	14.61	2.65	419.38
Deductions during the year	0.07	4.47	-	-	1.31	5.85
Translation exchange difference	0.17	8.67	-	0.17	-	9.01
Accumulated amortisation and impairment as at 31-Mar-2020	100.82	153.79	1,231.13	64.07	8.96	1,558.77
Net carrying amount as at 31-Mar-2020	**27.30**	**118.94**	**4,035.67**	**39.74**	**16.07**	**4,237.72**
Intangible assets under development						135.32
Total						**4,373.04**
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**

* Impairment - Refer note 37

Material intangible assets to the Group's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 4035.67 as at 31-Mar-2020 (₹ 4386.79 crores as at 31-Mar-2019)
Remaining amortisation period	9 years to 13 years as at 31-Mar-2020 (10 years to 14 years as at 31-Mar-2019)

(₹ in crores)

	No. of shares	As at 31-Mar-2020	As at 31-Mar-2019
10 INVESTMENTS			
Non-current			
At fair value through other comprehensive income			
Equity instruments of :			
Epigeneres Biotech Private Limited	158	**2.00**	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			
At amortised cost			
National savings certificates		**0.01**	0.01
		2.09	2.09
Current			
At fair value through other comprehensive income			
Equity instruments of :			
Corporation Bank	15500	**0.02**	0.05
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		**-**	351.30
		0.02	351.35
		2.11	353.44
(i) Aggregate amount of unquoted investments		**2.09**	2.09
(ii) Aggregate amount of quoted investments		**0.02**	0.05
(iii) Aggregate amount of investment in mutual funds at market value		**-**	351.30
11 LOANS			
[Unsecured and considered good, unless otherwise stated]			
Non-current			
Employee loans		**2.29**	2.61
		2.29	2.61
Current			
Employee loans		**3.64**	3.79
		3.64	3.79
		5.93	6.40

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
12 OTHER FINANCIAL ASSETS		
Non-current		
Derivative financial instruments	**18.52**	70.16
Fixed deposit with maturity of more than 12 months	**91.38**	62.63
Other receivables	**16.38**	13.31
	126.28	146.10
Current		
Derivative financial instruments	**51.72**	26.12
Interest accrued on deposits	**0.32**	9.22
Other receivables	**29.65**	28.92
	81.69	64.26
	207.97	210.36
13 OTHER ASSETS		
Non-current		
Capital advances	**31.02**	27.58
Pre-paid expenses	**-**	49.93
	31.02	77.51
Current		
Export benefits receivable	**77.11**	63.59
Claims receivable (indirect tax / insurance / others)	**116.91**	117.59
Employee advances	**5.75**	5.75
Pre-paid expenses	**52.64**	40.40
Indirect taxes recoverable	**110.20**	109.36
Advances to suppliers	**92.14**	83.92
Other receivables	**2.80**	10.62
	457.55	431.23
	488.57	508.74
14 INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	**741.23**	663.95
Packing materials	**48.91**	46.25
Work-in-progress	**203.18**	187.43
Finished goods	**778.33**	722.76
Stock-in-trade	**376.57**	314.76
	2,148.22	1,935.15

(i) The Group charged inventory write-down (net) of ₹ 13.47 crores and ₹ 12.58 crores to statement of profit and loss for the year ended 31-Mar-2020 and 31-Mar-2019 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 19.

(₹ in crores)

		As at 31-Mar-2020	As at 31-Mar-2019
15	**TRADE RECEIVABLES**		
Unsecured			
(a)	Considered good	**1,649.34**	1,435.71
(b)	Significant increase in credit risk	**19.47**	28.13
	Less : Allowance for doubtful trade receivables	**19.47**	28.13
		1,649.34	1,435.71
(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	**28.13**	38.72
	Add: Provision made / (reversed) during the year (net)	**2.64**	(5.48)
	Less: Provision used during the year	**(10.51)**	(6.97)
	Add / (less): Translation exchange difference	**(0.79)**	1.86
	Closing balance	**19.47**	28.13
16	**CASH AND BANK BALANCES**		
(a)	**Cash and cash equivalents :**		
	Balances with banks	**405.71**	549.92
	Cash on hand	**0.35**	0.29
	Fixed deposit with original maturity of less than 3 months	**255.76**	38.55
		661.82	588.76
(b)	**Bank balances other than cash and cash equivalents :**		
	Earmarked balances with banks	**4.35**	3.92
	Fixed deposit with maturity of less than 12 months	**0.48**	223.36
		4.83	227.28
	Earmarked balances with banks primarily relates to unclaimed dividends.		
		666.65	816.04
17	**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			
	169,222,720 (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 Nil (previous year 14,000) equity shares of ₹ 5 each forfeited * (previous year ₹ 35,000/-)	**-**	*
		84.62	84.62

17 EQUITY SHARE CAPITAL (Contd.)

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31-Mar-2020		As at 31-Mar-2019	
	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) 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.

(iii) 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.

*Torrent Private Limited changed to Torrent Investments Private Limited w.e.f. 15-Apr-2020

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
18 OTHER EQUITY		
Reserves and Surplus		
Retained earnings	1,893.03	1,616.36
General reserve	2,648.40	2,510.87
Debenture redemption reserve	351.71	489.24
Capital reserve	5.56	5.56
Securities premium	4.34	4.34
	4,903.04	4,626.37
Other comprehensive income		
Equity instruments through other comprehensive income	0.01	0.03
Effective portion of cash flow hedges	(63.84)	40.23
Foreign currency translation reserve	(100.61)	(26.90)
	(164.44)	13.36
	4,738.60	4,639.73
19 BORROWINGS		
Non-current		
Secured non-convertible debentures	1,162.72	1,404.43
Secured term loans from banks	2,110.94	2,505.38
Unsecured term loans from others	1.56	3.11
Lease obligations	28.63	-
	3,303.85	3,912.92
Current maturities of long-term debt (Refer note 23)		
Secured non-convertible debentures	542.56	550.11
Secured term loans from banks	874.16	638.32
Unsecured term loans from others	1.56	2.64
Lease obligations	27.05	-
	1,445.33	1,191.07

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
19 BORROWINGS (Contd.)		
Current		
Secured loans from banks	**489.31**	450.00
Unsecured loans from banks	**601.54**	207.51
Unsecured commercial paper from banks	**-**	276.60
	1,090.85	934.11
	5,840.03	6,038.10

Notes:

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

(a) ₹ 1,943.72 crores (Previous year ₹ 1,515.44 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.

(b) ₹ Nil (Previous year ₹ 749.54 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) ₹ 251.29 crores (Previous year ₹ 345.86 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(d) ₹ 75.38 crores (Previous year ₹ 193.68 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) ₹ 76.24 crores (Previous year ₹ 131.66 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) ₹ 450.00 crores (Previous year ₹ Nil) 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, in respect of which company is in the process of creating charge.

(g) ₹ 188.47 crores (previous year ₹ 207.52 crores) from bank is secured by hypothecation of inventories and book debts.

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

(a) ₹ 549.57 crores (Previous year ₹ 956.22 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) ₹ 855.71 crores (Previous year ₹ 998.32 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.

(c) ₹ 300.00 crores (Previous year ₹ Nil) are secured by first pari passu mortgage/ charge on tangible immovable and movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) 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) Average interest rate on borrowings is 7.55% for the year ended 31-Mar-2020 (Previous year 8.06%).

19 BORROWINGS (Contd.)

(v) The principal amount repayable in yearly instalments for long-term loans and lease obligations are as under:

Financial year	₹ in crores
2020-21	**1,445.33**
2021-22	**1,214.87**
2022-23	**858.33**
2023-24	**517.07**
2024-25	**425.68**
2025-26	**294.02**
Thereafter	**3.31**
	4,758.61
Less : Amortised cost adjustment	**9.43**
Total	**4,749.18**

(vi) 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	Total repayment	Amortised cost adjustment	Closing balance
7.40% to 9.30%	142.84	142.86	142.86	442.86	292.86	542.56	1,706.84	1.56	1,705.28

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
20 PROVISIONS		
Non-current		
Provision for employee benefits		
Post-retirement benefits (Refer note 34)	**93.45**	81.52
Leave benefits	**86.45**	84.73
	179.90	166.25
Provision for sales returns	**147.93**	106.49
Provision for expenses	**10.51**	15.78
	338.34	288.52
Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 34)	**2.50**	2.23
Leave benefits	**14.50**	13.79
	17.00	16.02
Provision for sales returns	**180.67**	178.11
Provision for failure to supply	**204.65**	154.28
Provision for medicaid	**11.89**	24.31
Provision for expenses	**4.37**	41.50
	418.58	414.22
	756.92	702.74

(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.

(₹ in crores)

		As at 31-Mar-2020	As at 31-Mar-2019
20	**PROVISIONS (Contd.)**		
	Opening balance	**284.60**	273.23
	Add: Provision made during the year	**229.64**	221.98
	Less: Provision utilised during the year	**(191.66)**	(214.90)
	Add / (Less): Translation exchange difference	**6.02**	4.29
	Closing balance	**328.60**	284.60
	Non-current provision	**147.93**	106.49
	Current provision	**180.67**	178.11
	Total	**328.60**	284.60
(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	**15.78**	20.35
	Add: Additional provision (net of reversal)	**(2.38)**	(2.68)
	Add / (Less): Translation exchange difference	**(2.89)**	(1.89)
	Closing balance	**10.51**	15.78
	(b) Current :		
	Provision for expenses includes estimated amount of liability pertaining to product recall expenses.		
	Opening balance	**41.50**	-
	Add: Additional provision (net of reversal)	**54.80**	41.74
	Less: Utilisation during the year	**(93.22)**	-
	Add / (Less): Translation exchange difference	**1.29**	(0.24)
	Closing balance	**4.37**	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	**154.28**	122.32
	Add: Additional provision (net of reversal)	**78.45**	57.12
	Less: Utilisation during the year	**(41.32)**	(21.61)
	Add / (Less): Translation exchange difference	**13.24**	(3.55)
	Closing balance	**204.65**	154.28
(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	**24.31**	25.14
	Add: Additional provision (net of reversal)	**26.95**	24.18
	Less: Utilization during the year	**(40.69)**	(26.63)
	Add / (Less): Translation exchange difference	**1.32**	1.62
	Closing balance	**11.89**	24.31

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
21	**INCOME TAXES**		
(a)	**Expense / (benefit) recognised in the statement of profit and loss:**		
	Current tax:		
	Expense for current year	**260.24**	279.45
	Expense pertaining to prior years	**13.66**	1.34
	Deferred tax:		
	Deferred tax credit	**(59.23)**	(155.44)
	One time impact on current and deferred tax due to change in law	**(52.82)**	-
		161.85	125.35
(b)	**Expense / (benefit) recognised in statement of other comprehensive income**		
	Re-measurement gains / (losses) on defined benefit plans	**6.06**	2.68
	Equity instruments through other comprehensive income	**0.01**	-
	Effective portion on gains and loss on hedging instruments in a cash flow hedge	**55.79**	(14.53)
		61.86	(11.85)
(c)	**Reconciliation of Effective Tax Rate :**		
	Profit before income taxes	**1,186.57**	561.66
	Enacted tax rate in India	**34.94%**	34.94%
	Expected income tax expenses	**414.64**	196.27
	Adjustments to reconcile expected income tax expense to reported income tax expense:		
	Weighted deduction allowed in respect of research and development expenses	**(72.31)**	(70.64)
	Effect of deductions allowed under Income Tax	**(137.84)**	-
	Recognition of previously unrecognised deferred tax asset (net)	**(6.69)**	1.80
	Tax impact on future transition to new tax regime	**(41.00)**	-
	Effect of expenses not deductible in determining taxable profit	**57.54**	23.77
	Foreign exchange difference	**(8.67)**	2.07
	Effect of difference between Indian tax rate and foreign tax rate	**4.39**	39.45
	Tax adjustments of prior periods	**13.66**	1.34
	One time impact on current and deferred tax due to change in law *	**(52.82)**	-
	MAT Credit entitlement of earlier periods recognised	**-**	(73.28)
	Others (net)	**(9.05)**	4.57
	Adjusted income tax expenses	**161.85**	125.35
	Effective Tax Rate	**13.64%**	22.32%

* The US Government enacted Coronavirus Aids, Relief and Economic Security Act (CARES Act) on 27-Mar-2020 in response to COVID-19 pandemic. Torrent Pharma Inc., wholly owned subsidiary, elected to carry back Net Operating Losses (NOLs) of current and preceding financial years to set off against taxable profits of earlier years. Accordingly, one time tax benefit of ₹ 52.82 crores for the year ended 31 March 2020 has been recognized.

(₹ in crores)

		As at 31-Mar-2020	As at 31-Mar-2019
21	**INCOME TAXES (Contd.)**		
(d)	**Deferred tax relates to:**		
	Deferred tax liabilities / (assets) :		
	Property, plant and equipments and intangible assets	**890.64**	793.02
	Amortised cost adjustment on borrowings	**3.31**	4.35
	Fair valuation of investments in mutual fund	**-**	0.38
	Cash flow hedge reserve	**(33.71)**	22.14
	Fair valuation of investment in equity instruments	**0.00**	0.01
	Provision for employee benefit expense	**(47.72)**	(46.70)
	Valuation of inventories	**(44.96)**	(39.40)
	Provision for expenses	**(93.52)**	(86.84)
	Provision for chargebacks	**(117.06)**	(105.57)
	Allowance for doubtful trade receivables	**(3.42)**	(6.59)
	Unrealized foreign exchange loss	**1.39**	(0.01)
	Interest accrued but not due	**(9.95)**	(14.66)
	Unabsorbed depreciation / Tax losses of subsidiaries	**(10.50)**	(91.02)
	Lease obligations	**(12.18)**	-
	MAT Credit entitlement	**(900.57)**	(721.82)
	Unrealised profit in inventory	**(54.96)**	(69.64)
	Deferred tax liabilities / (assets) net	**(433.21)**	(362.35)
	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
	Deferred tax assets	**433.21**	369.85
		(433.21)	(362.35)

Amount of ₹ 10.50 crores pertains to deferred tax asset created on 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 ₹ 3.82 crores as at 31-Mar-2020.

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.

In assessing the realization of deferred tax assets, management considers that ultimate realization of deferred tax depends on the generation of future taxable income during the period in which deferred tax assets become deductible. Based on the trend of historical taxable income and projection for future taxable income over the period in which the deferred tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. Accordingly, amount of deferred tax assets are considered realizable.

21 INCOME TAXES (Contd.)

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

(₹ in crores)

Year ended 31-Mar-2020	Opening balance as at 01-Apr-2019	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-2020
Deferred tax liabilities / (assets) in relation to:						
Property, plant and equipments and intangible assets	793.02	100.98	-	-	(3.36)	**890.64**
Amortised cost adjustment on borrowings	4.35	(1.04)	-	-	-	**3.31**
Fair valuation of investment in mutual fund	0.38	(0.38)	-	-	-	**-**
Cash flow hedge reserve	22.14	-	(55.79)	-	(0.06)	**(33.71)**
Fair valuation of investment in equity instruments	0.01	-	(0.01)	-	-	**0.00**
Provision for employee benefit expense	(46.70)	3.35	(6.06)	-	1.69	**(47.72)**
Valuation of inventories	(39.40)	(1.17)	-	-	(4.39)	**(44.96)**
Provision for expenses	(86.84)	(6.76)	-	-	0.08	**(93.52)**
Provision for chargebacks	(105.57)	(2.59)	-	-	(8.90)	**(117.06)**
Allowance for doubtful trade receivables	(6.59)	3.17	-	-	-	**(3.42)**
Unrealized foreign exchange loss	(0.01)	3.36	-	-	(1.96)	**1.39**
Interest accrued but not due	(14.66)	4.71	-	-	-	**(9.95)**
Unabsorbed depreciation / Tax losses of subsidiaries	(91.02)	80.32	-	-	0.20	**(10.50)**
Lease obligations	-	(12.18)	-	-	-	**(12.18)**
MAT credit entitlement	(721.82)	(194.67)	-	15.92	-	**(900.57)**
Unrealised profit in Inventory	(69.64)	14.68	-	-	-	**(54.96)**
Deferred tax liabilities / (assets) net	**(362.35)**	**(8.22)**	**(61.86)**	**15.92**	**(16.70)**	**(433.21)**

(₹ 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)

	As at 31-Mar-2020	As at 31-Mar-2019
22 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	**13.19**	7.14
(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	**7.12**	5.76
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.07**	0.03
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.03**	0.07
(d) Total interest accrued during the year and remaining unpaid	**0.03**	0.07
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	**-**	-
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.		
23 OTHER FINANCIAL LIABILITIES		
Non-Current		
Creditors for capital goods	**8.11**	8.91
Security deposits	**0.20**	0.27
Derivative financial instruments	**69.38**	1.48
Other payables	**4.30**	3.94
	81.99	14.60
Current		
Current maturities of long-term debt (Refer note 19)	**1,445.33**	1,191.07
Interest accrued but not due on borrowings	**53.09**	95.82
Creditors for capital goods	**14.31**	38.03
Payables for employee benefits	**144.16**	131.04
Unclaimed dividend	**4.35**	3.92
Book overdraft	**13.27**	14.14
Derivative financial instruments	**68.56**	35.98
Other payables	**10.71**	13.38
	1,753.78	1,523.38
	1,835.77	1,537.98
24 OTHER LIABILITIES		
Non-Current		
Government grant	**5.49**	4.22
Payables to statutory and other authorities	**2.69**	3.49
	8.18	7.71
Current		
Trade advances	**11.66**	9.62
Payables to statutory and other authorities	**81.63**	93.26
Government grant	**2.19**	1.69
Other payables	**11.54**	13.31
	107.02	117.88
	115.20	125.59

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
25 REVENUE FROM OPERATIONS		
Sales		
Sales in India	**3,792.11**	3,509.18
Sales outside India	**3,987.90**	3,952.66
	7,780.01	7,461.84
Other operating income		
Export benefits	**83.18**	76.17
Income from product registration dossiers	**1.42**	4.06
Compensation and settlement income	**-**	62.81
Government grant income	**3.53**	7.17
Other income	**71.17**	60.75
	159.30	210.96
	7,939.31	7,672.80
Reconciliation of revenue from operations with the contracted price :		
Contracted price	**14,794.18**	14,316.37
Adjustments :		
Chargeback, rebates and discounts	**(6,757.58)**	(6,608.37)
Sales return	**(229.64)**	(221.98)
Others	**(26.95)**	(24.18)
Sales	**7,780.01**	7,461.84
Add : Other operating income	**159.30**	210.96
Revenue from operations	**7,939.31**	7,672.80

Revenue disaggregation by geography has been included in segment reporting (Refer note 35).

Revenue from operations also includes contract manufacturing revenue of ₹ 461.17 crores and ₹ 460.31 crores for the year ended 31-Mar-2020 and 31-Mar-2019 respectively.

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
26 OTHER INCOME		
Interest income	**7.96**	16.41
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ (1.12) crores and ₹ (6.33) crores for year ended 31-Mar-2020 and 31-Mar-2019 respectively)	**29.20**	39.27
Net foreign exchange gain / (loss)	**82.74**	(1.09)
Other non-operating income	**1.40**	2.46
	121.30	57.05
27 COST OF MATERIALS CONSUMED		
Raw materials	**1,192.22**	1,111.88
Packing materials	**185.13**	178.43
	1,377.35	1,290.31
28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening 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

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (Contd.)			
Less : Closing inventory :			
Finished goods		**778.33**	722.76
Work-in-progress		**203.18**	187.43
Stock-in-trade		**376.57**	314.76
		1,358.08	1,224.95
Less : Exceptional items		**-**	2.60
Net (increase) / decrease in inventory		**(133.13)**	83.44
29 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		**1,233.00**	1,208.36
Contribution to provident and other funds		**122.72**	124.13
Gratuity and other retirement benefit cost		**22.37**	21.84
Staff welfare expenses		**50.95**	49.46
		1,429.04	1,403.79
30 FINANCE COSTS			
Interest expenses		**443.16**	501.10
Interest expenses on lease		**5.20**	-
Other borrowing cost		**2.35**	2.65
		450.71	503.75
31 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE			
Depreciation of tangible assets		**201.34**	194.84
Amortisation of intangible assets		**419.38**	419.55
Impairment of intangible assets under development		**2.87**	3.30
Depreciation on right-of-use assets		**30.79**	-
		654.38	617.69
32 OTHER EXPENSES			
Selling, publicity and medical literature expenses		**807.39**	738.03
Laboratory goods and testing expenses		**130.25**	172.43
Power and fuel		**128.19**	132.46
Travelling, conveyance and vehicle expenses		**108.09**	129.41
Clinical research expense		**92.51**	47.68
Compensation expense		**81.25**	66.05
Stores and spares consumed		**85.60**	101.98
Professional and legal fees		**87.86**	136.94
Cost of outsourced manpower		**50.62**	58.32
Allowance for doubtful trade receivables (net)		**2.64**	(5.48)
Auditors remuneration and expenses		**3.72**	3.33
Commission to non-executive directors		**6.08**	5.62
Donation		**55.74**	31.60
Corporate social responsibility expenditure (Refer note 41)		**18.07**	25.34
General charges		**514.98**	422.55
		2,172.99	2,066.26
33 EARNINGS PER SHARE			
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	**1,024.72**	436.28
Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
EPS (basic and diluted) [a] / [b]	₹	**60.55**	25.78
Nominal value per equity share	₹	**5.00**	5.00

34 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-2020				Year ended 31-Mar-2019			
		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	**195.51**	**79.11**	**3.31**	**1.33**	164.43	80.47	2.53	1.17
	Current service cost	**20.07**	**0.34**	**0.56**	**0.40**	18.91	0.47	0.47	0.57
	Interest cost	**14.94**	**1.58**	**0.23**	**0.12**	12.83	1.66	0.17	0.10
	Liability transferred out	**(0.34)**	**-**	**-**	**-**	(0.02)	-	-	-
	Actuarial (gains) / losses	**20.56**	**2.26**	**0.93**	**(0.04)**	8.47	1.41	0.01	0.04
	Benefits paid directly by the employer	**(0.15)**	**(2.00)**	**-**	**(0.03)**	(0.39)	(1.96)	-	(0.56)
	Benefits paid from the fund	**(15.21)**	**-**	**-**	**-**	(8.72)	-	-	-
	Translation exchange difference	**-**	**5.49**	**0.47**	**(0.24)**	-	(2.94)	0.13	0.01
	Obligations at the end of the year	**235.38**	**86.78**	**5.50**	**1.54**	195.51	79.11	3.31	1.33
(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	**201.95**	**-**	**-**	**-**	166.86	-	-	-
	Interest income	**15.43**	**-**	**-**	**-**	13.01	-	-	-
	Return on plan assets, excluding interest income	**4.02**	**-**	**-**	**-**	0.80	-	-	-
	Contributions	**27.06**	**-**	**-**	**-**	30.00	-	-	-
	Benefits paid	**(15.21)**	**-**	**-**	**-**	(8.72)	-	-	-
	Plan assets at the end of the year, at fair value	**233.25**	**-**	**-**	**-**	201.95	-	-	-
	Actual return on plan assets	**19.45**	**-**	**-**	**-**	13.81	-	-	-
(c)	**Expense recognised in the statement of profit and loss for the year :**								
	Current service cost	**20.07**	**0.34**	**0.56**	**0.40**	18.91	0.47	0.47	0.57
	Net Interest on net defined benefit liability	**(0.49)**	**1.58**	**0.23**	**0.12**	(0.18)	1.66	0.17	0.10
	Net gratuity and other retirement benefit cost	**19.58**	**1.92**	**0.79**	**0.52**	18.73	2.13	0.64	0.67
(d)	**Expense recognised in other comprehensive income for the year :**								
	Actuarial (gains) / losses	**20.56**	**2.26**	**0.93**	**(0.04)**	8.47	1.41	0.01	0.04
	Return on plan assets, excluding interest income	**(4.02)**	**-**	**-**	**-**	(0.80)	-	-	-
		16.54	**2.26**	**0.93**	**(0.04)**	7.67	1.41	0.01	0.04

34 DEFINED BENEFIT PLANS (Contd.)

(₹ in crores)

		Year ended 31-Mar-2020				Year ended 31-Mar-2019			
		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	**235.38**	**86.78**	**5.50**	**1.54**	195.51	79.11	3.31	1.33
	Plan assets at the end of the year, at fair value	**233.25**	**-**	**-**	**-**	201.95	-	-	-
	Liability / (Asset) recognised in balance sheet	**2.13**	**86.78**	**5.50**	**1.54**	(6.44)	79.11	3.31	1.33
(f)	**Remeasurement of net defined benefit liability / (asset):**								
	Actuarial (gains) / losses :								
	Changes in demographic assumptions	**-**	**-**	**(0.04)**	**-**	-	0.90	-	-
	Changes in financial assumptions	**16.98**	**3.18**	**1.13**	**0.11**	2.06	0.64	-	(0.03)
	Experience adjustments	**3.58**	**(0.92)**	**(0.16)**	**(0.15)**	6.41	(0.13)	0.01	0.07
	Remeasurement of defined benefit liability	**20.56**	**2.26**	**0.93**	**(0.04)**	8.47	1.41	0.01	0.04
	Remeasurement of return on plan assets	**(4.02)**	**-**	**-**	**-**	(0.80)	-	-	-
	Total	**16.54**	**2.26**	**0.93**	**(0.04)**	7.67	1.41	0.01	0.04
(g)	**Expected contribution for the next year**	**25.22**	**2.50**	**0.37**	**0.27**	13.64	2.23	-	0.28

(h) Assumptions :

	Year ended 31-Mar-2020				Year ended 31-Mar-2019			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
Discount rate	**6.56%**	**1.76%**	**4.75%**	**8.50%**	7.64%	2.00%	6.50%	10.00%
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**	**16.16 years**	**14.59 years**	**5.10 years**	9 years	16.39 years	14.56 years	4.57 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.

(₹ in crores)

	Year ended 31-Mar-2020				Year ended 31-Mar-2019			
	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 %	**(15.80)**	**(12.27)**	**(0.70)**	**(0.07)**	(12.24)	(11.31)	(0.41)	(0.05)
Impact of decrease in discount rate by 1 %	**18.02**	**15.60**	**0.85**	**0.08**	13.93	14.40	0.50	0.06
Impact of increase in salary escalation rate by 1 %	**17.26**	**0.33**	**0.83**	**0.07**	13.48	0.32	0.50	0.06
Impact of decrease in salary escalation rate by 1 %	**(15.47)**	**(0.32)**	**(0.70)**	**(0.06)**	(12.10)	(0.30)	(0.42)	(0.05)

34 DEFINED BENEFIT PLANS (Contd.)

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-2020	As at 31-Mar-2019
Equity instruments	**7.11%**	9.23%
Corporate bonds	**53.48%**	58.90%
Government securities	**29.96%**	26.07%
Fixed deposits with banks	**0.13%**	0.17%
Other current assets	**9.32%**	5.63%

(k) Maturity profile :

The defined benefit obligations shall mature after year ended 31-Mar-2020 as follows:

(₹ in crores)

	Undiscounted values			
	Gratuity	**Pension**	**Retirement Benefit Plan**	**Retirement Benefit and Seniority Premium Plan**
1st following year	20.67	2.50	0.39	0.27
2nd following year	20.70	2.74	0.12	0.28
3rd following year	22.19	2.96	-	0.31
4th following year	23.38	3.06	-	0.33
Thereafter	117.92	20.11	3.44	2.45

(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.

35 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-2020	Year ended 31-Mar-2019
India	**3,836.10**	3,553.04
Outside India :		
USA	**1,523.43**	1,589.47
Germany	**946.81**	1,009.18
Brazil	**714.58**	689.20
Other countries	**918.39**	831.91
Total	**7,939.31**	7,672.80

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

35 **SEGMENT REPORTING (Contd.)**

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

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
India	**7,752.59**	7,996.38
Outside India :		
USA	**387.09**	320.21
Germany	**56.08**	52.49
Brazil	**15.57**	16.72
Other countries	**64.74**	56.54
Total	**8,276.07**	8,442.34

Non-current assets include property, plant and equipment, right-of-use assets, 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-2020 and 31-Mar-2019.

36 **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-2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	661.82	-	-	-	-
Bank balances other than cash and cash equivalents	4.83	-	-	-	-
Trade receivables	1,649.34	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.93	-	-	-	-
Other financial assets	137.73	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments	2.10	0.02	-	2.08	2.10
Derivative instruments :					
Fair value through profit and loss	70.24	-	70.24	-	70.24
Total	2,532.00	0.02	70.24	2.08	72.34
Financial liabilities :					
Amortised cost * :					
Borrowings	5,840.03	-	-	-	-
Trade payables	2,076.86	-	-	-	-
Other financial liabilities	248.20	-	-	-	-
Fair value through profit or loss :					
Other financial liabilities **	4.30	-	-	4.30	4.30
Derivative instruments :					
Designated as cash flow hedge	97.49	-	97.49	-	97.49
Fair value through profit and loss	40.45	-	40.45	-	40.45
Total	8,307.33	-	137.94	4.30	142.24

36 FINANCIAL INSTRUMENTS (Contd.)

(₹ 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	-	-	-	-
Investments	0.01	-	-	-	-
Loans	6.40	-	-	-	-
Other financial assets	114.08	-	-	-	-
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	2,821.95	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

* 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.

36 FINANCIAL INSTRUMENTS (Contd.)

(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-2020	31-Mar-2019	**31-Mar-2020**	31-Mar-2019
USD	Forward contracts	Sell	**35.74**	28.75	**(117.28)**	66.27
EUR	Forward contracts	Sell	**3.57**	2.11	**7.84**	8.33
GBP	Forward contracts	Sell	**0.70**	0.81	**3.04**	1.29
MXN	Forward contracts	Sell	**2.46**	2.18	**1.52**	(0.18)
MYR	Forward contracts	Sell	**2.44**	2.10	**(0.01)**	(0.94)
RUB	Forward contracts	Sell	**67.73**	46.64	**10.99**	(0.37)
THB	Forward contracts	Sell	**0.35**	-	**0.01**	-
USD	Cross Currency Interest Rate Swaps	Buy	**1.00**	2.80	**(0.37)**	(9.52)
USD	Interest Rate Swaps		**2.50**	3.00	**(3.23)**	(2.51)
					(97.49)	62.37
Less : Deferred tax					**(33.65)**	22.14
Balance in cash flow hedge reserve					**(63.84)**	40.23

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

(₹ in crores)

Particulars	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Balance at the beginning of the year	**40.23**	14.17
(Gain) / losses reclassified to profit or loss	**4.40**	84.76
Deferred tax on (gains) / losses reclassified to profit or loss	**(0.86)**	(29.62)
Change in the fair value of effective portion of cash flow hedges	**(164.25)**	(44.17)
Deferred tax on fair value of effective portion of cash flow hedges	**56.64**	15.09
Balance at the end of the year	**(63.84)**	40.23

(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.

36 FINANCIAL INSTRUMENTS (Contd.)

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 foreign exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1 based on management's current assessment. 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-2020	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	**55.09**	**176.30**	**46.31**	**277.70**
Trade receivables	**778.26**	**317.67**	**343.48**	**1,439.41**
Bank balances other than cash and cash equivalents	**-**	**0.34**	**-**	**0.34**
Other assets	**21.99**	**109.81**	**45.69**	**177.49**
Total	**855.34**	**604.12**	**435.48**	**1,894.94**
Liabilities :				
Borrowings	**779.98**	**0.56**	**13.65**	**794.19**
Trade payables	**175.91**	**1,262.55**	**52.00**	**1,490.46**
Other liabilities	**78.56**	**46.25**	**28.08**	**152.89**
Total	**1,034.45**	**1,309.36**	**93.73**	**2,437.54**
Net assets / (liabilities)	**(179.11)**	**(705.24)**	**341.75**	**(542.60)**

(₹ 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)

*Others mainly includes currencies namely British Pound, Mexican Peso, Russian Rouble.

36 FINANCIAL INSTRUMENTS (Contd.)

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 & EURO of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 58.39 crores (₹ 3.52 crores) in the Group's net profit and ₹ 152.54 crores (₹ 98.45 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2020 and 31-Mar-2019 respectively.

With respect to the parent company's non-derivative financial instruments, a 5% increase / decrease in relation to USD & EURO on the underlying would have resulted in increase /decrease of ₹ 33.72 crores (₹ 11.09 crores) in the Group's net profit for the year ended 31-Mar-2020 and 31-Mar-2019 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 ₹ 41.13 crores (₹ 36.48 crores) in the Group's foreign currency translation reserve as at 31-Mar-2020 and 31-Mar-2019 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 108.33 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 65 million borrowing at US subsidiary is at a floating rate of interest. Interest rate swaps are taken by US subsidiary for 25 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-2020 and 31-Mar-2019.

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 ₹ 2,529.55 crores and ₹ 2,819.53 crores as at 31-Mar-2020 and 31-Mar-2019 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.

36 FINANCIAL INSTRUMENTS (Contd.)

(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-2020	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	2,076.86	-	-	-	2,076.86
Borrowings					
Lease obligations	27.05	17.97	6.17	4.49	55.68
Other borrowings*	2,509.13	1,196.90	1,794.91	292.84	5,793.78
Other financial liabilities	239.89	8.77	3.84	-	252.50
Derivative financial liabilities	68.56	69.38	-	-	137.94
Total	4,921.49	1,293.02	1,804.92	297.33	8,316.76

(₹ 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

*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.

37 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)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Intangible assets	-	42.88
Intangible assets under development	-	98.08
Goodwill	-	76.52
Total	-	217.48

37 EXCEPTIONAL ITEMS (Contd.)

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 istaken based on the long term growth rate depending on macro economic growth factors.

b) Discount rate applied is disclosed in note 8.

(b) Recall expenses

The Group has charged ₹ 139.53 crores to the consolidated statement of profit and loss for the year ended 31-Mar-2019 in relation to product recalls. These expenses includes write down of inventory, certain contractual obligations and recall expenses.

38 RELATED PARTIES AND TRANSACTIONS

The disclosures pertaining to related parties and transactions therewith are set out in the table below :

(₹ in crores)

Particulars	Holding Company		Key Management Personnel / Independent Directors		Other related parties		Total	
(a) Nature of Transactions	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19
Purchase of material, consumables etc (net of returns)	-	-	-	-	**0.75**	0.25	**0.75**	0.25
Remuneration to key management personnel / independent directors*	-	-	**37.84**	28.70	-	-	**37.84**	28.70
Contribution to Gratuity / Superannuation funds	-	-	-	-	**42.89**	45.18	**42.89**	45.18
Advance given	-	-	-	-	**1.49**	1.54	**1.49**	1.54
Lease rent paid	**0.02**	0.02	-	-	-	-	**0.02**	0.02
Services received	-	-	-	-	**16.18**	16.85	**16.18**	16.85
Sales commission	-	-	-	-	**1.82**	-	**1.82**	-
CSR Expenditure	-	-	-	-	**16.18**	18.72	**16.18**	18.72
Interest income	-	-	-	-	**0.04**	0.07	**0.04**	0.07
Expenses reimbursement	-	-	-	-	**0.06**	-	**0.06**	-
Purchase of property, plant and equipments	-	-	-	-	**0.13**	184.18	**0.13**	184.18
Remuneration paid	-	-	-	-	**1.13**	0.27	**1.13**	0.27
Transfer value of employees (net)	-	-	-	-	**0.50**	0.02	**0.50**	0.02
(b) Balances at the end of the year	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Advances recoverable	-	-	-	-	**0.66**	0.66	**0.66**	0.66
Investments in equities	-	-	-	-	**0.06**	0.06	**0.06**	0.06
Trade payables	-	-	-	-	**1.95**	1.23	**1.95**	1.23
Other payables	-	-	**26.17**	20.76	-	-	**26.17**	20.76

Names 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.

* Excluding provision for gratuity and leave benefits, insurance premium for group personal accident and group mediclaim.

**Torrent Private Limited changed to Torrent Investments Private Limited w.e.f. 15-Apr-2020.

38 RELATED PARTIES AND TRANSACTIONS (Contd.)

(c) Remuneration to Key Management Personnel / Independent Directors :

(₹ in crores)

	Year ended 31-Mar-2020	Year ended 31-Mar-2019
Salaries and other benefits	**10.36**	6.97
Contribution to defined contribution plan	**0.85**	0.52
Commission	**26.08**	20.62
Sitting Fees	**0.55**	0.59
Total	**37.84**	28.70

(₹ in crores)

	As at 31-Mar-2020	As at 31-Mar-2019
39 COMMITMENTS AND CONTINGENCIES		
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**244.77**	267.20
Contingent liabilities:		
Claims against the Group not acknowledged as debts :		
Disputed demand of income tax for which appeals have been preferred	**1.46**	3.39
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**14.11**	13.25
Disputed demand of goods and service tax / excise	**104.83**	102.93
Disputed demand of local sales tax and C.S.T	**0.28**	0.31
Disputed demand of stamp duty	**3.43**	2.19
Disputed cases at labour court / industrial court	**5.24**	3.16
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.47**	0.47
	129.82	125.70

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 ₹ 3.56 crores (previous year ₹ 0.15 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.

40 In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown from the 25-Mar-2020 announced by the Indian government, to contain the spread of COVID-19. Due to this the operations in some of the Group's manufacturing, warehouse and distribution locations got temporarily disrupted. Since, the Group manufactures and supplies pharmaceutical products which is categorized under essential goods, the manufacturing and supplies of the products has since been restored albeit at lower than normal levels. The situation is likely to gradually improve with easing of restrictions in the near future.

In light of these circumstances, the Group has considered the possible effects that may result from COVID-19 on the carrying amounts of tangible and intangible assets, financials assets, inventory, receivables etc as well as borrowings and liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external information such as future estimate of volumes, continuity of supply chain etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying amount of these assets will be recovered and there is no significant impact on the Group's ability to discharge its borrowings and liabilities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

(₹ in crores)

		Year ended 31-Mar-2020	Year ended 31-Mar-2019
41	**CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE**		
	(a) Gross amount required to be spent by the Company	**16.85**	26.35
	(b) Amount spent during the year on		
	(i) Construction / acquisition of any asset	**-**	-
	(ii) On purposes other than (i) above	**18.07**	26.45*
		18.07	26.45
	(c) Contribution to section 8 companies, which are related parties, included in (b) above, in relation to CSR expenditure	**16.18**	18.72

* ₹ 25.34 crores is included in other expenses and ₹ 1.11 crores is included in employee benefit expenses in statement of profit and loss.

42 The consolidated financial statements for the year ended 31-Mar-2020 were approved for issue by the Board of Directors on 26-May-2020.

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

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-2020

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)	99.75%	4,811.43	89.28%	914.92	59.66%	(114.31)	96.10%	800.61
Subsidiaries								
Foreign								
Zao Torrent Pharma	0.59%	28.49	0.28%	2.90	0.15%	(0.28)	0.31%	2.62
Torrent Do Brasil Ltda.	2.07%	99.83	3.26%	33.39	(1.06%)	2.04	4.25%	35.43
Torrent Pharma Gmbh	0.91%	43.76	(1.57%)	(16.09)	(0.35%)	0.67	(1.85%)	(15.42)
Torrent Pharma Inc.	(5.22%)	(251.90)	(2.28%)	(23.36)	24.78%	(47.48)	(8.50%)	(70.84)
Torrent Pharma Philippines Inc.	0.88%	42.59	1.15%	11.74	(0.43%)	0.82	1.51%	12.56
Laboratorios Torrent, S.A. De C.V.	0.33%	16.01	0.17%	1.76	1.05%	(2.02)	(0.03%)	(0.26)
Torrent Australasia Pty Ltd	0.01%	0.26	0.00%	0.02	0.01%	(0.01)	0.00%	0.01
Torrent Pharma S.R.L.	(0.45%)	(21.60)	(0.02%)	(0.20)	0.59%	(1.13)	(0.16%)	(1.33)
Torrent Pharma (UK) Ltd	(0.48%)	(23.15)	1.15%	11.83	1.10%	(2.10)	1.17%	9.73
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.51	(0.02%)	(0.23)	(0.03%)	0.05	(0.02%)	(0.18)
Laboratories Torrent (Malaysia) SDN.BHD.	0.17%	8.07	0.22%	2.23	0.06%	(0.12)	0.25%	2.11
Torrent Pharma France S.A.S.	(0.05%)	(2.43)	0.03%	0.30	0.08%	(0.16)	0.02%	0.14
Heumann Pharma Gmbh & Co. Generica KG	0.29%	14.02	5.88%	60.24	13.52%	(25.90)	4.12%	34.34
Heunet Pharma Gmbh	1.19%	57.33	2.47%	25.27	0.87%	(1.67)	2.83%	23.60
Norispharm Gmbh	-	-	-	-	-	-	-	-
Total	**100.00%**	**4,823.22**	**100.00%**	**1,024.72**	**100.00%**	**(191.60)**	**100.00%**	**833.12**

(b) 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**

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

Mumbai
26th May, 2020

Ahmedabad
26th May, 2020

(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	0.9698	0.23	25.43	49.52	23.86	-	70.53	3.98	1.74	2.24	-
2	Torrent Do Brasil Ltda.	31.05.2001	Reais	14.5009	27.76	41.03	340.49	271.70	-	593.56	55.70	15.86	39.84	-
3	Torrent Pharma Gmbh	Not Applicable	Euro	83.0496	0.21	60.81	176.60	115.58	48.46	5.53	82.83	16.44	66.39	83.05
4	Torrent Pharma Inc.	Not Applicable	USD	75.3859	9.05	(249.75)	1,735.81	1,976.51	-	1,583.29	(112.73)	(78.01)	(34.72)	-
5	Torrent Pharma Philippines Inc.	Not Applicable	Pesos	1.4769	5.69	37.94	114.09	70.46	-	158.49	17.16	5.58	11.58	-
6	Laboratorios Torrent, S.A. De C.V.	Not Applicable	Mxn$	3.1042	23.20	(7.62)	30.14	14.56	-	42.39	2.15	0.66	1.49	-
7	Torrent Australasia Pty Ltd	Not Applicable	Au$	46.5508	0.40	(0.14)	0.27	0.01	-	0.19	0.01	-	0.01	-
8	Torrent Pharma (Thailand) Co., Ltd.	Not Applicable	THB	2.3054	2.74	(2.23)	1.24	0.73	-	0.28	(0.23)	-	(0.23)	-
9	Torrent Pharma S.R.L.	Not Applicable	RON	17.2109	7.14	(28.73)	0.71	22.30	-	-	(1.40)	(1.15)	(0.25)	-
10	Torrent Pharma (UK) Ltd	Not Applicable	GBP	93.076	2.09	(28.27)	197.83	224.01	-	187.32	2.50	(7.85)	10.35	-
11	Laboratories Torrent (Malaysia) SDN.BHD.	Not Applicable	MYR	17.4585	1.75	6.52	30.91	22.64	-	60.64	2.97	0.69	2.28	-
12	Torrent Pharma France S.A.S.	19.06.2013	Euro	83.0496	0.00	(2.44)	1.39	3.83	-	-	0.32	-	0.32	-
13	Heumann Pharma Gmbh & Co. Generica KG	03.07.2005	Euro	83.0496	0.09	53.87	1,399.53	1,345.57	-	830.14	76.93	12.72	64.21	83.05
14	Heunet Pharma Gmbh	Not Applicable	Euro	83.0496	0.21	61.05	716.59	655.33	-	254.86	42.22	13.66	28.56	-
15	Norispharm Gmbh	Not Applicable	Euro	83.0496	0.21	(0.21)	0.09	0.09	-	0.17	0.01	0.01	-	-

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. Aptil Pharma Limited dissolved with effect from 15-Oct-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
26th May, 2020

FIVE YEAR FINANCIAL HIGHLIGHTS

CONSOLIDATED

(₹ in crores)

	2019-20	2018-19	2017-18	2016-17	2015-16
SALES, PROFIT & DIVIDEND					
Revenue	**7,939**	7,673	5,950	5,857	6,687
EBITDA	**2,284**	2,025	1,641	1,596	2,953
EBIT	**1,629**	1,406	1,233	1,289	2,715
Profit before exceptional items and tax (PBT)	**1,187**	919	931	1,088	2,537
Profit after tax (PAT)	**1,025**	436	678	934	1,733
Dividend for the year	**542**	288	237	237	592
Total dividend per share (₹)	**32.00**	17.00	14.00	14.00	35.00
Special dividend per share (₹)	**15.00**	-	-	-	15.00
Normal dividend (interim dividend and proposed final dividend) per share (₹)	**17.00**	17.00	14.00	14.00	20.00
FINANCIAL POSITION					
Equity share capital	**85**	85	85	85	85
Other equity	**4,739**	4,640	4,538	4,266	3,409
Long term borrowings	**4,749**	5,104	4,837	2,510	2,348
Capital employed	**9,573**	9,829	9,460	6,861	5,842
Gross block	**11,046**	10,553	10,096	5,429	4,835
Net block	**8,245**	8,365	8,502	4,208	3,901
Net current assets	**(473)**	(128)	60	2,141	1,403
RETURN					
On revenue (PBT)%	**15%**	12%	16%	19%	38%
On capital employed (EBIT)%	**17%**	14%	13%	19%	46%
On shareholder’s fund (PAT)%	**21%**	9%	15%	21%	50%
Earnings per share (₹)	**60.55**	25.78	40.07	55.17	102.42
Earnings per share before exceptional item net of tax (₹)	**60.55**	42.45	40.07	55.17	111.46

Notes

Notes

Caring Actions with Compassionate Human Touch

Balasangam - the paediatric hospital

Torrent Group sees its businesses as being a symbiotic part of the larger civil society; the businesses flourish because of society and therefore carry the responsibility of sharing its prosperity with the disadvantageous and other affected sections of the society. The Group not only spends the statutory outgo of 2% of its net profits on CSR activities but goes beyond, both in terms of committing higher financial resources and employee participation in CSR activities. In furtherance of its objective of wider community development, “Rangtarang” an integrated medical complex was built adjacent to SUGEN Power Plant at an aggregate capital cost of ₹ 135 crores. “Rangtarang” houses "Balsangam", the new 150 bed paediatric hospital and "Sumangal" a multispecialty day care clinic for all. Everyday more than 400 beneficiaries, otherwise deprived of access to good medical facilities, from around 500+ surrounding villages take advantage of the free-of-cost medical facilities. The other CSR programmes of the Group are "Shardashish" - refurbishing and upgrading primary and secondary schools, "Shiksha Setu" - aimed at enhancing teaching and learning outcomes in municipal / government schools, "Pratiti" - building and maintaining public gardens in Ahmedabad and "Abhivyakti" - promoting arts and culture amongst the citizenry. Caring Actions go beyond general CSR activities and also involve working towards maximising customer satisfaction, fair and ethical work environment for employees and conducting businesses in a socially responsible manner.

Reaching out to underprivileged

Encouraging talent at Abhivyakti

Refreshing life at Pratiti garden

Committed Actions through Efficient and Ethical Governance

The main pillar of sustainable business is good governance – running the business efficiently and ethically. Good governance ensures long term growth in business to the benefit of all stake holders –capital providers, customers, suppliers, employees and society. Torrent Group adopts high standards in business governance – having an Independent Board providing oversight to Management, Holistic Risk Management, Rationale Capital Allocation & Efficient Operations, Strong Compliance Practices and High Standards of Probity among those charged with running the business. Our Core Values and Code of Conduct are the beacons for ethical governance and accountability.

Our Core Values

- Integrity
- Passion for Excellence
- Participative Decision-Making
- Concern for Society & Environment
- Fairness with Care
- Transparency

TORRENT PHARMACEUTICALS LIMITED
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