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Independent Auditors' Report on Financial Information Prepared for Consolidation Purposes

To the Management and Shareholders of CJSC TORRENT PHARMA

Opinion

We have audited the financial information as at and for the year ended 31 March 2020 prepared for consolidation purposes of Closed Joint Stock Company TORRENT PHARMA (the "Company"), on pages 1 to 7 of the accompanying financial reporting package.

In our opinion, the financial information as at and for the year ended 31 March 2020 is prepared, for the purpose described, in all material respects, in conformity with the accounting policy of Torrent Pharmaceuticals Limited.

Basis for Opinion

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

Other Matter – Restriction on Use

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

Responsibilities of Management for the Financial Information

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

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



CJSC TORRENT PHARMA

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Auditors' Responsibilities for the Audit of the Financial Information

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

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

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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


Vitaly Krylov
JSC "KPMG"
Moscow, Russia



21 April 2020

CJSC TORRENT PHARMA
Statement of Financial Position in RUB

	Notes	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
ASSETS			
Non-current assets			
Property, plant and equipment		20,470	20,470
Deferred tax assets (net)		15,226,184	7,865,481
		<u>15,246,654</u>	<u>7,885,951</u>
Current assets			
Inventories	3	206,803,823	113,261,821
Financial assets			
Trade receivables	4	272,257,860	265,936,411
Cash and cash equivalents	5	7,277,521	7,536,150
Other financial assets	1	5,396,518	6,221,911
Assets for Current Tax (net)		-	2,225,905
Other current assets	2	3,659,357	3,646,247
		<u>495,395,079</u>	<u>398,828,445</u>
TOTAL		<u>510,641,733</u>	<u>406,714,396</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	2,380,200	2,380,200
Other equity	7	262,171,476	239,052,821
		<u>264,551,676</u>	<u>241,433,021</u>
Current liabilities			
Financial liabilities			
Trade payables		232,912,957	163,056,122
Other financial liabilities	8	359,207	302,623
		<u>233,272,164</u>	<u>163,358,745</u>
Other current liabilities	10	228,580	224,929
Provisions	9	1,685,532	1,697,701
Liabilities for Current Tax (net)		10,903,781	-
		<u>12,817,893</u>	<u>1,922,630</u>
TOTAL		<u>510,641,733</u>	<u>406,714,396</u>

Signature to the Statement of Financial Position

CJSC TORRENT PHARMA

Suprit Agrawal

General Director

Moscow, Russia

Date: 20/04/20



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CJSC TORRENT PHARMA
Statement of Profit or Loss and Other Comprehensive Income in RUB

	Notes	Year Ended 31-Mar-2020 RUB	Year Ended 31-Mar-2019 RUB
REVENUE			
Revenue from operations	11	727,304,447	604,263,923
Total Revenue		727,304,447	604,263,923
EXPENSES			
Purchases of stock-in-trade		732,186,026	532,207,575
Changes in inventories of finished goods, work-in-progress and stock-in-trade	12	(93,542,002)	21,512,840
Employee benefits expense	13	10,971,186	10,323,141
Other expenses	14	36,649,329	21,224,125
Total Expenses		686,264,539	585,267,681
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		41,039,908	18,996,242
PROFIT BEFORE TAX		41,039,908	18,996,242
TAX EXPENSE			
Current tax		25,281,956	2,427,945
Deferred tax charge / (credit)		(7,360,703)	1,375,987
		17,921,253	3,803,932
PROFIT FOR THE YEAR		23,118,655	15,192,310
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		23,118,655	15,192,310

Signature to the Statement of Profit or Loss
and Other Comprehensive Income in RUB

CJSC TORRENT PHARMA

Suprit Agrawal

General Director

Moscow, Russia

Date: 20/04/20



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CJSC TORRENT PHARMA
Statement of Cash Flows in RUB

	Period ended 31-Mar-2020	Period ended 31-Mar-2019
A CASH FLOW FROM OPERATING ACTIVITIES :		
PROFIT BEFORE TAX	41,039,908	18,996,242
Adjustments for :		
Allowance for Impairment of Inventories	34,754,816	8,418,212
Allowance for Sales Bonuses	1,451,200	8,750,900
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	77,245,924	36,165,354
Adjustments for changes in working capital :		
Trade Receivables, Loans & Advances and Other Assets	(10,643,964)	(37,790,563)
Inventories	(128,296,819)	13,094,628
Trade Payables, Liabilities and Provisions	79,357,483	(16,302,231)
CASH USED IN OPERATIONS	17,662,624	(4,832,812)
Direct Taxes	(17,921,253)	(3,803,932)
NET CASH USED IN OPERATING ACTIVITIES	(258,629)	(8,636,744)
B CASH FLOW FROM INVESTING ACTIVITIES		
NET CASH USED IN INVESTING ACTIVITIES	-	-
C CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(258,629)	(8,636,744)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,536,150	16,172,894
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,277,521	7,536,150
Note: Cash and Cash Equivalents as at end of the year	7,277,521	7,536,150
Cash and Bank balances as per Note 5	7,277,521	7,536,150

Signature to the Statement of Cash Flows
CJSC TORRENT PHARMA

Suprit Agrawal
General Director
Moscow, Russia

Date: 20/04/20



CJSC TORRENT PHARMA
Notes to the Financial Information

	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 1 : OTHER FINANCIAL ASSETS		
Current		
Other receivables	5,396,518	6,221,911
	<u>5,396,518</u>	<u>6,221,911</u>
	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 2 : OTHER ASSETS		
Current		
Indirect Taxes Recoverable	3,659,357	3,646,247
	<u>3,659,357</u>	<u>3,646,247</u>
	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 3 : INVENTORIES		
[At lower of cost and net realisable value]		
Finished goods	206,803,823	113,261,821
	<u>206,803,823</u>	<u>113,261,821</u>
	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 4 : TRADE RECEIVABLES		
Debts over six months from due date		
(a) Considered good	29,837,074	29,636,391
(b) Significant increase in credit risk	1,562,883	1,562,883
Less : Allowance for doubtful trade receivables	<u>1,562,883</u>	<u>1,562,883</u>
	29,837,074	29,636,391
Debts less than six months from due date		
Considered good	242,420,786	236,300,020
	<u>242,420,786</u>	<u>236,300,020</u>
	<u>272,257,860</u>	<u>265,936,411</u>
	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 5 : CASH AND CASH EQUIVALENTS		
Cash on hand	5,892	5,892
Balances with banks	7,271,629	7,530,258
	<u>7,277,521</u>	<u>7,536,150</u>

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Notes to the Financial Information (page 2)

	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 6 : SHARE CAPITAL		
Subscribed and paid-up	2,380,200	2,380,200
	<u>2,380,200</u>	<u>2,380,200</u>

	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 7 : OTHER EQUITY		
Reserves and surplus		
Retained earnings		
Balance as per last balance sheet	(102,935,872)	(118,128,182)
Add: Net profit for the current year	23,118,655	15,192,310
Closing balance	<u>(79,817,217)</u>	<u>(102,935,872)</u>
Securities premium account	341,988,693	341,988,693
General Reserve	-	-
Other comprehensive income		
Foreign currency translation reserve	-	-
	<u>262,171,476</u>	<u>239,052,821</u>

	As at 31-Mar-2020 RUB	As at 31-Mar-2019 RUB
NOTE - 8 : OTHER FINANCIAL LIABILITIES		
Current liabilities		
Payables for employee benefits	359,207	302,623
	<u>359,207</u>	<u>302,623</u>

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CJSC TORRENT PHARMA
Notes to the Financial Information (page 3)

	As at 31-Mar-2020	As at 31-Mar-2019
	RUB	RUB
NOTE - 9 : PROVISIONS		
Current		
Provision for employee benefits	1,685,532	1,697,701
	<u>1,685,532</u>	<u>1,697,701</u>

	As at 31-Mar-2020	As at 31-Mar-2019
	RUB	RUB
NOTE - 10 : OTHER LIABILITIES		
Current		
Payables to statutory and other authorities	228,580	224,929
	<u>228,580</u>	<u>224,929</u>

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RUB	RUB
NOTE - 11 : REVENUE FROM OPERATIONS		
Sales		
Sales outside India	727,304,447	604,263,923
	<u>727,304,447</u>	<u>604,263,923</u>

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RUB	RUB
NOTE - 12 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventories		
Finished goods	113,261,821	134,774,661
	<u>113,261,821</u>	<u>134,774,661</u>
Less : Closing inventories		
Finished goods	206,803,823	113,261,821
	<u>206,803,823</u>	<u>113,261,821</u>
Net (increase) / decrease in inventories	<u>(93,542,002)</u>	<u>21,512,840</u>

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CJSC TORRENT PHARMA
Notes to the Financial Information (page 4)

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RUB	RUB
NOTE - 13 : EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	8,663,937	8,529,342
Contribution to provident and other funds	1,775,807	1,503,363
Staff welfare expenses	531,442	290,436
	<u>10,971,186</u>	<u>10,323,141</u>

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RUB	RUB
NOTE - 14 : OTHER EXPENSES		
Selling, publicity and medical literature expense	18,776,877	7,930,633
Rent	8,078,053	5,306,740
Insurance	4,098,153	4,001,531
Auditors remuneration and expenses	2,436,600	1,620,000
General charges	2,371,404	1,569,790
Professional and legal fees	557,518	536,685
Sales and turnover taxes	127,452	16,096
Printing and stationery expenses	122,137	111,368
Communication expenses	66,930	91,496
Repairs and maintenance	14,205	39,786
	<u>36,649,329</u>	<u>21,224,125</u>

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RUB	RUB
NOTE - 15: EARNING PER SHARE		
The basic and diluted earnings per share [EPS] are:		
Profit for the year	23,118,655	15,192,310
Weighted average number of equity shares	23,802	23,802
EPS (basic and diluted)	<u>971</u>	<u>638</u>

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