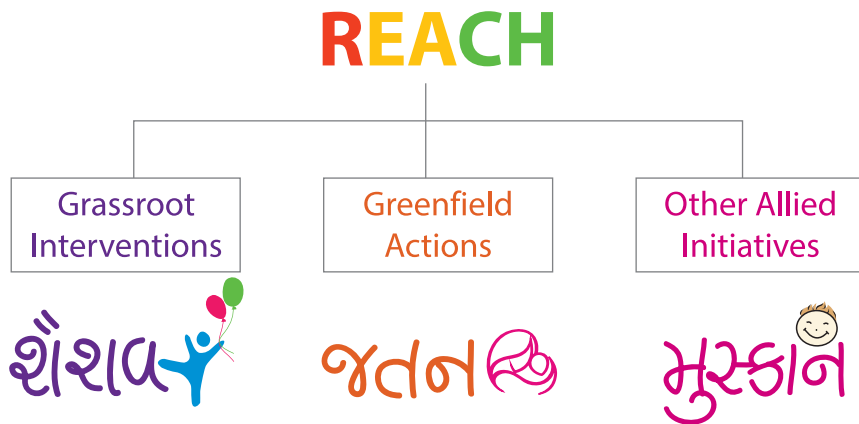




Reach EAch CHild

A Child Health Centric Initiative by Torrent Group



Reach EAch CHild

A Child Health Centric Initiative by Torrent Group

Mission: Reaching Each Child

Vision: Focus on health, hygiene, sanitation and child development

Approach: Grassroot Interventions through prevention and cure

Target: 25000+ children to be covered in FY 2016-17

“REACH” - the Paediatric Healthcare Programme, is mainly directed at prevention of child health problems through proactive grassroot interventions and providing corresponding diagnostic/treatment facilities for resolving child health related issues. The Programme aims to provide intrinsic value to the maximum possible target children of India, in general and Gujarat, in particular.

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CORPORATE INFORMATION

DIRECTORS

1. Shri Sudhir Mehta
Chairman Emeritus
2. Shri Samir Mehta
Executive Chairman
3. Shri Markand Bhatt
4. Shri Shailesh Haribhakti
5. Shri Haigreve Khaitan
6. Shri Pradeep Bhargava
7. Prof. Ashish Nanda
8. Smt. Renu Challu
9. Dr. Chaitanya Dutt
Director (Research and Development)

AUDIT AND RISK MANAGEMENT COMMITTEE

1. Shri Shailesh Haribhakti
Chairman
2. Shri Haigreve Khaitan
3. Shri Pradeep Bhargava
4. Smt. Renu Challu

SECURITIES TRANSFER AND STAKEHOLDERS

RELATIONSHIP COMMITTEE

1. Smt. Renu Challu
Chairperson
2. Shri Shailesh Haribhakti
3. Shri Haigreve Khaitan

NOMINATION AND REMUNERATION COMMITTEE

1. Prof. Ashish Nanda
Chairman
2. Shri Markand Bhatt
3. Shri Pradeep Bhargava

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Shri Pradeep Bhargava
Chairman
2. Smt. Renu Challu
3. Dr. Chaitanya Dutt

EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER

Shri Ashok Modi

VP (LEGAL) & COMPANY SECRETARY

Shri Mahesh Agrawal

AUDITORS

Deloitte Haskins & Sells, Ahmedabad
Chartered Accountants

REGISTERED OFFICE

Torrent House,
Off Ashram Road,
Ahmedabad - 380 009,
Gujarat, India
Phone: + 91 79 26585090 / 26583060
Fax: + 91 79 26582100

MANUFACTURING FACILITIES

1. Village Indrad, Taluka Kadi,
Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh,
Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH – 31 A,
East District, Gangtok (Sikkim)
4. Plot No. 810, Sector III, Industrial area,
Pithampura, Dist – Dhar, (Madhya Pradesh)
5. Plot No. Z104-106, Dahej SEZ Phase II,
Taluka Vagra, Dist. Bharuch (Gujarat)

PROJECT SITE

Bileshwarapura, Taluka Kalol,
Dist. Gandhinagar (Gujarat)

RESEARCH & DEVELOPMENT FACILITY

Village Bhat, Dist. Gandhinagar (Gujarat)

WEBSITE

www.torrentpharma.com

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited
Unit: Torrent Pharmaceuticals Limited
Karvy Selenium Tower-B,
Plot No. 31 & 32, Financial District, Gachibowli,
Hyderabad – 500 032
Phone: + 91 40 67162222
Fax: + 91 40 23001153
Email Id: einward.ris@karvy.com

INVESTOR SERVICES EMAIL ID

investorservices@torrentpharma.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FORTY THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Wednesday, 27th July, 2016 at 09:30 AM at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2016 including the Audited Balance Sheet as at 31st March, 2016, 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 normal annual dividend of ₹ 20/- as an interim dividend and a special dividend of ₹ 15/- as second interim dividend per fully paid up equity share of face value of ₹ 5.00, declared and distributed by the Board of Directors for the Financial year ended on 31st March, 2016.
3. To appoint a Director in place of Shri Samir Mehta (holding DIN 00061903), Director, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE YEAR 2016-17

“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) (“the Act”) and on the recommendation of the Audit and Risk Management Committee and approval by the Board of Directors at their meeting dated 23rd May, 2016, 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 2016-17:

₹ 6,00,000/- plus out of pocket expenses & service tax as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company.”

Registered Office:
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009, Gujarat, India
(CIN: L24230GJ1972PLC002126)
Phone: + 91 79 26585090 / 26583060
Fax: + 91 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
23rd May, 2016

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) and (2) of the Companies Act, 2013 in respect of Item No. 3 and Special Business i.e. Item No. 5 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. A member registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as his / her proxy unless such other person is also a member of the Company.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. Provided that member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
5. Proxies, in order to be effective should be duly stamped, completed, signed and must be sent to the Company so as to receive at its Registered Office not later than 48 hours before the commencement of the Annual General Meeting (AGM).
6. Corporate members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.
7. The members are requested to bring duly filled attendance slip along with their copy of Annual Report at the AGM.
8. Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
9. The Register of Contracts and Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
10. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 43rd AGM by electronic means and all the items of the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20th July, 2016, may cast their vote by electronic means or in the AGM.

The information with respect to Voting process and other instructions regarding e-voting are detailed in Note no. 26

The voting rights of the members shall be in proportion to the paid up value of their shares in the equity capital of the Company as on the cut off date i.e. 20th July, 2016.

11. The Company shall also arrange for the physical voting by use of ballot or polling paper at the AGM for the members who have not cast their vote through remote e voting.
12. The members who have cast their vote by remote e-voting may also attend the AGM but shall not be entitled to cast their vote again.
13. The Notice of 43rd AGM along with the route map (given on backside of attendance slip) and the Annual Report of the Company for the year ended 31st March, 2016 is uploaded on the Company's website www.torrentpharma.com and may be accessed by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company / Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

14. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 20th July, 2016 only shall be entitled to avail the remote e-voting facility as well as voting in the AGM.

15. Mr. Rajesh Parekh, Practicing Company Secretary (Membership No. A8073) and failing him Mr. Kamlesh Patel, Practicing Company Secretary (Membership No. A10772) has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
16. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 3 days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith. The result declared along with the consolidated Scrutinizer's Report shall be placed on the Company's website www.torrentpharma.com and on the website of CDSL immediately after the result is declared by the Chairman and the same shall be simultaneously communicated to the BSE Limited and National Stock Exchange of India Limited.
17. The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of sufficient votes.
18. The members are requested to intimate to the Company, queries, if any, at least 10 days before the AGM to enable the Management to keep the required information available at the meeting.
19. Trading in the shares of the Company can be done in dematerialized form only. Dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. It also substantially reduce the risk of fraud. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
20. The members who have not encashed their Dividend Warrants for any previous period are requested to send the same for revalidation to the Company's Registrars and Transfer Agent (RTA).

Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the RTA.

During the year, the Company has requested those members, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education and Protection Fund (IEPF).

Members are requested to note that dividends not encashed or claimed within seven years from the thirty days of declaration of dividend, will, as per Section 205A of the Companies Act, 1956, be transferred to the IEPF.

Pursuant to the IEPF (Uploading of Information regarding unpaid and unclaimed amount lying with the Companies) Rules, 2012 (IEPF Rules), the Company has uploaded the information in respect of the unclaimed dividends as on the date of the 42nd AGM held on 27th July, 2015 on its website www.torrentpharma.com and also on the website of the Ministry of Corporate Affairs www.mca.gov.in.
21. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
22. As required in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the information (including profile and expertise in specific functional areas) pertaining to Director recommended for re-appointment in the AGM is forming part of the Explanatory Statement given below. The Director has furnished the requisite consent / declarations for his re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
23. The Securities and Exchange Board of India (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(s) with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
24. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10:00 a.m. to 06:00 p.m.) on all working days except second and fourth Saturdays, Sundays and public holidays up to the date of the AGM of the Company.

25. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Company / Depository Participant(s) for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

26. Voting process and instruction regarding e-voting:

Section A: Voting Process:

Members should follow the following steps to cast their votes electronically:

Step 1: Open the web browser during the voting period and log on to the e-voting website www.evotingindia.com.

Step 2: Click on “Shareholders” to cast your vote(s).

Step 3: Please enter User ID

- a. For account holders in CDSL: Your 16 digits beneficiary ID,
- b. For account holders in NSDL: Your 8 Character DP ID followed by 8 Digits Client ID,
- c. 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:

- a. holding shares in physical form
- b. 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. In case the sequence number is less than 8 digits enter the applicable number of 0 before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio no. in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio no. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the DP ID and Client ID / folio number in the Dividend Bank details field as mentioned in Step 3.

Step 7: After entering these details appropriately, click on “SUBMIT” tab.

Step 8: Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Step 9: For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Step 10: Click on the EVSN for the TORRENT PHARMACEUTICALS LIMITED on which you choose to vote.

Step 11: On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Step 12: Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

Step 13: After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”; else to change your vote, click on “CANCEL” and accordingly modify your vote.

Step 14: Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

Section B: Other instruction regarding e-voting:

- i. The voting period begins on 24th July, 2016 from 09:00 A.M. and ends on 26th July, 2016 upto 05:00 P.M. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20th July, 2016, 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, a compliance user should be created using the admin login and password. The compliance 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 write an email to helpdesk.evoting@cdslindia.com or calling on Tollfree No. 1800-200-5533.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND (2) OF THE COMPANIES ACT, 2013

Item No. 3

Pursuant to Section 152 (6) of the Companies Act, 2013, Shri Samir Mehta retires by rotation at this AGM and being eligible, is proposed for re-appointment. He was last re-appointed as Director on 30th July, 2014. Shri Mehta has expressed his intention to act as a Director, if reappointed.

Shri Samir Mehta, 52, is the Vice Chairman of the USD 2.75 billion Torrent Group and Chairman of Torrent Pharma. A B-School graduate, Shri Mehta has hands-on exposure and experience in the nuances of Business and Management. Torrent Group is

being ably guided by Shri Mehta through his analytical and professional approach. He has been providing strong strategic direction to all the business units of the Group.

Under his leadership, Torrent Pharma took various strategic initiatives including forays into new therapies and geographies, creating resources to match the exacting demands of markets, making Torrent Pharma one of India's fastest growing pharma majors. It has established a strong presence in the cardio vascular, neuropsychiatry, diabetology, gastroenterology segments and has also ventured into new segments like pain management, dermatology, gynecology, oncology and nephrology. Through acquisitions, Torrent Pharma has strengthened its position in the nutraceuticals, women healthcare and dermatology segments.

Shri Mehta can be rightfully credited for establishing Torrent Pharma's strong pan-global presence, especially through its subsidiaries in the US, Germany and Brazil. It is his strong belief, that the future of Indian pharma lies in its research capabilities, and this led Torrent Pharma to invest in bolstering its R&D infrastructure. Today, Torrent Pharma has state-of-the-art research and manufacturing facilities which are certified by the regulatory bodies of various international regulated and semi-regulated markets.

Under his guidance, Torrent Power has systematically improved its performance on all efficiency parameters. With an installed generation capacity of 3334 MW, Torrent Power is fully integrated across the power sector value chain. Its Transmission & Distribution (T&D) loss in its license areas is amongst the lowest in the Country. Shri Mehta's ability to take calculated risks enabled Torrent Power to expand its distribution operations in Maharashtra and Uttar Pradesh, and as a result, Torrent Power distributes power to over 3 million customers in the cities of Ahmedabad, Gandhinagar, Surat, Bhiwandi and Agra. The Company has won many accolades for being amongst the best run utilities in the Country. The Company's success in Bhiwandi has become a case study in the annals of the Indian power sector - a model discussed in various forums.

Equally conscious of his responsibilities towards society, Shri Mehta has always been the guiding force behind the Group's various environmental and CSR initiatives. The CSR activities of the Group primarily focus on education and healthcare. Educational initiatives include setting up schools, providing merit scholarships, and improving quality of education and infrastructure. On healthcare side, the Group has set up the U N Mehta Institute of Cardiology in Ahmedabad, a 450-bed hospital with state-of-the-art facilities, to provide quality treatment especially to the economically weaker strata of the society. A recently launched ambitious child healthcare program - REACH (Reach EAch CHild), aims to positively impact lives of 25,000+ children across India's rural belts over the next few years through concerted efforts of each member of the Torrent Group.

A fine blend of trained business acumen, managerial genius and rational exuberance, Shri Mehta has helped to shape various spheres of the Group through his contemporary outlook and innovative but realistic ideas. The Torrent Group, having a diverse workforce of nearly 20,000 employees with 900 internationally based, has earned a reputation for being employee-centric due to Shri Mehta's practice of fairness and humaneness.

Shri Mehta holds 8,363,960 Equity Shares (including 2,080,000 shares held in the name of Samir Mehta HUF) of your Company. He is on the Board of your Company from 20th August, 1986.

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

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

During the year Shri Mehta has attended seven (7) meetings of the Board of Directors out of eight (8) meetings held of the Company.

Shri Samir Mehta is the brother of Shri Sudhir Mehta, Chairman Emeritus.

Except Shri Samir Mehta himself, Shri Sudhir Mehta, relative of Shri Samir Mehta, 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. 5

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) ("the Act"), requires the Board to appoint an individual, who is a Cost Accountant in practice or a firm of Cost Accountants in practice, as Cost Auditor on the recommendations of the Audit committee, which shall also recommend remuneration for such Cost Auditor and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the members.

The Board of Directors at their meeting held on 23rd May, 2016, on recommendation of the Audit and Risk Management Committee, approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2016-17 at fees of ₹ 6,00,000/- plus out of pocket expenses and service tax 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. 5 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2016-17.

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. 5 of the Notice.

The Board commends this resolution for your approval.

Registered Office:
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009, Gujarat, India
(CIN: L24230GJ1972PLC002126)
Phone: + 91 79 26585090 / 26583060
Fax: + 91 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
23rd May, 2016

DIRECTORS' REPORT

To
The Shareholders

The Directors have the pleasure of presenting the Forty Third Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2016.

HIGHLIGHTS

- Several successful launches in US market, which has led to exceptional growth in profit due to low competition, in some cases.
- Received Enterprise Inspection Report (EIR) from USFDA for Dahej and Indrad plants - commenced commercial dispatches from Dahej facility from 6th April, 2016.
- India business growth at 15% despite impact of hygiene improvement measures and discontinuation of promotional schemes. Successful integration of Elder acquisition. Launched two biosimilars in India, to increase focus on specialty.
- Acquired and amalgamated USFDA approved Derma manufacturing facility of Zyg Pharma Private Limited at Pithampur, Indore.
- Political and economic turmoil leading to major devaluation of currency in Brazil overshadowed the strong growth in that market.

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	
	2015-16	2014-15	2015-16	2014-15
Sales & Operating Income	5429	3476	6676	4653
Profit Before Depreciation, Finance Cost, Exceptional Items & Tax	2904	1149	2936	1306
Less Depreciation	222	180	246	191
Less Finance Cost	182	173	186	175
Profit Before Exceptional Items & Tax	2500	796	2504	940
Less Exceptional Items	139	-	140	-
Less Tax Expense	598	173	642	189
Less Minority Interest	-	-	-	-
Net Profit for the Year	1763	623	1722	751
Balance brought forward	1358	1026	1167	707
Distributable Profits	3121	1649	2889	1458
Appropriated as under:				
Transfer to General Reserve	700	63	700	63
Transfer to Debenture Redemption Reserve	123	-	123	-
Interim Dividend	592	85	592	85
Proposed Final Dividend	-	106	-	106
Tax on Distributed Profits for Interim Dividend	121	17	121	17
Tax on Distributed Profits for Final Dividend	-	21	-	21
Balance carried forward	1586	1358	1353	1167
Earnings Per Share (₹ per share)	104.20	36.83	101.78	44.38

Consolidated Operating Results

The Consolidated sales and operating income increased to ₹ 6676 crores from ₹ 4653 crores in the previous year yielding a growth of 43.48%. The Consolidated operating profit for the year was ₹ 2936 crores as against ₹ 1306 crores in the previous year registering an increase of 124.81%. The Consolidated net profit increased to ₹ 1722 crores from ₹ 751 crores in the previous year registering a growth of 129.29%.

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

Dividend

As a policy, the Company endeavours to distribute 30% of its annual consolidated net profit after tax as dividend in one or more tranches. The dividend payout for the year has been formulated in accordance with such policy of the Company.

Normal annual dividend of ₹ 20/- per equity share of face value of ₹ 5/- amounting to ₹ 338 crores was paid to the shareholders as an interim dividend. Further, a special dividend of ₹ 15/- per equity share of face value of ₹ 5/- each amounting to ₹ 253 crores was paid as second interim dividend. The aggregate distribution amount including tax on distributed profits works out to be ₹ 713 crores (previous year ₹ 228 crores). The total distribution towards dividend of ₹ 35/- per equity share of face value of ₹ 5/- each amounts to 41.11% of annual consolidated net profit after tax, which is on account of exceptional profits earned during the year from lower than anticipated competition in one of its products and some other one off items. These dividends are tax free in the hands of the shareholders.

Transfer to Reserves

The Board has recommended a transfer of ₹ 123 crores to the Debenture Redemption Reserve and ₹ 700 crores to the General Reserve and an amount of ₹ 1586 crores is retained as surplus in the Statement of Profit and Loss of Standalone Financials.

SHARE CAPITAL

The paid up Equity Share Capital of the Company as on 31st March, 2016 is ₹ 84.62 crores. During the year, the Company has neither issued shares with differential voting rights nor granted stock options or sweat equity.

FINANCE

(a) Deposits

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, 2016.

(b) Loans, Guarantees and Investments

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 24 (b) and 25 to the Financial Statements.

(c) Debentures

The Company has raised an amount of ₹ 490 crores by way of issue of Non Convertible Debentures on private placement basis on 24th June, 2015. The said Non Convertible Debentures are listed on the National Stock Exchange of India Ltd.

(d) Contracts or Arrangements with Related Parties

All Related Party transactions that were entered during the year were in ordinary course of business and were on arm's length basis. Pursuant to Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) {Clause 49 of the Listing Agreement} and applicable provisions of the Companies Act, 2013, the Company has formulated Related Party Policy for dealing with Related Party transactions. Details of the said Policy are provided under the Corporate Governance Report of this Annual Report. 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, particulars of material contracts and arrangements entered between the Company and the Related Parties are annexed herewith as **Annexure - A**. During the year, the Company has also adopted 'Criteria for granting omnibus approval by Audit and Risk Management Committee' for the Related Parties transactions.

(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.

The financial control system and framework is required 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 where 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 over Financial Reporting and their Audit Report is annexed as Annexure - A to the Independent Auditors' Report under Standalone Financial Statements and Consolidated Financial Statements.

HUMAN RESOURCES

At Torrent, we value our employees and believe that Torrent's success is a result of the cumulative contribution of all our employees. The Human Resource Development (HRD) function, continuously strives to emphasize creation of a conducive work environment and development of a robust and consistent approach towards talent management & leadership development.

Attracting and retaining skilled employees, stabilizing the work force in the rapidly changing market, increasing their productivity, putting into place a credible and competent leadership, building an orientation that is consistent but accommodating local differences — are now increasingly becoming important.

To accomplish this, during this year our focus was to redefine employee welfare policies to enrich their personal, professional and social life. Our gender diversity initiatives, focus towards ensuring that every employee gets the opportunity to effectively balance both work and life with oneself and family, were some of the key endeavours which helped us to strengthen the work culture for our employees.

As an organization, we are conscious about providing healthy life to our employees as well as their family members. This was reflected in various health care initiatives taken during the year towards (a) prevention, (b) cure and (c) safety net for unknown health risk to employees. Also, in order to strengthen the concept of 'Torrent Parivaar', participation of employees and their family members was encouraged through various social gatherings and events throughout the year.

On the Statutory front, during the year, no case pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, was reported. The year also saw reinforcement of the already existing "Whistle Blower" policy in order to emphasize and encourage reporting of any wrongdoing or any unethical practices. Necessary actions were taken against cases reported. The external stakeholders e.g. stockists were also actively encouraged to participate in the policy.

On the Industrial front, the Company continued to foster cordial Industrial Relations with its workforce during the year.

The Company has a diverse workforce of 10892 employees as on 31st March, 2016 vis-a-vis 10044 as on 31st March, 2015. Moving ahead Company's focus will continue to develop the right talent and drive them towards the common business goal.

VIGIL MECHANISM

To ensure high level of honesty, integrity and ethical behaviour amongst its employees, the Company has a Whistle Blower Policy since 2011. Under this policy all the stakeholders of the Company can report or raise concern against any wrong or unethical practice taking place in the organization, that may affect its business and or reputation. The policy also safeguards the person who uses this mechanism. All the investigations are conducted in a fair manner and equal opportunity is provided to the Whistle Blower and the Subject. After conclusion of the investigation, a written report of the findings is prepared and all concerned are informed about the outcome of the investigation.

The functioning of the Whistle Blower mechanism is reviewed by the Audit and Risk Management Committee on a quarterly basis. The details of the Whistle Blower Policy is explained in the Report of Corporate Governance and the Policy is available on the website of the Company at http://www.torrentpharma.com/pdf/whistleblower/Clean_Pharma_whistleblower.pdf.

CORPORATE SOCIAL RESPONSIBILITY

Torrent Group as a philosophy believes “Think of others also when you think about yourself”. Concern for Community and Environment is an imbibed culture at the Company. The Company, as a part of its Corporate Social Responsibility (CSR), made focused efforts in the fields of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern.

In line with the provisions of the Companies Act, 2013 and Rules made thereunder, a CSR Committee has been formed by the Board of Directors. The Composition of the CSR Committee is as under:

Name of Director	Category of Directorship
Shri Pradeep Bhargava, Chairperson	Independent Director
Dr. Chaitanya Dutt	Whole time Director
Smt. Renu Challu^^	Independent Director
Smt. Bhavna Doshi*	Independent Director

(^^) Appointed as a member of the Committee w.e.f 27th July, 2015.

(*) Ceased to be Member of the Committee w.e.f. 15th May, 2015

During the year, the Board had revised the CSR Policy of the Company to align it with the amendments in the Companies Act, 2013. The Revised CSR Policy may be accessed at the web-link: <http://www.torrentpharma.com/pdf/CSR%20Policy.pdf>.

During FY 2015-16, the CSR programs and activities undertaken at Group level are described hereunder:

- **REACH:** Torrent Power Limited and Torrent Pharmaceuticals Limited jointly initiated a Paediatric Health Care Program - **REACH - Reach EAch CHild** under the aegis of Tornscent Care Institute. Paediatric health check up camps were organised under the banner of “**Shaishav**” in four villages in the vicinity of the establishments of the Company as a pilot project. More than 1200 children under the age of 6 years were medically examined. Remedial support under the supervision of Paediatricians was provided to the identified anaemic and malnourished children. Support is also being provided to special cases with chronic ailments through further medical treatment and management on need basis.
- **Preventive Healthcare Program:** Started in July 2014 in four urban slum areas of Sabarmati, Ahmedabad, the program has provided health services to 3881 patients (including 1520 children) through 204 Mobile Medical OPDs. Out of targetted 120 malnourished children, 29 children were transformed to Healthy Grade through daily nutritive food support. Further, 55 sessions on Nutrition & Health education and 31 nutritive recipe demonstration shows for mothers of malnourished children were conducted. Counselling for 100+ women, community awareness for 1000+ persons and 12 monthly meetings of Community Health Committees were carried out.
- **Shiksha Setu:** Teaching and Learning Excellence Programme involving 6500 students and 230 teachers, achieved 53.18% cumulative learning improvement at the end of fifth year. Programme interventions like computer based adaptive learning tool, continuous teachers' training, learning assessment of students and community sensitization brought positive outcomes that include faster learning pace of students, improved students' attendance and significant improvement in teaching capabilities.

The Annual Report on CSR Activities is given as **Annexure B** to this Report which indicates that the Company has spent ₹ 16.91 crore (more than 2% of the average net profits of last three financial years) in this regard. The Composition of the CSR Committee and other details also form part of the said Annual Report.

Other CSR initiatives undertaken by the Company during FY 2015-16 include:

- Conducted various programs among the students at Middle School at Bhud, Baddi through employee volunteers for their development and advancement.
- The Company had also made donations to various organizations involved in education, healthcare, providing relief to disaster victims and promotion of social welfare, harmony and nationalism.

ENVIRONMENT, HEALTH & SAFETY

We believe that Environment, Health and Safety (EHS) are crucial and paramount pillars for sustainable growth of our business. In the journey of sustainable development in every respect, we have developed policies and guidelines that provide technical support and assistance to all the sites on EHS matters. Regular audits of our various locations by our global customers and regulators, ensure not only our level of compliance but also inform us where do we stand to further elevate our EHS performance for betterment of organisation and society at large.

During the year, all our manufacturing sites remained compliant with applicable EHS regulations. Reuse & recycle of natural resources is one of our key objectives. We have developed adequate infrastructure to treat waste water and reused it to explicated distinctive green belt and mature exotic trees across the various units.

We have undertaken numerous initiatives to enhance safety standards at our manufacturing sites / office premises so that, our employees and all other Stakeholders feel safe while working with us. Most of our facilities have achieved various recognitions / certifications such as ISO-14001 & OHSAS-18001.

INSURANCE

The Company's plant, property, equipments and stocks are adequately insured against major risks. The Company also has appropriate liability insurance covers particularly for product liability and clinical trials. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

BUSINESS RISK MANAGEMENT

The Company has in place a Risk Management Framework for a systematic approach to control risks. The Risk Management process is appropriately handled by functional heads / business process owners. The Audit and Risk Management Committee (ARMC) discharges functions of Risk Management and Risk Minimization process. The details of the ARMC are provided under the Corporate Governance Report forming part of this Annual Report.

The key risks which can affect the profitability of the Company are identified by the Company in the Management and Discussion Analysis section of the Annual Report. As on date, the Company do not envisage risks which could threaten the existence of the Company.

SUBSIDIARIES

As of 31st March, 2016, the Company has 16 subsidiaries, out of which 4 are step down subsidiaries. All the said subsidiaries of the Company remained operational during the year.

During the year, UNM Foundation, a Section 8 company, under the Companies Act, 2013, was promoted and incorporated jointly with Torrent Power Limited during the year as joint venture company. Torrent Pharma Canada Inc, a subsidiary of the Company, was dissolved with effect from 10th December, 2015. Further, Zyg Pharma Private Limited, 100% equity of which was acquired during the year, was merged with the Company, vide the order dated 11th February, 2016 of the Hon'ble High Court of Gujarat, with an Appointed Date as 1st October, 2015. A statement containing salient features of the financial statements of each subsidiary, along with their financial position for the year, is provided under Note 37(a) of the Consolidated Financial Statements.

In addition to the above, the performance and future outlook of the subsidiaries has been discussed under the Management Discussion and Analysis section of the Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Board of Directors

The Board of Directors of the Company is led by the Executive Chairman and comprises eight other Directors as on 31st March, 2016, including one Whole time Director, five Independent Directors which includes one Woman Director as required under Section 149 (1) of the Companies Act, 2013 and two Non-Executive Directors (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 Listing Regulations.

At the Annual General Meeting of the Company held on 27th July, 2015, the members approved the appointment of -

- Dr Chaitanya Dutt, Director (Research and Development) (holding DIN 00110312) as the Whole time Director of the Company for a period of three years effective from 1st January, 2015
- Smt Renu Challu (holding DIN 00157204) as an Independent Director of the Company for a period of three years effective from 27th July, 2015

Smt. Bhavna Doshi (holding DIN 00400508) had resigned from the Board with effect from 15th May 2015.

Shri Samir Mehta (holding DIN 00061903), Executive Chairman, retires by rotation at the ensuing Annual General Meeting 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 Annual General Meeting, 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, eight meetings of the Board of Directors were convened and held on 16th April, 2015, 15th May, 2015, 27th July, 2015, 8th October, 2015, 29th October, 2015, 4th February, 2016, 9th March, 2016 and 23rd March, 2016. 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) Committees of the Board of Directors

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31st March, 2016:

- i. Audit and Risk Management Committee
- ii. Securities Transfer and Stakeholders Relationship Committee
- iii. Nomination and Remuneration Committee
- iv. Corporate Social Responsibility Committee

The details with respect to the aforesaid Committees forms part of the Corporate Governance Report.

(d) Appointment of Directors

(i) Criteria for Appointment of Directors

The Board of Directors of the Company have 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.

(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 deliberate the matter and recommend such proposal to the Board.

Board considers such proposal on merit and decide suitably.

(e) Familiarization Programme of Independent Directors

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and the Pharmaceutical Industry as a whole. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. They were regularly updated with the changes in the regulatory environment having significant impact on the operations of the Company. During the FY 2015-16 the Company has conducted 13 programmes for familiarizing the Directors for a total duration of 9 hours and 30 minutes. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at http://www.torrentpharma.com/pdf/bod/Familiarisation_Program_of_Independent_Directors.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 Nomination and Remuneration Committee:

- The obtaining and consolidation of feedback from all Directors for the evaluation of the Board and its Committees, Individual Directors (i.e. Independent and Non Independent Directors), were co-ordinated by the Chairman of the Board and the feedback received was discussed in the meeting in case of evaluation of the Board and Committee and was discussed with Individual Directors in case of their evaluation.
- The evaluation of Chairperson was co-ordinated by the Chairman of the Independent Directors meeting.

(g) Key Managerial Personnel

There was no change in the Key Managerial Personnel during the year under review.

(h) Directors' Responsibility Statement

In terms of Section 134(3)(c) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31st March, 2016, the Board of Directors state that:

- the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- 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, 2016 and of the profit for the year ended on that date;
- 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;
- the financial statements have been prepared on a going concern basis;
- 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 Company has formulated following policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company. The salient features of this policy are as under:

- Components of Remuneration
 - Fixed Pay comprising of Basic Salary, HRA, Car Allowance (applicable to General Manager and above employees), Conveyance Allowances / Reimbursement, Company's Contribution to Provident Fund, Superannuation Fund, Gratuity, etc.
 - Variable Pay which is either in the form of :
 - Commission to Managing Directors
 - Commission to Whole - time Directors for special one-time reward
 - Performance Based Pay to General Managers and above (upto 20% of Cost to Company (CTC)), based on unit performance grades
 - One time reward for identified employees, given in exceptional cases to employees who undertake tasks which go beyond their normal call of duties and play a crucial role in success of an event.
 - Retention Pay: In case where stability is an issue, part of the CTC is kept as retention pay which is being paid after 3 years or more.

2. Annual Appraisal Process:

2.1. Annual Appraisals are conducted following which annual increments and promotions in deserving cases are decided once in a year based on:

- (i) Employees self-assessment
- (ii) Assessment of Immediate Superior and
- (iii) Assessment of Head of Department

2.2. The increments as decided for a particular financial year are paid during the subsequent financial year. e.g. the performance appraisal of an employee for the FY 2014-15 is conducted in FY 2015-16 and his / her salary rise in FY 2015-16 reflects his performance for FY 2014-15.

2.3. Performance Based Pay is also based on annual appraisal process

2.4. Annual increment consist of

- (i) Economic Rise : Based on All India Consumer Price Index published by the Government of India or Internal survey wherein inflation on commonly used items is calculated
- (ii) Performance Rise : Based on Industry and overall business scenario and factoring the following aspects:
 - 1) Company's performance vis-à-vis the industry
 - 2) Unit Performance* (Grades ranging from A+ to C-. Higher the grades, higher the rating)
 - 3) Individual Performance / track record including care for health / balance between quality of work and family life.

*Unit Performance is carried out based on various financial and non-financial parameters (also used for working out overall ceiling at unit level and performance based pay) such as

- a) Comparison of Company's Revenue and Profit growth with competition.
- b) Employee Cost.
- c) Return on Equity.
- d) Production, Quality and Regulatory compliance.

Unit: Domestic and International Operations, Manufacturing, Research & Development and Corporate.

2.5. Promotion Rise (Other than Managing Directors)

(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. The Board or its Committee specifically authorised for this purpose, determines the manner and extent upto which the commission is paid to the NEDs in accordance with the shareholders' approval. 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.
2. Payment of Commission to be made annually on determination of profit
3. Commission as per above criteria is subject to the condition that total commission paid to all Directors (other than Managing Director or Whole-time Director) including service tax thereon shall not exceed the limit of 1% of net profit in a financial year as laid down under the provisions of Section 197(1) of the Companies Act, 2013 read with Section 198 of the said Act.

4. Independent Directors will be 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) Information as required pursuant to Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Sr. No.	Name of the Director	Ratio of the Remuneration of Director to Median Remuneration
1.	Shri Sudhir Mehta	278.55
2.	Shri Samir Mehta	418.25 ^{\$}
3.	Shri Markand Bhatt	*
4.	Shri Shailesh Haribhakti	13.37 [^]
5.	Shri Haigreve Khaitan	5.01 [^]
6.	Shri Pradeep Bhargava	12.26 [^]
7.	Prof. Ashish Nanda	5.57 [^]
8.	Dr. Chaitanya Dutt	124.51 ^{**} ^{\$}
9.	Smt Renu Challu	8.36 ^{***} [^]
10.	Smt. Bhavna Doshi	2.79 ^{****}

^{\$} Remuneration does not include premium for group personal accident and group mediclaim policy.

[^] The Ratio including payment of a one-time additional commission to Independent Directors namely Shri Shailesh Haribhakti, Shri Haigreve Khaitan, Shri Pradeep Bhargava, Prof. Ashish Nanda, and Smt. Renu Challu is 27.30, 18.94, 26.18, 19.50 and 22.28 respectively.

* No remuneration has been paid during the year 2015-16 and hence ratio has not been calculated.

** The ratio including one-time payment of commission is 152.37.

*** Smt Renu Challu has been appointed w.e.f 27th July, 2015.

**** Bhavna Doshi had resigned as an Independent Director w.e.f 15th May, 2015.

2. the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary

Sr. No.	Name of the Director / Key Managerial Personnel	Designation	% increase in Remuneration	
1.	Shri Sudhir Mehta	Chairman Emeritus	100.00	(1)
2.	Shri Samir Mehta*	Executive Chairman	49.92	(1)
3.	Shri Shailesh Haribhakti ^{\$}	Independent Director	65.52	(2)
4.	Shri Haigreve Khaitan ^{\$}	Independent Director	(14.29)	(2)
5.	Shri Pradeep Bhargava ^{\$}	Independent Director	29.41	(2)
6.	Smt Renu Challu ^{\$}	Independent Director	-	(3)
7.	Prof. Ashish Nanda ^{\$}	Independent Director	25.00	(2)
8.	Dr. Chaitanya Dutt*	Whole-time Director	16.93	(4)
9.	Shri Ashok Modi*	Chief Financial Officer	13.31	(5)
10.	Shri Mahesh Agrawal*	Company Secretary	14.54	(6)

No remuneration has been paid in 2014-15 and 2015-16 to Shri Markand Bhatt and hence % increase has not been calculated.

Smt Bhavna Doshi had resigned as an Independent Director w.e.f 15th May, 2015 and hence % increase has not been calculated. She was paid remuneration of ₹ 10 lacs during the year.

- (1) The rise in case of Shri Sudhir Mehta and Shri Samir Mehta should be viewed considering the fact that the rise in the profit before tax of the Company is 151.49% on Consolidated basis and 196.61% on Standalone basis.

- (2) The percentage increase in remuneration including payment of a one-time additional commission to Independent Directors namely Shri Shailesh Haribhakti, Shri Haigreave Khaitan, Shri Pradeep Bhargava, and Prof. Ashish Nanda is 237.93%, 223.81%, 176.47% and 337.50% (not comparable as he was Director during part of the year during 2014-15) respectively.
- (3) Has been appointed in 2015-16, hence % increase cannot be calculated.
- (4) The percentage increase in remuneration including the arrears of salary and leave encashment paid during the last year and onetime commission for the year is 14.73%.
- (5) The percentage increase in remuneration including onetime reward, performance pay and leave encashment pertaining to accumulated leave of earlier years is 10.84%.
- (6) The percentage increase in remuneration is excluding onetime reward, performance pay and leave encashment pertaining to accumulated leave of earlier years.

\$ Remuneration of INEDs is based on the presence and meetings as well as their membership in Committees of Board of Directors.

* Remuneration does not include premium for group personal accident and group mediclaim policy

3. The percentage increase in the median remuneration of employees in the financial year under review is 16.01%. The unionized employees whose remuneration is determined based on negotiations have been excluded for this purpose.
4. The Company has 10892 employees on the rolls of Company as on 31st March, 2016.
5. The Consolidated Profit Before Tax of the Company increased by 151.49% for the year under review while it increased by 196.61% on a Standalone basis. For the same period the overall increase in remuneration of employees was 16.12%. During the financial year 2015-16, the Company had earned an exceptional profit on account of lower than anticipated competition in one of its products being marketed in US. This profit was not reflective of normal business operations and might not be sustainable. However, it may please be noted that the increase in remuneration to employees in the year was given based on the performance of the previous year i.e. 2014-15. Of course, any increase has to be calibrated based on the individual merit and the economical situation prevailing in the market such as inflation, availability of the required talent, the status of the relevant industry, etc.
6. The rise in the remuneration of Shri Samir Mehta is to be viewed in the context of the factors mentioned under clause 8 below. The increase in remuneration of Dr. Chaitanya Dutt, Whole time Director, the Chief Financial Officer and the Company Secretary were in line with the general % increase for all employees of the Company.
7. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Market Capitalisation	BSE	NSE
31 st March, 2016	22670.77 crores (@ 1,339.70 per share)	22680.07 crores (@ 1340.25 per share)
31 st March, 2015	19644.22 crores (@ 1160.85 per share)	19606.14 crores (@ 1158.60 per share)
P/E Ratio	BSE	NSE
31 st March, 2016	12.77 times (1340.25 / 104.96)	12.76 times (1339.70 / 104.96)
31 st March, 2015	31.52 times (1160.85 / 36.83)	31.46 times (1158.60 / 36.83)
Percentage increase in the market price of the shares of the Company in comparison with the last public offer*	11184	

*the last public offer prices has been adjusted for bonus and stock split

8. The percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year was 16.12%.

The Pharma sector has been witnessing enormous opportunities as well as challenges. Over the last couple of years, the regulatory scrutiny faced by the Indian pharma companies, particularly from developed markets such as US, has not only questioned the credibility of the companies but also their ability to sustain current levels of operations and achieve the future growth targets. At the same time, the focus on generisation in the pharma sector, emanating from the needs of Governments across the world to reduce healthcare costs, has thrown open greater opportunities for the sector. The Company continues to grow both in size and stature as is evident from the enhanced performance levels and blemish less regulatory record under the leadership of Shri Samir Mehta.

9. The variable component of remuneration is Commission which is paid to Whole-time Directors / Managing Directors. Such Commission is paid in lieu of full or part of their annual remuneration. For Managing Directors, the amount of commission is generally based on the performance of the Company whereas for the Whole-time Directors, who are generally entitled to salary and perquisites, the amount of commission is determined based on any specific recognizable contribution / event / happening in the relevant financial year for which the concerned Whole - time Director is principally responsible as well as instrumental.
10. There were no employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.
11. The remuneration paid is as per the remuneration policy of the Company.

(d) Remuneration to Managerial Personnel

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

(e) Particulars of Employees

The information required under Section 134(3)(q) and 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report as **Annexure-C**. However, as per the provisions of Section 134 and Section 136 of the Companies Act, 2013, the Reports and Accounts are being sent to the Members excluding the information on employees' particular which are 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 Annual General Meeting. Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

AUDITORS

(a) Statutory Auditors

The term of appointment of M/s. Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), Statutory Auditors of the Company will expire at the ensuing Annual General Meeting. The Company has received a certificate from them about their eligibility for appointment as Statutory Auditors in accordance with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 read with third proviso of Section 139(2) of the Companies Act, 2013. The Board has recommended to the shareholders their appointment for the year 2016-17 at the ensuing Annual General Meeting.

(b) Cost Auditors

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, 2016. Further, the Cost Audit Report to the Central Government for the financial year ended 31st March, 2015 was filed on 30th September, 2015, within the statutory timeline. The Board of Directors has, on recommendation of the Audit and Risk Management Committee, at its meeting held on 23rd May, 2016 appointed M/s. Kirit Mehta & Co. as the Cost Auditor of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year 2016-17 and has also fixed their remuneration. In terms of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, it is proposed by the Board to

recommend the remuneration approved in its meeting, for ratification by the shareholders in the ensuing Annual General Meeting 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, including any statutory modification(s) or re-enactment thereof, 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 2015-16 (Apr-15 to Mar-16).

M/s. M. C. Gupta & Co., Company Secretaries have carried out the Secretarial Audit of the Company for FY 2015-16 and the Report of Secretarial Auditors in Form MR-3, is annexed with this Report as **Annexure-D**. There were no qualification / observations in the report.

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 - E**.

EXTRACT OF ANNUAL RETURN

As required under the provisions of Section 134(3)(a) and of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of annual return in Form No. MGT-9 forms part of this report as **Annexure-F**.

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-G**.

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, Government of Gujarat, Government of Himachal Pradesh, Government of Sikkim, 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
23rd May, 2016

Samir Mehta
Executive Chairman

ANNEXURE - A 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 arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not on arm's length basis
 - (a) Name(s) of the Related Party and nature of relationship – **NIL**
 - (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*
 - (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. Supply of pharmaceutical products by the Company to TPI.
 - ii. Liaison and regulatory support by TPI to Company.
 - (c) Duration of the contracts / arrangements / transactions:

Product Supply Agreement – Valid from 1st April, 2014 till 31st March, 2019.

Liaison Support Agreement – Valid from 1st April, 2009 till 31st March, 2016.
 - (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).
 - 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 U.S.A and act as a legal agent on all matters related to the USFDA.
- b. Compensation – Company follows Cost Plus Method for this arrangement.

During the financial year 2015-16, the net value of the transactions with TPI is ₹ 2319.96 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

* Material contract / 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.

For and on behalf of the Board

23rd May, 2016
Ahmedabad

Samir Mehta
Executive Chairman

ANNEXURE - B TO THE DIRECTORS' REPORT

ANNUAL REPORT FOR FY 2015-16 ON CSR ACTIVITIES:

The Company strongly believes that the sustainability of any business is related to the well-being and development of the society in which it is embedded. Therefore, even before CSR spending became mandatory, the Company, as a good corporate citizen, was involved in several initiatives and programs focused on giving back to the society, for all the care, support and nurturance being bestowed upon it by the society. It has undertaken socially useful programs for the welfare & sustainable development of the less privileged sections of the society.

Torrent has consciously decided as a matter of policy:

1. to concentrate its efforts diligently in the following Thrust Areas: (i) Community Health Care, Sanitation and Hygiene, (ii) Education and Knowledge Enhancement and (iii) Social Care and Concern; and
2. to focus, as far as possible, its activities where Torrent headquarters is situated and at locations in and around its operations so that the twin objectives of service to neighbourhood and community and participation of employees along with necessary admin set up can be achieved.

In line with the provisions of the Section 135 of the Companies Act, 2013 and Rules made thereunder, the CSR Committee of the Board consists of the following members:

Name of Director	Category of Directorship
Shri Pradeep Bhargava, Chairperson	Independent Director
Dr. Chaitanya Dutt	Whole time Director
Smt. Renu Challu ^{^^}	Independent Director
Smt Bhavna Doshi ^{\$\$}	Independent Director

^(^^) Appointed as a member of the Committee with effect from 27th July, 2015.

^(\$\$) Ceased to be a member of the Committee effective from 15th May, 2015.

The Board of Directors at their meeting held on 9th May, 2014 also approved the CSR Policy and subsequently approved revision of the same at its meeting held on 29th October, 2015. Brief outline of the Policy is as under:

While the Company is eligible to undertake any suitable / rightful activity as specified in Schedule VII of the Companies Act, 2013, it proposes to undertake Projects (Direct Method) in the Thrust Areas identified.

The Company, in every financial year shall endeavour to spend the required amount for its CSR Projects and shall not be restricted by the statutory limit, whereby the minimum spend has to be 2% of the Company's average Net Profits for three immediately preceding financial years.

The Policy specifies the mechanism for identification and implementation of the CSR Projects and approval thereof by the CSR Committee. The total expenditure in the CSR Annual Plan shall be approved by the Board upon recommendation by the CSR Committee.

As per the Policy, the CSR Projects may be implemented as under:

1. Direct Method, whereby the Company may implement the CSR Projects on its own or through its Trust / Society / Section 8 Company or Group Company Trust / Society / Section 8 Company and;
2. Indirect Method, whereby the Company may implement the CSR Projects through an external Trust / Society / Section 8 Company fulfilling the criteria under the Act.

The Policy also provides for monitoring of the CSR Projects and Plan by the CSR Officer and half-yearly monitoring of the implementation of the CSR Policy and Plan by the CSR Committee as per the monitoring mechanism stated in the Policy.

The Policy further specified a) duties and responsibilities of the Board, the CSR Committee and the CSR Officer; b) provisions related to allocation of funds for CSR activities; and c) the periodicity of review and amendment of the CSR Policy and CSR Plan.

Overview of projects or programs undertaken

In line with the Thrust Areas, the Company has undertaken the following CSR Projects / Programs during the FY 15-16:

1. REACH - Paediatric Healthcare Programme
2. Preventive Healthcare Programme
3. Shiksha Setu – A quality education programme
4. Supporting Primary and Secondary school for urban slum children

The CSR Policy and the CSR Plan can be accessed at –

<http://www.torrentpharma.com/pdf/CSR%20Policy.pdf> &

<http://www.torrentpharma.com/pdf/CSR%20Plan%202015-16.pdf> respectively.

CSR Expenditure for FY 2015-16

(₹ in crores)

Average net profit of the Company for last three financial years	820.33
Prescribed CSR Expenditure (2% of the above amount)	16.41
Total amount spent for the Financial Year 2015-16	16.91
Amount unspent, if any	Not Applicable

Manner in which the CSR amount was spent during the financial year 2015-16 is detailed below:-

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs: (1) Local area or other; (2) Specify the State and district where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise FY 2015-16	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2015-16	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)	(1) Village - Navi pardi, Dist. Surat, Gujarat (2) Village – Atali, Dist. Bharuch, Gujarat (3) Village- Yoginagar, Dist. Kheda, Gujarat (4) Village Indrad, Dist. Mehsana, Gujarat	14.50	15.00	20.00	Directly: (1) Through Tornascent Care Institute (Section 8 Company of the Group) CIN: U85100GJ2015NPL082291 dated 16-02-2015 (2) By Company

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs: (1) Local area or other; (2) Specify the State and district where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise FY 2015-16	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2015-16	Cumulative expenditure upto the reporting period*	Amount Spent : Direct or through implementing agency
2	Preventive Health Care Programme	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat	0.50	0.01	0.01	Directly by Company
3	Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area)^S	Education and Knowledge Enhancement (Promoting education)	(1) Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat (2) At Villages: Akhakhhol, Karjan, Navi Pardi, Dhoran Pardi (Tribal Area), Ta. Kamrej, Dist. Surat, Gujarat (3) At Villages: Chhapi, Memadpur (Rural Area) Ta. Vadgam, Dist. Banaskantha, Gujarat (4) At Village: Indrad (Rural Area) Ta. Kadi, Dist. Mehsana, Gujarat (18 Govt. schools and 3 Grant in Aid schools)	1.00	1.00	2.00	Directly through U. N. Mehta Charitable Trust (Group Company Trust) Trust Regi. No. E-5437 dated 16-02-1984

(₹ in crores)

1	2	3	4	5	6	7	8
Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programs: (1) Local area or other; (2) Specify the State and district where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise FY 2015-16	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2015-16	Cumulative expenditure upto the reporting period*	Amount Spent : Direct or through implementing agency
4	Primary School Education	Education and Knowledge Enhancement (Promoting education)	At Village : Bhud, (Rural Area, Baddi) Makhnu Majra, Ta. Nalagarh, Dist Solan, Himachal Pradesh	0.10	0.06	0.10	Directly by Company
5	Others						
	CSR capacity building cost including Administrative overhead			0.85	0.80	1.55	Directly by Company
	Miscellaneous			0.05	0.04	0.11	
	Total			17.00	16.91	23.77	

* Starting from 1st April, 2014.\$ Amount of ₹ 1.15 crores was contributed till 31st March, 2014.

In terms of Section 134(1)(o) of the Companies Act, 2013, in relation to the CSR Policy for FY 2015-16, the CSR Committee states that:

- the identification of the CSR Projects, with estimated expenditure and phase wise implementation schedules, has been done as per the approved CSR Policy;
- the CSR Projects were undertaken and monitored in compliance with the CSR Policy;
- the major portion of the CSR expenditure as identified in the CSR Annual Plan was incurred for the Projects in the Thrust Areas of the Company; and
- the implementation and monitoring of the CSR Policy were in compliance with CSR objectives and Policy of the Company.

Ahmedabad
23rd May, 2016

Samir Mehta
Executive Chairman

Pradeep Bhargava
Chairperson, CSR Committee

ANNEXURE - D TO THE DIRECTORS' REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9
of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Torrent Pharmaceuticals Limited,
Torrent House,
Off Ashram Road,
Ahmedabad – 380 009

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, 2016 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (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; **(Not applicable to the Company during the Audit Period)** and
 - (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

(vi) The Company has complied with the following specifically other 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 (effective from 1st July, 2015).
- (ii) Listing Agreement clauses till 30th November, 2015 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 1st December, 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were 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.

There were no dissenting views on any matter.

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.

FOR M C Gupta & Co,
Company Secretaries
UCN: S1986GJ003400

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

Ahmedabad
23rd May, 2016

Annexure: “I” to Secretarial Audit Report

To,
The Members,
Torrent Pharmaceuticals Limited,
Torrent House,
Off Ashram Road,
Navrangpura
Ahmedabad – 380 009

Our Report of even date is to be read along with this Letter;

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company 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)

Ahmedabad
23rd May, 2016

ANNEXURE - E TO THE DIRECTORS' REPORT

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **TORRENT PHARMACEUTICALS LIMITED** (the Company), for the year ended on 31st March, 2016, as stipulated in:
 - Clause 49 (excluding Clause 49(VII)(E)) of the Listing Agreement of the Company with stock exchange(s) for the period from 01st April, 2015 to 30th November, 2015;
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from 01st April, 2015 to 01st September, 2015;
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for the period from 02nd September, 2015 to 31st March, 2016; and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from 01st December, 2015 to 31st March, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended 31st March, 2016.
5. 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.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117365W)

Hemendra L. Shah
Partner
Membership No. 33590

Ahmedabad
23rd May, 2016

ANNEXURE - F TO THE DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016

[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	: 15 th 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 2658 5090 / 3060 Fax: +91 79 26582100
vi)	Whether listed company Yes / No	: Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	: Karvy Computershare Private Limited Unit : Torrent Pharmaceuticals Limited Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District, Gachibowli Nanakramguda, Serilingampally, Hyderabad 500 008 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	21002	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Torrent Private Limited Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India	U67120GJ198 5PTC007573	Holding	50.89%	Section 2(46)
2	Heumann Pharma GmbH & Co. Generica KG, Germany Südwestpark 50, 90449 Nürnberg, Germany	NA	Subsidiary	100%	Section 2(87)
3	Zao Torrent Pharma, Russia 117418, Moscow, Russia 61, Novocheremyskinskaya, Russian Fed.	NA	Subsidiary	100%	Section 2(87)
4	Torrent Do Brasil Ltda, Brazil Rua Florida, 1738. 5 Andar, Cidade Moncoes Sao Paulo - SP, CEP - 04565-004	NA	Subsidiary	100%	Section 2(87)
5	Torrent Pharma GmbH, Germany Sudwest Park 50, Nurnberg 90449, Germany	NA	Subsidiary	100%	Section 2(87)
6	Torrent Pharma Inc., USA, 150 Allen Road, Suite 102 Basking Ridge, NJ, 07920	NA	Subsidiary	100%	Section 2(87)
7	Torrent Pharma Philippines Inc., Philippines, Unit 601, ITC building, 337 Sen. Gil Puyat Avenue, Makati city, Metro Manila, Philippines	NA	Subsidiary	100%	Section 2(87)
8	Laboratorios Torrent, S.A. de C.V., Mexico, Paseo de las Palmas, # 765 off.304, Col.Lomas de Chapultepec, Del. Miguel Hidalgo, Mexico DF: 11000, Mexico	NA	Subsidiary	100%	Section 2(87)

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
9	Torrent Australasia Pty. Ltd, Australia, Coleman and Greig, Level 9, 100 George Street, Parramatta, NSW – 2190, Australia	NA	Subsidiary	100%	Section 2(87)
10	Heunet Pharma GmbH, Germany Sudwest Park 50, 90449 Nurnberg, Germany	NA	Subsidiary	100%	Section 2(87)
11	Norispharm GmbH, Germany Sudwest Park 50, 90449 Nurnberg, Germany	NA	Subsidiary	100%	Section 2(87)
12	Torrent Pharma (Thailand) Co. Ltd., Thailand 4 th Floor, 1031/13, Phaholyothin Road, Kwaeng Samsen Nai, Khet Phayathai, Bangkok 10400	NA	Subsidiary	100%	Section 2(87)
13	Torrent Pharma (UK) Ltd.,UK Unit 4 Charlwood Court, Merlin Centre, County Oak Way, Crawley, West Sussex RH11 7XA, UK.	NA	Subsidiary	100%	Section 2(87)
14	Torrent Pharma S.R.L., Romania Romania, Bucharest, 1 st District, 36, Stirbei Voda Street, 2 nd Floor, Office A, ZIP Code 010113	NA	Subsidiary	100%	Section 2(87)
15	Laboratories Torrent Malaysia Sdn. Bhd., Malaysia, E-08-08, Plaza Mont Kiara, No. 2 Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur	NA	Subsidiary	100%	Section 2(87)
16	Torrent Pharma France, France 15 Rue Taitbout 75009 Paris	NA	Subsidiary	100%	Section 2(87)
17	Aptil Pharma Limited, UK Unit 4 Charlwood Court, Merlin Centre, County Oak Way, Crawley, West Sussex RH11 7XA, UK.	NA	Subsidiary	100%	Section 2(87)
18	Tornascent Care Institute (Section 8 Company) Torrent House, Off Ashram Road, Ahmedabad - 380009	U85100GJ2015 NPL082291	Associate	50%	Section 2(6)
19	UNM Foundation (Section 8 Company) Torrent House, Off Ashram Road, Ahmedabad - 380006	U85110GJ2015 NPL083340	Associate	50%	Section 2(6)

Note :

- Torrent Pharma Canada Inc, Subsidiary company, was dissolved with effect from 10th December, 2015.
- Zyg Pharma Private Limited, 100% equity of which was acquired on 17th July, 2015 was merged with the Company, vide the order dated 11th February, 2016 of the Hon'ble High Court of Gujarat, with an Appointed Date as 1st October, 2015.

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2015				No. of shares held at the end of the year 31/03/2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
PROMOTER AND PROMOTER GROUP									
INDIAN									
Individual / HUF	34449248	0	34449248	20.36	34449248	0	34449248	20.36	0.00
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	86115472	0	86115472	50.89	86115472	0	86115472	50.89	0.00
Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :	120564720	0	120564720	71.25	120564720	0	120564720	71.25	0

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2015				No. of shares held at the end of the year 31/03/2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
FOREIGN									
Individuals (NRIs / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
Total A=A(1)+A(2)	120564720	0	120564720	71.25	120564720	0	120564720	71.25	0.00
PUBLIC SHAREHOLDING									
INSTITUTIONS									
Mutual Funds / UTI	11380019	800	11380819	6.73	12154862	800	12155662	7.18	(0.46)
Financial Institutions / Banks	72588	0	72588	0.04	249318	0	249318	0.15	(0.10)
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	20741211	0	20741211	12.26	17758962	0	17758962	10.49	1.76
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(1) :	32193818	800	32194618	19.02	30163142	800	30163942	17.82	1.20
NON-INSTITUTIONS									
Bodies Corporate	2447306	9560	2456866	1.45	3671674	9610	3681284	2.18	(0.72)
Individuals									0.00
(i) Individuals holding nominal share capital upto ₹ 1 lac	6247533	943259	7190792	4.25	7318017	879879	8197896	4.84	(0.60)
(ii) Individuals holding nominal share capital in excess of ₹ 1 lac	1207794	0	1207794	0.71	1197325	0	1197325	0.71	0.01
Others									0.00
CLEARING MEMBERS	515635	0	515635	0.30	164360	0	164360	0.10	0.21
DIRECTORS AND THEIR RELATIVES	4485200	0	4485200	2.65	4489290	0	4489290	2.65	0.00
HUF	282459	0	282459	0.17	338751	0	338751	0.20	(0.03)
NON RESIDENT INDIANS	323036	0	323036	0.19	413313	0	413313	0.24	(0.05)
TRUSTS	1600	0	1600	0.00	11839	0	11839	0.01	(0.01)
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	15510563	952819	16463382	9.73	17604569	889489	18494058	10.93	(1.20)
Total B=B(1)+B(2) :	47704381	953619	48658000	28.75	47767711	890289	48658000	28.75	0.00
Total (A+B) :	168269101	953619	169222720	100.00	168332431	890289	169222720	100.00	0.00
Shares held by custodians, for ADRs and GDRs	0	0	0	0.00	0	0	0	0.00	0.00
Total (C) :	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C) :	168269101	953619	169222720	100	168332431	890289	169222720	100.00	

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Shareholding at the end of the year 31/03/2016			
		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	% change in share holding during the year
1	Samir U Mehta	6283960	3.71	0.00	6283960	3.71	0.00	0.00
2	Sudhir U Mehta	5885376	3.48	0.00	5885376	3.48	0.00	0.00
3	Sapna S Mehta	5359164	3.17	0.00	5359164	3.17	0.00	0.00
4	Anita S Mehta	6120268	3.62	0.00	6120268	3.62	0.00	0.00
5	Varun S Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
6	Samir Uttamlal Mehta (HUF)	2080000	1.23	0.00	2080000	1.23	0.00	0.00
7	Jinal S Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
8	Jinal S Mehta	3000	0.00	0.00	3000	0.00	0.00	0.00
9	Sudhir Uttamlal Mehta (HUF)	1717480	1.01	0.00	1717480	1.01	0.00	0.00
10	Aman Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
11	Shaan Mehta	1750000	1.03	0.00	1750000	1.03	0.00	0.00
12	Torrent Private Ltd.	86115472	50.89	0.00	86115472	50.89	0.00	0.00
	Total	120564720	71.25	0.00	120564720	71.25	0.00	0.00

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

Sr. No.	Particulars	Shareholding at the beginning of the year 01/04/2015		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year / Shareholding at the end of the year 31/03/2016	
		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	---	0.00	120564720	71.25

* There was no change in Promoters Shareholding during the year

(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 01/04/2015		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2016	
		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	Lavender Investments Limited	4533563	2.68	19-06-2015	(23750)	4509813	2.67	3033563	1.79
				26-06-2015	(333750)	4176063	2.47		
				30-06-2015	(4000)	4172063	2.47		
				03-07-2015	(165000)	4007063	2.37		
				10-07-2015	(207200)	3799863	2.25		
				17-07-2015	(501300)	3298563	1.95		
				24-07-2015	(259900)	3038663	1.80		
				31-07-2015	(5100)	3033563	1.79		
2	HDFC Trustee Company Ltd- HDFC MID Cap opp.	2020650	1.19	22-05-2015	(66250)	1954400	1.15	1618800	0.96
				05-06-2015	(250000)	1704400	1.01		
				18-12-2015	(54400)	1650000	0.98		
				25-12-2015	(31200)	1618800	0.96		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2015		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2016	
		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
3	Franklin Templeton Mutual Fund A/c - Franklin India Prima Plus	940000	0.56	22-05-2015	(17345)	922655	0.55	900000	0.53
				29-05-2015	(72655)	850000	0.50		
				28-08-2015	2364	852364	0.50		
				11-09-2015	7636	860000	0.51		
				22-01-2015	20000	880000	0.52		
				19-02-2016	20000	900000	0.53		
4	HDFC Standard Life Insurance Company Limited	253877	0.15	10-04-2015	8702	262579	0.16	850372	0.50
				17-04-2015	31500	294079	0.17		
				08-05-2015	76503	370582	0.22		
				15-05-2015	(8056)	362526	0.21		
				05-06-2015	(963)	361563	0.21		
				12-06-2015	(1574)	359989	0.21		
				19-06-2015	10618	370607	0.22		
				26-06-2015	(261)	370346	0.22		
				03-07-2015	72502	442848	0.26		
				10-07-2015	(363)	442485	0.26		
				17-07-2015	146159	588644	0.35		
				31-07-2015	(30260)	558384	0.33		
				14-08-2015	(1337)	557047	0.33		
				11-09-2015	155	557202	0.33		
				18-09-2015	(1393)	555809	0.33		
				25-09-2015	4500	560309	0.33		
				30-09-2015	53620	613929	0.36		
				02-10-2015	20647	634576	0.37		
				09-10-2015	13328	647904	0.38		
				16-10-2015	(22726)	625178	0.37		
				23-10-2015	(14593)	610585	0.36		
				30-10-2015	(1222)	609363	0.36		
				13-11-2015	(3168)	606195	0.36		
				04-12-2015	25000	631195	0.37		
				11-12-2015	1330	632525	0.37		
				15-01-2016	12847	645372	0.38		
				22-01-2016	25000	670372	0.40		
				19-02-2016	22006	692378	0.41		
				26-02-2016	2994	695372	0.41		
				04-03-2016	50000	745372	0.44		
				11-03-2016	25000	770372	0.46		
				18-03-2016	100000	870372	0.51		
				25-03-2016	10000	880372	0.52		
				31-03-2016	(30000)	850372	0.50		
5	Modi Dineshbhai Nanchandbhai	800000	0.47	-----	0	800000	0.47	800000	0.47

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2015		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2016	
		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
6	Baron Emerging Markets Fund	1451000	0.86	08-05-2015	(75000)	1376000	0.81	800000	0.47
				19-06-2015	(25000)	1351000	0.80		
				04-12-2015	(20140)	1330860	0.79		
				11-12-2015	(112460)	1218400	0.72		
				18-12-2015	(42400)	1176000	0.69		
				15-01-2016	(25000)	1151000	0.68		
				22-01-2016	(50000)	1101000	0.65		
				12-02-2016	(51339)	1049661	0.62		
				19-02-2016	(68661)	981000	0.58		
				26-02-2016	(20000)	961000	0.57		
				25-03-2016	(61000)	900000	0.53		
				31-03-2016	(100000)	800000	0.47		
7	UTI - Equity Fund	0	0.00	08-05-2015	25000	25000	0.01	741290	0.44
				17-07-2015	25000	50000	0.03		
				24-07-2015	15000	65000	0.04		
				25-09-2015	13500	78500	0.05		
				30-09-2015	1900	80400	0.05		
				22-01-2016	255000	335400	0.20		
				29-01-2016	73000	408400	0.24		
				05-02-2016	105000	513400	0.30		
				12-02-2016	95000	608400	0.36		
				19-02-2016	60000	668400	0.39		
				04-03-2016	2890	671290	0.40		
				25-03-2016	70000	741290	0.44		
8	SBI Blue Chip Fund	218812	0.13	31-07-2015	100000	318812	0.19	648020	0.38
				06-11-2015	50000	368812	0.22		
				04-12-2015	179208	548020	0.32		
				12-02-2016	100000	648020	0.38		
9	Mondrian Emerging Markets Small Cap Equity Fund.	721390	0.43	08-05-2015	36847	758237	0.45	644401	0.38
				15-05-2015	19433	777670	0.46		
				28-08-2015	(23284)	754386	0.45		
				04-09-2015	(28823)	725563	0.43		
				11-09-2015	(32272)	693291	0.41		
				18-09-2015	(32359)	660932	0.39		
				09-10-2015	(16531)	644401	0.38		
10	Nayana Dushyant Shah & Dushyant Nayana Shah	627836	0.37	30-09-2015	500	628336	0.37	629363	0.37
				12-02-2016	350	628686	0.37		
				19-02-2016	677	629363	0.37		

* Change in shareholding is due to transfer of shares by way of sale / purchase

(V) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01/04/2015		Increase / Decrease in Shareholding during the year		Cumulative Shareholding during / at the end of the year 31/03/2016	
		No. of shares	% of total shares of the Company	Date	No. of shares	No. of shares	% of total shares of the Company
	At the beginning of the year						
	DIRECTORS:						
	Shri Sudhir Mehta*	7602856	4.49	-	0.00	7602856	4.49
	Shri Samir Mehta**	8363960	4.94	-	0.00	8363960	4.94
	Shri Markand Bhatt***	10200	0.01	-	0.00	10200	0.01
	Shri Shailesh Haribhakti	6000	0.00	-	0.00	6000	0.00
	Dr. Chaitanya Dutt	800	0.00	-	0.00	800	0.00
	KMP:		0.00				0.00
	Shri Ashok Modi, Chief Financial Officer	960	0.00	-	0.00	960	0.00

* Including 1717480 shares in the name of Sudhir Mehta (HUF)

** Including 2080000 shares in the name of Samir Mehta (HUF)

*** Held jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt being independent) as first holder and Shri Markand Bhatt as second holder

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 beginning of the financial year				
(i) Principal Amount	2,500.05	21.23	Nil	2,521.28
(ii) Interest due but not paid	0.00	0.00		0.00
(iii) Interest accrued but not due	17.16	0.49		17.65
Total (i+ii+iii)	2,517.21	21.72		2,538.93
Change in Indebtedness during the financial year				
- Addition	19.27	0.00		19.27
- Reduction	270.09	8.00		278.09
Net Change	(250.82)	(8.00)		(258.82)
Indebtedness at the end of the financial year				
(i) Principal Amount	2,249.23	13.23		2,262.46
(ii) Interest due but not paid	0.00	0.00		0.00
(iii) Interest accrued but not due	46.71	0.38		47.09
Total (i+ii+iii)	2,295.94	13.61		2,309.55

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Shri Samir Mehta	Dr. Chaitanya Dutt*	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.00	415.20	415.20
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961 ^{\$}	1.52	0.40	1.92
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit			
	- others specify (Note - 1)	1500.00	100.00	1600.00
5	Others, please specify			
	Provident Fund	0.00	31.14	31.14
	Superannuation	0.00		
	Total (A)	1501.52	546.74	2048.26
	Ceiling as per the Act (5% of the Net Profit)	11801.45	11801.45	
	Cumulative Ceiling as per the Act (10% of the Net Profit)	23602.90		

* Includes payment of gratuity and leave encashment

^{\$} Does not include premium for group personal accident and group mediclaim policy

Note - 1: As recommended by Nomination and Remuneration Committee and decided by the Board of Directors

B. Remuneration to other Directors:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Shri Shailesh Haribhakti	Shri Haigreve Khaitan	Shri Pradeep Bhargava	Smt Renu Challu	Prof. Ashish Nanda	Shri Sudhir Mehta	Shri Markand Bhatt	Smt Bhavna Doshi*	
	Independent Directors									
1	- Fee for attending Board / Committee meetings	18.00	7.00	18.00	11.00	8.00	0.00	0.00	4.00	66.00
2	- Commission	80.00	61.00	76.00	69.00	62.00	0.00	0.00	6.00	354.00
	Total (1)	98.00	68.00	94.00	80.00	70.00	0.00	0.00	10.00	420.00
	Other Non-Executive Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1	- Fee for attending Board / Committee meetings									
2	- Commission	0.00	0.00	0.00	0.00	0.00	1000.00	0.00	0.00	1000.00
	- Others, please specify	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00	0.00	1000.00	0.00	0.00	1000.00
	Total (B)=(1+2)	98.00	68.00	94.00	80.00	70.00	1000.00	0.00	10.00	1420.00
	Total Managerial Remuneration	3468.26								
	Overall Ceiling as per the Act (11% of the Net Profit, excluding sitting fees)	25383.60								

* During the year, Smt Bhavna Doshi, who had resigned on 15th May, 2015 was paid Sitting fees and Commission for attending Board / Committee meetings held prior to her resignation.

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

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Ashok Modi, CFO	Shri Mahesh Agrawal, CS	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	278.00	66.00	344.00
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	0.29	0.44	0.73
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit	0	0	0
	- others specify (Note - 1)	75.00	0	75.00
5	Others, please specify			
	Provident Fund	23.88	5.13	29.01
	Superannuation	1.00	1.00	2.00
	Total	378.17	72.57	450.74

Note - 1: As recommended by Nomination and Remuneration Committee and decided by the Board of Directors

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.

ANNEXURE - G TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE RULE 8 (2) OF THE COMPANIES (ACCOUNTS OF COMPANIES) RULES, 2014

A. CONSERVATION OF ENERGY

a) Steps taken or impact on conservation of energy

- Power factor maintained nearer to Unity at Indrad Plant and received annual rebate of ₹ 59.11 lacs from UGVCL.
- Operation of Boiler carried out on FO / Gas with close monitoring of market fluctuation rates. Took advantage of lower FO price & saved ₹ 508 lacs as fuel rate difference.
- Certification of ISO - 50001 2011 - energy management system, obtained in July 2015.
- Plant energy audit carried out to fulfill statutory requirement.

b) Steps taken by the Company for utilizing alternate source of energy

- It is proposed to install 100 KW solar rooftop Power Plant as a Green initiative (uses of renewable energy).

c) The capital investment on energy conservation equipment's

- Saving potential of ₹ 25 lacs has been worked out by energy Auditor at different utilities area. Investment proposed is ₹ 58 lacs. Implementation will be done by December - 2017. Payback period worked out to be 3.5 to 4.0 years

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given below:

Research and Development (R & D)

1. Specific areas in which R & D is carried out by the Company

The Company's R & D Centre is engaged in the discovery of New Chemical Entities (NCEs) and development of new processes for known Active Pharmaceutical Ingredients (APIs) and for value-added & differentiated formulations by leveraging our proprietary technologies for which patents have been filed.

2. Benefits derived as a result of the above R & D

- At the end of the year, the Company received 7 ANDA approvals and till date have filed 77 ANDAs and 27 DMFs in US and 59 new product Dossiers & 28 DMF submitted in the EU.
- 857 patents have been filed for NDDS technology and drug discovery projects and innovative processes of API & formulations for various geographies and 353 patents have been granted so far.
- New Discovery programs, in therapeutic areas such as Atopic dermatitis, Chronic Obstructive Pulmonary Disease & Inflammatory Bowel Disease has been initiated.
- The Company plans to initiate advance clinical trials with two programs one each in cardio metabolic risk reduction and heart failure.

3. Future plan of action

- Efforts will continue for development of value added and differentiated formulations and cost effective, eco-friendly & safe processes for APIs. To bridge the gap in current therapeutic portfolio, the Company is currently working on NDDS projects such as long acting injectable, nasal sprays, oral dispersible films and foams in order to improve efficacy and therapeutic outcome.
- The Company has initiated investment in the areas of Oncology, Dermatology, Ophthalmic, Biosimilars and Respiratory. The Company is planning to invest 6-8% of sales in R&D activities in order to develop diversified dosage forms with high level of complexity.

4. Expenditure on R & D

Particulars	2015-16 (₹ in crores)
a. Capital expenses	56.77
b. Revenue expenses	208.86
Total (a+b)	265.63
c. Total R&D expenditure as a percentage of turnover	5.00%

Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption;

Texture Analyzer used for evaluation of the physical performances (texture) of semisolid / solid & other dosage form preparations. Process Analytical Tools like droplet size measurements has been adopted for characterizing spray pattern in Fluid bed coating, Pan coating as well as Quality check for actuators used in Nasal sprays.

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

Equipment like Texture Analyser have helped us to build robust quality products. The implementation of Process Analysis Techniques (PAT) tools has helped us build robust processes and to reduce the number of trials and the time taken to complete the development process. Also the data generated is scalable up to commercial level.

3. Information in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

Technology Imported	Year of Import	Whether fully absorbed
Mass Flow Meter Used to measure the throughput of fluid (gaseous or liquid phase) with high accuracy and fast response time. The unique design of the Coriolis sensor features unsurpassed performance, even with changing operating conditions in pressure, temperature, density, conductivity and viscosity.	2015-16	Yes
Pharmaceutical Analysis System This platform provides robust and easy-to-use characterization, integrating quantitative, qualitative and automated solutions for protein purity, charge isoform distribution and glycan analysis. It provides a comprehensive, automated, and quantitative solution for the characterization and analysis of proteins.	2015-16	Yes
Differential Vaporsorption – DVS Used to screen prospective pharmaceutical active ingredients, excipients, and drug formulations. This technique provides insights into characteristics such as polymorphism, amorphous / crystalline content, and thermal stability.	2015-16	Yes
Lumifuge Stability Analyser Used to evaluate stability (separation behavior and demixing phenomenon) and shelf life of emulsion and suspension projects and for development of stable suspension and emulsions, characterization, assessment of storage stability and shelf-life of dispersions.	2015-16	Yes
Ultra Performance Liquid Chromatography - UPLC UPLC improves chromatographic resolution, speed and sensitivity by the use of fine particle chemistry which saves time, increase throughput and reduces solvent consumption.	2015-16	Yes
Thermogravimetric analysis – TGA Used to study the solid-solid interaction in the formulation and APIs and helps to determine hydration and hygroscopicity.	2015-16	Yes
Powder Flow Meter Used to measure powder rheology / Flow properties identification for products.	2015-16	Yes

Technology Imported	Year of Import	Whether fully absorbed
Electron Capture Detector for GC Used for the Analysis for high electronegative compounds such as halogenated compounds, especially chlorinated, fluorinated, brominated, and Iodo molecules as well as organometallic compounds, nitriles, or nitro compounds at parts per trillion (ppt) levels.	2014-15	Yes
Texture Analyser Texture Analyser is used for evaluation of the physical performance of semisolid solid & other dosage forms. It has been adopted as a major tool in development and evaluation of semisolid formulations like lotions, creams and ointments. Its application has been implemented in evaluation and determination of lyophilized cake hardness and determination of syringeability and injectability of parenteral formulations.	2014-15	Yes
Online Particle Size measurement in Fluid bed Process Online particle size analyzer help in monitoring granule growth in real time and the end-point can be set based on certain size distribution criteria. This will enable to design robust processes.	2013-14	Yes
Droplet size measurement for pan coating or Fluid bed coating Droplet size measurements has been adopted for characterizing spray pattern in Fluid bed coating, Pan coating as well as Quality check for actuators used in Nasal sprays.	2013-14	Yes
Online NIR analyzer for blending end point determination NIR analyzer for blending end point determination is used as an on-line, real-time, blend monitoring for confirmation of blend uniformity.	2013-14	Yes
Actuator for Nasal spray It is being used to determine Spray Content Uniformity (SCU), tail off study and pump delivery of Nasal Spray.	2013-14	Yes
Colorimeter with computer This instrument is used to control the colour, shade variation of powders, tablets, capsules, suspensions, solid materials, solutions, injections & printing colour variation of packaging materials of products.	2013-14	Yes
Quadro co mill flame proof High throughput equipment for size reduction of wet and dry granules.	2013-14	Yes
Hot Stage Microscope To study material behavior at elevated temperature and admixtures of drug polymer blends.	2013-14	Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 364.97 crores and earned foreign exchange amounting to ₹ 2918.54 crores during the year ended 31st March, 2015 as compared to ₹ 325.90 crores and ₹ 1426.47 crores respectively for previous year.

For and on behalf of the Board

Samir Mehta

Executive Chairman

Ahmedabad
23rd May, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

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 Ltd. and its wholly owned subsidiaries and their businesses (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 to make it comparable with the current year.

GLOBAL PHARMACEUTICALS MARKET

Global Economy:

Global economic growth in 2015 is estimated at 3.1% a tad slower than 2014 reflecting a modest and uneven growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. Major macroeconomic realignments are affecting prospects differentially across countries and regions. These include the slowdown and economic rebalancing in China; a further decline in commodity prices, especially for oil, with sizable redistributive consequences across sectors and countries; a related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. Overall, global economy is projected to grow at 3.8% in 2016. While growth in emerging markets and developed economies still accounts for major share of world growth in 2016, prospects across countries remain uneven and generally weaker than over the past two decades. In particular, a number of large emerging markets like Brazil and Russia are still mired in deep recession. Others, including several oil exporting countries also face a difficult macroeconomic environment with sharply weaker terms of trade and tighter financial conditions. Growth in advanced economies is projected to remain modest in line with 2015¹.

Global Pharma Market:

Despite the instabilities in the global economic, political and social backdrop, the pharmaceutical industry is expected to show long term growth due to favourable demographic trends and significant unmet medical needs. The global pharmaceutical sales grew by around 9% in the year 2015 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. North America remained the largest pharmaceuticals market, with a 47% share of global sales (up from 45% in 2014). Europe represented 21%, down from 24%, Asia Pacific was relatively static at 23%, emerging markets fell to 22% from 23%².

The largest pharmaceutical market US is estimated to be approximately US\$ 410 Bn registering a growth of around 12% in 2015 which is significantly higher than around 4% growth over the past five years. The market is expected to grow at a compounded annual growth rate of 5 to 8% through 2020 due to fewer patent expiries and launches of more innovative medicines which is a reflection of

¹ International Monetary Fund - World Economic Outlook, April 2016

² IMS Global Use of Medicines 2020

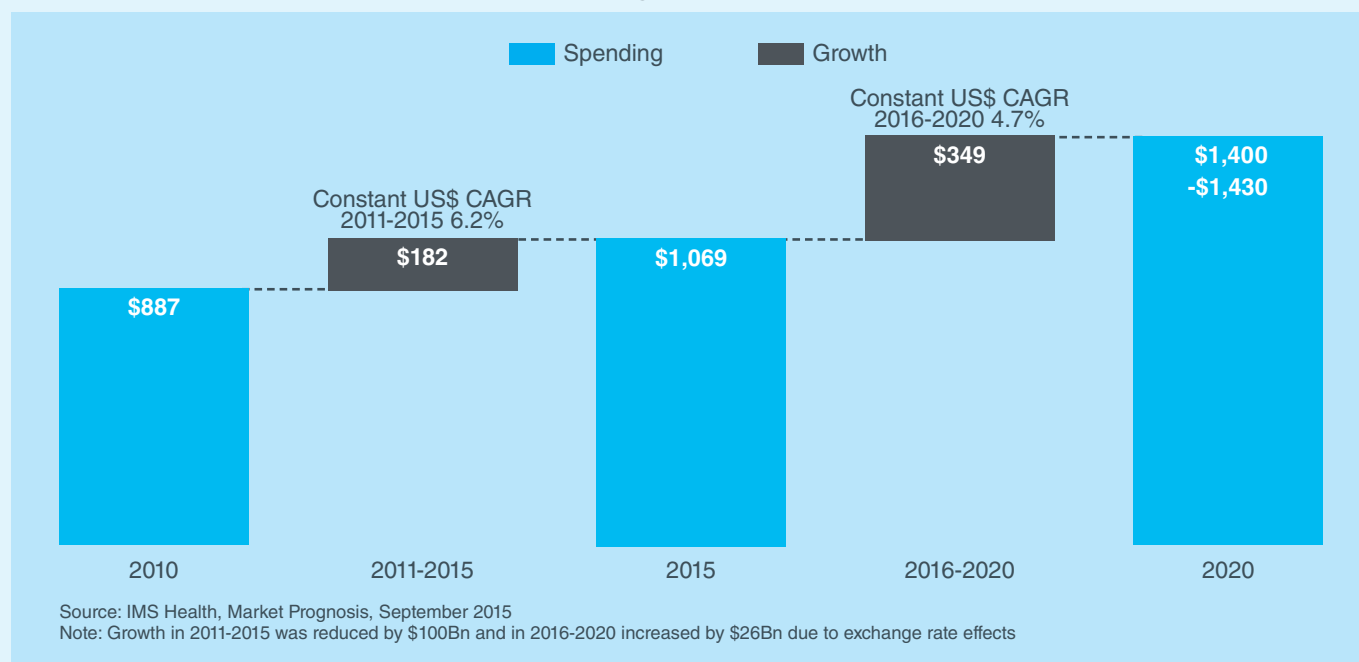
a shift in the balance of the “innovation cycle”—the amount of new medicines being launched and utilized compared to the value of branded medicines that are facing new generic competition.

The European market is estimated to be approximately US\$ 190 Bn registering a growth of 6% in 2015. Across the major markets in Europe, economic austerity—led efforts to constrain growth in healthcare spending, and especially medicines, have resulted in spending declines or very low growth, which will continue through 2020.

The Pharmerging markets will grow at a compounded annual growth rate of 10 to 13% through 2020. The increase in public and private health care insurance is a primary growth driver for these markets. The increase in health care spending by government of Pharmerging markets are expected to boost the market growth during the next five years. Implementation of health reforms are increasing demand for medicines, while pricing regulations are being used more frequently to manage overall growth levels. Over 80% of growth in Pharmerging markets will be attributed to non-branded medicines.

The global spending on medicines is forecasted to reach close to US\$ 1.4 trillion by 2020, an increase of about 30% over the 2015 level, compared to an increase of 35% in the prior 5 years. Spending on specialty therapies will continue to be more significant in developed markets than in Pharmerging markets, and different traditional medicines will continue to be used in developed markets compared to Pharmerging markets. Spending growth will be driven by brands, as well as increased usage in Pharmerging markets, and will be offset by patent expiries and net price reductions. The patent expiry impact will be larger in 2016-2020 than in the prior five years on an absolute basis and will include impact from biosimilars.

Global Spending and Growth 2010 - 2020



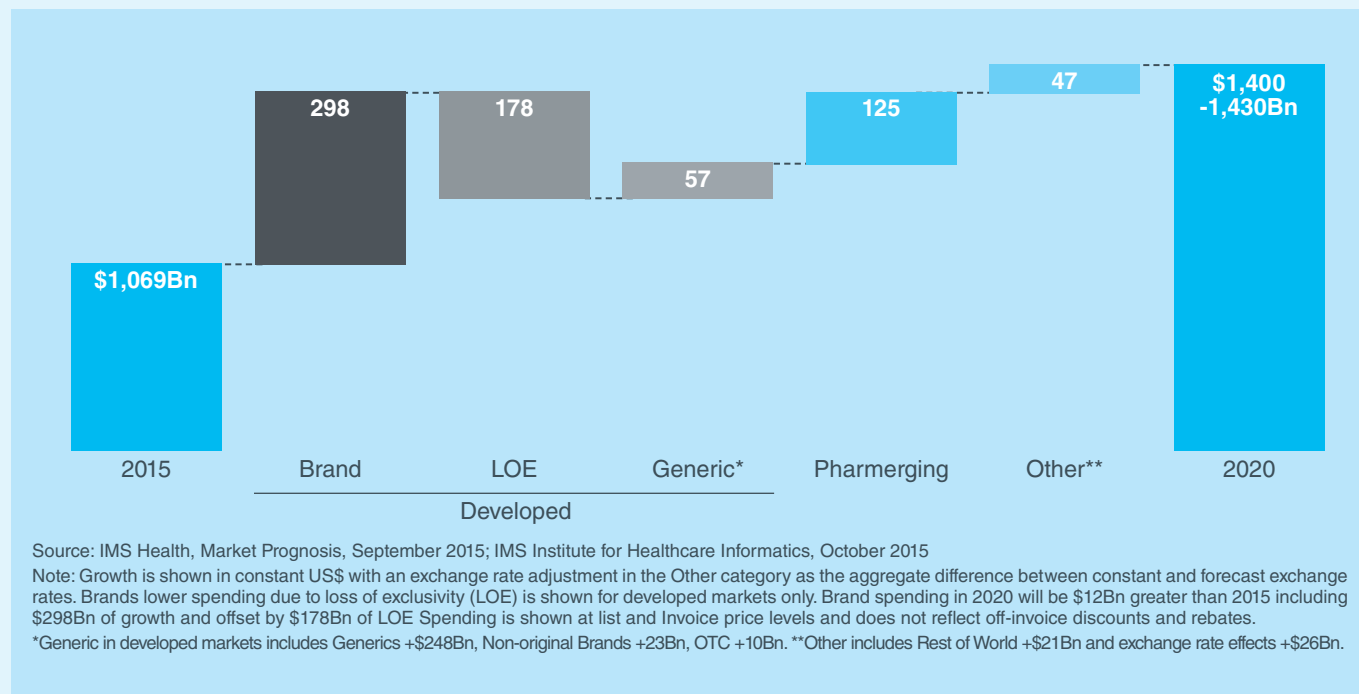
Medicine spending will increase 31-34% over the next five years (29-32% on a constant dollar basis) compared to a 24% increase in the volumes of medicine used. Volume growth will be driven by demographic trends such as an ageing population in developed markets and rising incomes and expanded access to healthcare in Pharmerging markets. The remainder of the increase in spending will be driven by the costs of medicines which will increase due to the wider adoption of newer, more expensive therapies and an increase in prices per unit which occur in some countries, notably the United States.

In emerging markets long-term economic growth, increasing expectations for healthcare provision, and changing diets and lifestyles are increasing demand for healthcare products across all life stages, especially to treat chronic conditions including respiratory and cardiovascular disease. This demand is expected to grow significantly faster in these markets over the coming years than in more mature economies.

Growth Drivers

In developed economies, ageing populations and improvements in medical technology are likely to drive the growth over the next five years. On the other hand, in emerging markets long-term economic growth, increasing expectations for healthcare provision, and changing diets and lifestyles are increasing demand for healthcare products across all life stages.

The key drivers of the growth over the next five years will be: Access expansion in Pharmerging countries, greater use of more expensive branded medicines in developed markets, and greater use of cheaper alternatives when loss of patent exclusivity occurs.

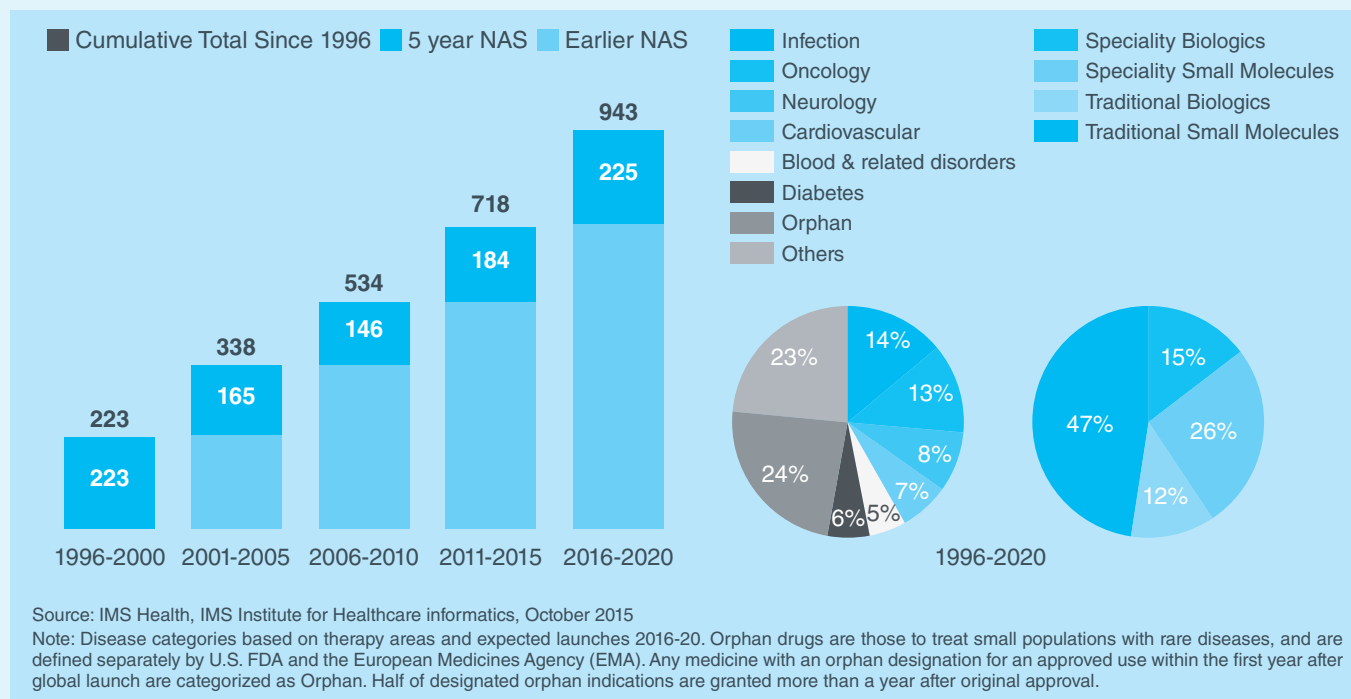


The prevalence of non-communicable diseases (NCDs), such as cancer and cardiovascular, metabolic and respiratory diseases is increasing worldwide. NCDs are often associated with ageing populations and lifestyle choices, diet and lack of exercise and many of these require long-term management.

Innovation is critical to addressing unmet medical need. The delivery of new medicines will rely on a more advanced understanding of disease and the use of new technology and approaches, such as personalized healthcare (PHC) and predictive science. Technological breakthroughs in the design and testing of novel compounds present fresh opportunities for using small molecules as the basis for new medicines.

An increase in the number and quality of innovative new drugs will drive transformation of disease treatments by 2020, as the investments in research and development made in the last two decades emerge and reach patients in growing numbers. Key aspects of innovation include biomarkers, genomics, genetic testing to match patients with treatments, improved success rates in clinical development, and addressing concerns about rising costs. The evolution of development incentives including fast-track approvals for “breakthroughs,” continued pre-competitive collaborations, patient pooling of data, and large real-world evidence collaborations will all continue to stimulate research and development activities into the next decade.

New Active Substances Available



Innovative medicines, increased access and advances in treatment will impact both developed and Pharmerging countries for the next five years. Spending levels will differ significantly between developed and Pharmerging regions, with greater spending on specialty medicines in developed countries. Specialty therapies continue to be more significant in developed markets than in Pharmerging. Oncology continues to be the largest category in developed countries. Leading classes in Pharmerging markets are dominated by pain, antibiotics and hypertension, while in developed markets specialty categories such as oncology and auto immune diseases are more prominent³.

Future of Generics

Improving access to health care and reducing spend on it is a major goal of governments around the world. Most national health care systems have been encouraging greater use of generic drugs. In the US it is estimated that nearly 80% of all drugs dispensed are generic drugs. As the market penetration of generic drugs increases on a volume basis, generic medicines will continue to provide the vast majority of the prescription drug usage in US. Patent expiries are expected to result in reduced spending on branded products, as generics become more widely adopted. Small-molecule patent expiries are expected to have a larger impact going forward than in the prior five years. The US FDA has indicated improvement in Abbreviated New Drug Application (ANDA) approval timelines under the Generic Drug User Fee Amendments (GDUFA) guidelines. It intends to act on 90% of completed ANDA applications within less than a year of submission which should increase the pace of new approvals.

In Europe, Germany and several other countries have turned to value-based pricing for new drugs, which allows a price differential from existing offerings including generics, based on a new product's demonstrated superiority. Countries like China and India are increasingly mandating price control.

Over the past five years, branded generics have continued to grow strongly in emerging markets. In these markets where brands are seen as a proxy for quality, and where physicians retain considerable control over the prescriptions and patients over purchasing decisions, branded generics have been more successful than the unbranded counterparts and have maintained their prices for longer.

Branded generics not only allow companies to use existing distribution systems and established marketing techniques to sell premium-priced generics; they offer consumers the reassurance of a trusted name amidst rising fears of unsafe counterfeits which

³ Specialty therapies are defined by IMS Health as products that are often injectable, high-cost, biologic or requiring cold-chain distribution. They are mostly used by specialists, and include treatment for cancer and other serious conditions, and often involve complex patient follow-up and monitoring.

is more prevalent in semi-regulated markets where the regulatory norms are not as stringent or evolved as regulated markets like USA or Europe. Branded Generics remains a sustainable model for Semi-regulated markets like India, Brazil, Russia, Mexico, Philippines wherein the Physician-Field Force model is prevalent.

Regulatory

A highly regulated industry reflects public demand for safe, effective and high-quality medicines. Delivering such medicines requires responsible testing, manufacturing and marketing, as well as maintaining important relationships worldwide with regulatory authorities. There is a global trend towards greater transparency of, and public access to, the regulatory submissions that support the approvals of new medicines. As drug compositions become more and more complex, the pharmaceutical industry is evolving fast to become highly technological and regulated. The latest regulatory and technological requirements of the industry mandates considerable investments in building critical capabilities and also higher capital investments leading to market consolidation and greater headroom for large organized participants. The drug administrator has the right to periodically inspect and approve the manufacturing facilities of the pharmaceutical companies.

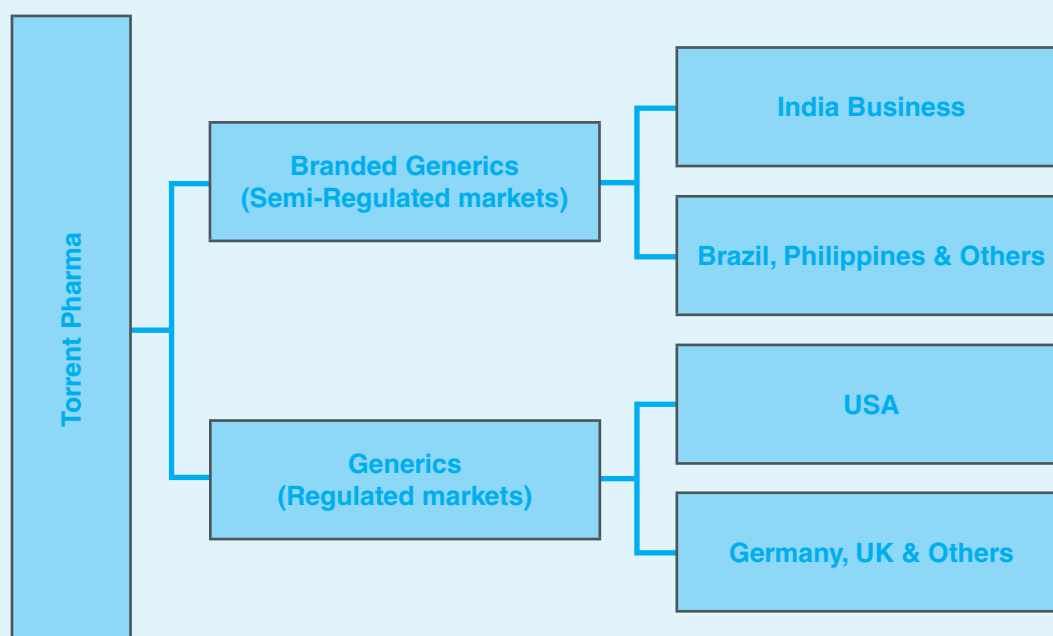
Mergers & Acquisitions (M&A)

The strong M&A activity that emerged in 2014 was maintained in 2015, driven by the pursuit of growth and the availability of cheap debt finance. 2015 saw the return of the mega-merger and Pharmaceutical companies continued to offload non-core assets and were willing to pay sizeable premiums, while consolidation in the generics sector persisted.

Partnerships and collaborations also will comprise an important part of the picture as companies continue to grapple with a rapidly shifting landscape, grow distribution networks, and leverage previous investments. New insurance and payment models, rapidly changing consumer demographics, and an explosion of technology-based treatment innovations are driving both horizontal and vertical M&A activity.

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's revenues are mainly from manufacture and sale of branded as well as unbranded generic pharmaceutical products.



During the financial year 2015-16, the Company reported revenues of ₹ 6,676 crores, a growth of 43% compared with ₹ 4,653 crores in the previous financial year.

The breakup of Revenues under key segments is under:

Segment Revenue (₹ in crores)	2015-16		2014-15		Growth
	Amount	Share	Amount	Share	%
India formulations (net of excise duty)	1,825	27%	1,609	35%	13%
Other Branded Markets	807	12%	949	20%	-13%
USA	2,671	40%	832	18%	221%
Other Generic markets	774	12%	751	16%	1%
Others / CRAMs	599	9%	512	11%	16%
Total	6,676	100%	4,653	100%	43%

Torrent Pharma: Core Competencies

With Torrent's core competencies in Branded markets ever since 1970s, driven by Physician-Field Force model, relations and Product development – Branded Markets remain a key priority for Torrent. Moreover, such markets offer significantly higher visibility and sustainability to the business. Going forward, the strategic priorities include the following:

1) Branded Markets

- India Business: Continuous focus on specialties, Field force productivity and New products
- Scaling up in Key markets in Branded Generics with stronger presence in CVD & CNS markets (in markets like Brazil)
- Harmonizing marketing model and New Product Pipeline across Branded Generics markets

2) Generics

Strengthening New Product Pipeline through product innovation and complex products for genericised markets like USA & Europe.

NDDS & Pipeline Augmentation

A new era of science and technology has evolved in pharmaceutical research focused at development of different novel drug delivery systems. The evolution of an existing drug from its traditional form to a novel delivery system may considerably improve its performance in aspects of efficacy, safety and patient compliance. So the method of administering a drug can also have significant effect in its efficacy. In recent years the considerable advances in drug delivery systems have enabled more effective routes of administration.

The pipeline also includes several first time in the world Novel Drug Delivery Systems which will give Torrent the edge over competitors with negligible competition. As Torrent moves towards branded markets and innovation with complex generics, the pipeline is being augmented with new complex oral solids, ointments / creams and injectables.

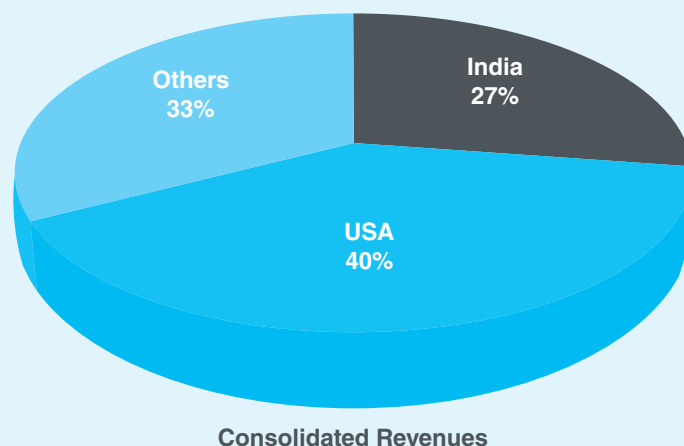
Torrent Pharma's strategic priorities remain as under

1. Branded Markets

India

2. Generics

USA



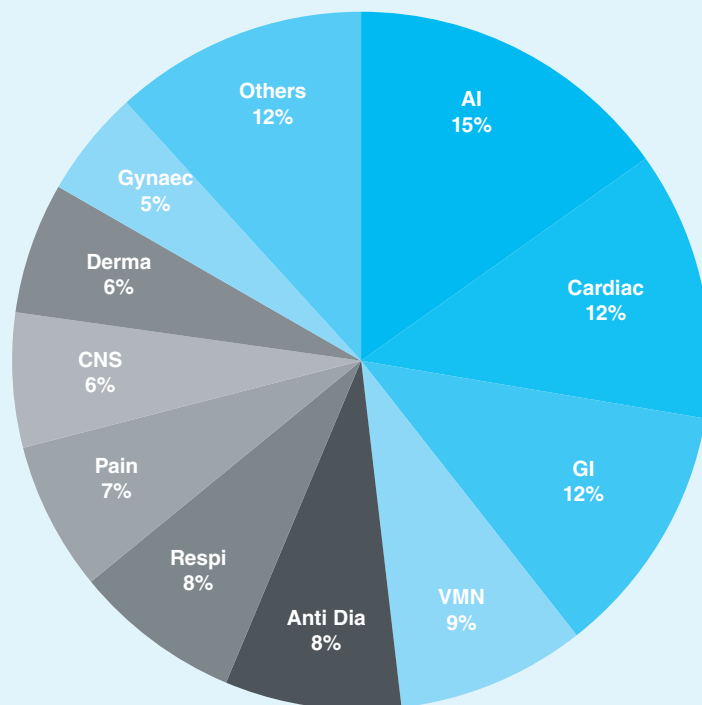
BRANDED MARKETS

INDIA:

India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume⁴. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market (IPM) as the industry is highly fragmented. By 2020, India is likely to be 9th largest market globally in absolute size. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

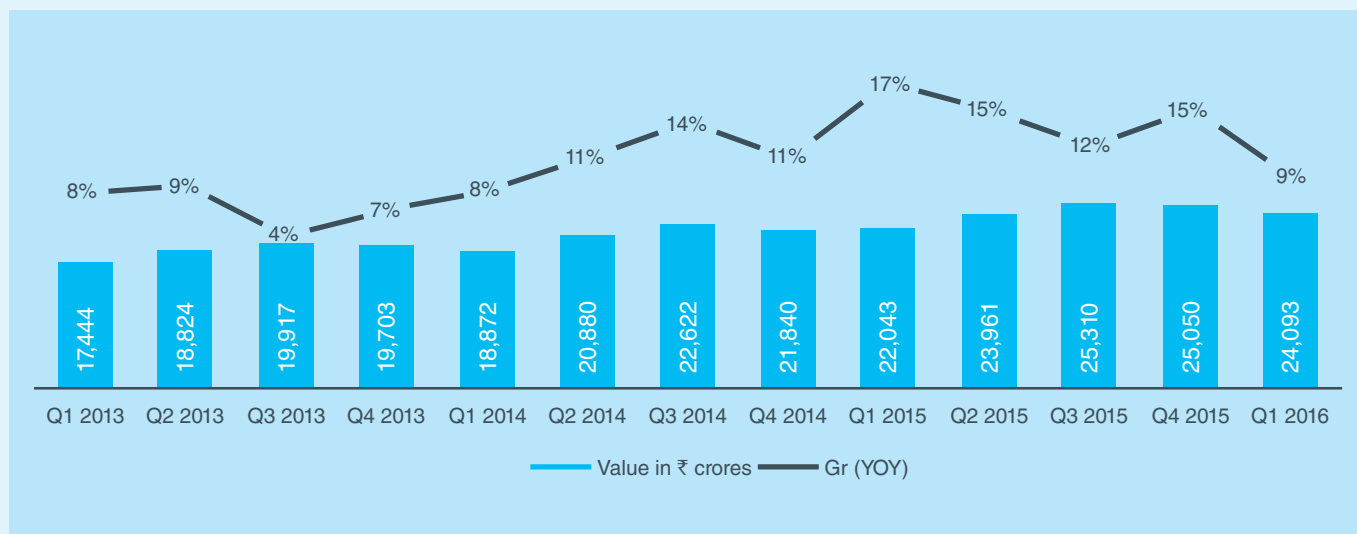
The Indian pharmaceuticals market is valued at ₹ 98,414 crores in March 16 MAT (Moving Annual Total) by AIOCD with growth of 13% over the same period in 2015. The key therapies are chronic and sub-chronic segments like Cardiac, Gastro-intestinal, Nutraceuticals, Anti-diabetic, Respiratory, CNS, Pain and Dermatology which will continue to contribute in growth.

Indian Pharma Market Therapy Contribution



Value in ₹ crores	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Increase (YOY)	1,302	1,482	851	1,203	1,428	2,056	2,705	2,137	3,171	3,082	2,689	3,209	2,050

Source: AIOCD March 16 MAT, Q1: Jan-Mar, Q2: Apr-Jun, Q3: Jul-Sep, Q4: Oct-Dec



The Company's growth in financial year 2015-16 has been better than the IPM. The Company is ranked 17th in the IPM with significant presence in Cardiac, CNS, GI and Antidiabetic therapies. Our 11 brands are in Top 500 brands of Indian Pharmaceuticals market. The India formulations segment registered growth of 13% over the previous year. Brands like Shelcal, Chymoral, Nikoran, Dilzem,

⁴ IBEF.org

Nebicard, Nexpro etc have been contributing significantly to the India sales and strengthening company's stand in therapies like Cardiology, Diabetes, Gastrointestinal, Nutraceuticals, Pain and Women Healthcare. Structural alignment of Gynec products was done in this year to enhance reach.

We continue to focus on specialities, science, MR productivity for India business. In this pursuit, we have launched 3 super specialty division to enhance our efforts in this area. These divisions are, a new gastro division which will be catering to hepatology and gastroenterology segment, a derma division for high-value cosmetic products and a rheumatology division for one of our key biosimilar product that we have launched which is one of the world's largest molecule viz. Adalimumab.

R&D is the backbone of the future growth aspiration and the company is committed to invest significantly for new product pipeline and Novel Drug Delivery Systems. In financial year 2015-16, we have launched Tolaz LA, India's 1st long acting olanzapine injection in CNS segment. Another such example is Hairjoy Foam, a thermostable aqueous base Minoxidil foam, a first of its kind in Indian market.

BRAZIL

Brazil is the largest pharmaceutical market in Latin America and the 6th largest market in the world. The Brazilian Pharma Market is forecasted to grow at 7-10%, year on year till 2020 despite the deceleration seen in the macroeconomic landscape. Dwindling formal job positions, waning coverage and increasing cost of health insurance are expected to force out-of-pocket spending and therefore evolving the Generic and Similar (Branded Generics) market segments at the cost of reference drugs (Innovator). Economic pressure is also expected to keep a check on the government spending on healthcare impacting its public access for free medicines (select drugs), program "Farmacia Popular". Federal and State government buying through tenders are also expected to take a hit, thus retail demand for more and cheaper drugs would continue at the forecasted levels, in the private market.

At the regulatory front, the Brazilian Resolution No. 54 for traceability is expected to be fully implementable by December 2016, end of the 3 year period offered for Pharma companies to be prepared for compliance. Another Resolution RDC no. 53 published in April 2016 with a three year window for compliance related to identification and qualification of degradation of products in medicines with synthetic and semisynthetic active substances, is likely to put pressure on pharma companies and increase costs. On the positive note faster approvals are expected as evaluation times for new dossiers are being streamlined and additionally the clone approvals are also expected to pick up pace facilitating entry of more Generics and Similars (Branded Generics).

During the year, S&P downgraded Brazil's long term sovereign credit rating to BB (2 notches below the investment grade), citing concern about weakening of the country's credit profile and expectation of a longer adjustment process, slower correction of fiscal policy and another year of recession. In the recent months, the Brazilian Real has appreciated and moved from a low level of 4.16 to a US\$ to 3.59 levels presently. However, the macro economic backdrop warrants depreciation pressure in the currency not only on account of weaker economic outlook but also on account of volatile external environment.

The Pharma market in Brazil is estimated to be around US\$ 30 Bn and expanded by 7% and 14% in volume and value respectively. The prescription driven ethical market contributes around 64% of the total market.

During the year Brazilian operations registered revenue of ₹ 506 crores (Reais 271 Mn) with the degrowth of 17% (constant currency growth of 12%) over previous year.

Among the Indian Companies, in terms of market share, Torrent ranks No. 1 with the second largest less than half of the size of Torrent (IMS dataset). The Company has 19 products under approval out of which 3 products are expected to be approved during the coming year. The Company has a development basket of 49 products with 16 products in the Cardio Vascular (CV) segment, 21 products in the Central Nervous System (CNS) segment, 10 products in the Oral Anti Diabetic / obesity (OAD) segment and 2 products in other segments.

The Company has been building its product portfolio in the generic segment with parallel filings of the Company's products in the CV, CNS, OAD & Other therapies. The Company has approvals of 18 products whereas 15 products are under approval.

GENERIC MARKETS

USA

US spending on medicines will reach \$ 560-590 Bn in 2020, a 34% increase in spending over 2015. The impact of patent expiries over the next five years, while higher in absolute dollars, will be lower in percentage contribution than the past five years. Generic medicines will continue to provide the vast majority of the prescription medicine usage in the US rising from 88% to 91-92% of all dispensed prescriptions by 2020.

Pharmaceutical spending growth in the US is expected to grow in congruence with the global market as against a subdued growth over the past five years. As 2014 was also a landmark year in the implementation of the Affordable Care Act (ACA), understanding the specific drivers of medicine spending growth is important for decision makers across the healthcare system. ACA implementation is causing rapid change in the US health care market, both directly from the legislation and through market based changes. The ACA will continue to have an effect on medicine spending during the next five years primarily due to expanded insurance coverage. ACA access expansion will be largely complete by 2020, bringing modest new demand for medicines, but an increasing share of medicines will be paid for by Medicare, Medicaid and other government funded or mandated programs (including 340b) each commanding substantial discounts from list prices.

The US pharmaceutical market remains the world's largest market. It is valued around US\$ 410 Bn and is expected to grow at the CAGR of 5-8% till 2020. With the largest generic substitution of 80% (in volume terms), it again becomes the single largest generic market. Expected patent expiry in the industry in next 4 years will be majorly driven by the US, in which drugs worth around US\$ 40 Bn are expected to go off patent.

The consolidation amongst generic purchasers from different class of trade has enhanced concentration of purchasing power and therefore requires the generic manufacturers to maintain their cost competitiveness as well as evolve their product portfolios to less competitive therapeutic areas and dosage forms.

Torrent, despite being a late entrant in the US pharma market is ranked No 8 amongst the US generic Indian Companies and has a market share of around 10% in its covered market. Revenues from US operations were ₹ 2,671 crores (US\$ 399 Mn) during the financial year 2015-16 as compared to ₹ 832 crores (US\$ 133 Mn) during the previous financial year showing a growth of 221% (constant currency 200%). The exceptional growth this year is largely on account of launch of a new product in US market, which had limited competition.

Given the future market moving towards complex products, Torrent is significantly ramping up its pipeline with products like Ointments, Injectables and Specialty Oral solids (Oncology).

The Company received 7 ANDA approvals in financial year 2015-16. The Company has 62 ANDA approvals (including 6 tentative approvals) and its pipeline consists of 14 pending approvals and 119 products under development. The US business is expected to contribute to the growth of international business in a significant way.

EUROPE

The Top 5 European markets will spend \$ 180-190 Bn on medicines in 2020, and is mostly driven by Germany and the wider adoption of specialty products. Germany will increase spending from \$ 41 Bn to \$ 57 Bn, largely a result of wider adoption of innovation and supported by health technology assessments, including reassessments of already marketed products. Over the last five years in Europe, the availability of generic medicines has contributed to cost containment in the overall spending growth. Following several year of opportunity for savings in medicine spending fuelled by expiry of numerous blockbuster medications, there will be fewer such opportunities through 2020.

The Company's European business mainly includes Germany, United Kingdom and Romania where the Company has its direct presence.

Germany is the fourth-largest pharmaceutical market in the world and the largest in Western Europe. It is valued around Euro 28 Bn and is expected to grow at a CAGR of 3-4% till 2020. Majority of the market is tender driven and it is expected to continue for foreseeable future which is putting pressure on the margins of the industry. Among the Generic players, Torrent holds 6th position with a market share of around 4% and is ranked No. 1 among Indian players in the Market.

Revenues from Europe operations during financial year 2015-16, were ₹ 695 crores (~Euro 100 Mn) with a growth of 5% (constant currency 12%).

CONTRACT MANUFACTURING SEGMENT

This segment mainly includes manufacturing of human insulins for Novo Nordisk, for their India Market and dossier out licensing business. The segment registered revenues of ₹ 587 crores during the year.

MANUFACTURING

Dahej

The Company's state of art manufacturing facilities for formulations and API, have significantly contributed to the demand of high quality products and in sustaining its growth and success. The Company has commenced commercial production of its formulation manufacturing facility at Dahej SEZ in Gujarat during April 2016. The Company has received regulatory approvals from various regulatory authorities viz. USFDA, EU-Germany etc. Phase I of the Dahej facility has an installed capacity of about 600 crore tablets / capsules. Construction of Phase II will commence soon and once commissioned, the total capacity will increase to about 1100 crore tablets / capsules and 80 MT API per year.

New capital investments:

Oncology

The company has initiated work on a green field integrated manufacturing facility for drug substances and drug products (API & formulations) in Oncology. The Phase I has installed capacity of 20 mn tablets, 7 mn capsules and 3 mn lyophilized vials. The facility shall conform to latest international regulatory requirements of USFDA, EU-Germany.

Sikkim Expansion

Sikkim facility caters to the domestic formulation market. The company has initiated an expansion of its current manufacturing facility at Sikkim for an additional capacity of 350 crore tablets.

RESEARCH AND DEVELOPMENT

Discovery Research

The Company is currently working on several in-house New Chemical Entities (NCE) projects within the areas of metabolic, cardiovascular and respiratory disorders. The Company has cumulatively filed 467 patents for NCEs from these and earlier projects in all major markets of which, 224 patents have been granted / accepted so far.

The most advanced discovery program of the Company is Advanced Glycation End-Products (AGE) Breaker, of which the Phase II clinical trials for the indication of diabetes associated heart failure in India and Europe is completed. During the year, clinical development plans have been finalized and we expect to file for the continuing clinical development later in the current year.

During the financial year 2012-13, the Company initiated Phase-II clinical trial in India with its second NCE for the reduction of cardio metabolic risk. The results have been encouraging and preparations have been initiated to start the next phase of development. 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, other emerging economies besides developed countries.

Phase Ib study for its third NCE being developed for inflammatory bowel disease has also been initiated and is expected to be completed by Q1 of financial year 2016-17. Further characterization is progressing well for this indication.

There have been several changes in the regulations with respect to conduct of clinical trials and the manner in which trial related adverse events will be dealt with. We have evaluated the risks posed by these changes and have implemented several mitigation strategies in line with the evolving regulations. We have adopted a strategy of development that has optimised cost and speed by evaluating options in multiple geographies.

THREATS, RISKS AND CONCERNS

Drug Price Control

The health ministry has revised the National List of Essential Medicines (NLEM) to include 376 drugs in the new NLEM list 2015. While a total of 106 medicines have been added, 70 medicines have been deleted to finalize the new list. It is likely that the government may bring more drugs and formulations under price control or change the mechanism of calculating the ceiling price of the Drugs which are under the ambit of the revised policy, which in turn will affect the net margins of the Company. The Company manages its product portfolio so as to minimize the product weightage of drugs under price control.

The Ministry of Health and Family Welfare in March' 16, banned 344 fixed dose combination (FDC) drugs including several antibiotics and analgesics. According to the notification, the government, as per the recommendation of an expert committee, found that it is necessary and expedient in public interest to regulate by way of prohibition of manufacture for sale, sale and distribution for human use of the drugs. The estimated market which is going to be impacted is around ₹ 3,800 crores and most of the Companies who are impacted have filed a petition in the Court and have won an interim relief. The impact on the Company is minimal.

New Product Approvals

The success of any Company is dependent on the continuous launch of the new products in the market. In highly regulated business, the requirements 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 a 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 risk through careful market research for selection of new products, detailed project planning and continuous monitoring.

Geographical Expansion

The development of the business in new markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including; more volatile economic conditions; competition from companies with existing market presence; the need to identify correctly and to leverage appropriate opportunities for sales and marketing; poor IP protection; the need to impose developed market compliance standards; inadvertent breaches of local and international law; not being able to recruit appropriately skilled and experienced personnel; identification of the most effective sales channels and route to market; and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls.

However, the Company carefully studies the business scenarios of the new market, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

Overseas Markets

The Company has expanded operations into select overseas markets of Latin America and European Union. Such expansion involves substantial business set up expenses, product pipeline development expenses and a gestation time before revenues begin to accrue. The Company faces the risk arising out of a failed or delayed market entry which may significantly affect the future profitability and financial position.

In the US, there is a continuing trend towards consolidation of certain customers 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 and prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on our products. The result of such developments could affect the sales volumes and price realizations of our 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 erosions continue 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 analyses, 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.

Manufacturing & Supplying Risk

Although a major portion of our finished formulations are being manufactured at in-house facilities, we also depend on third party suppliers for sourcing in some of the markets. Any significant disruption at any of such in-house facilities or third party manufacturing locations due to internal, third party lapses even on the short term basis due to economic, political & social unrest or by any event which is *Force Majeure*, which may lead to impair our ability to produce, procure and ship products to the market on a timely basis and could expose us to penalty and claims from customers.

We purchase active pharmaceutical ingredient (API) and other materials that we use in our manufacturing operations from other 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 we have listed only one supplier in our application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, our manufacturing capabilities could be impacted by quality deficiencies in the products which our supplier provide leading to impact on our financial performance.

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 insurance cover for product liability.

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. We are also evaluating the feasibility to extend the market outside India where we have a reasonable understanding of the branded products space.

Company undertakes clinical trials on an ongoing basis as part of its discovery research programme. 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.

The bio equivalence (BE) facility is used for safety and efficacy studies for the generic products. The facility has been approved by the Indian, Brazilian and UAE authorities. The studies conducted at this facility have been approved by USFDA, European (Denmark, France and Austria) and Brazilian regulatory authorities.

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. The Company manages the risk through careful market research for selection of new products, detailed project planning and monitoring.

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 our 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 and launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

New Capital Investments

The Company has commenced building a new formulation and API manufacturing facility for Oncology and has also commenced expansion of its current manufacturing facility at Sikkim. 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 underutilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

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, expenditures in foreign currencies, foreign currencies borrowing 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

We have potential tax exposure resulting from varying application of laws and interpretations which include intercompany transactions with our subsidiaries in relation to various aspects of our business. Although we believe our cross border transactions between affiliates are compliant to the extant tax laws, the authorities in various jurisdictions may have different views or interpretations and consequently challenge our interpretations resulting into increase in tax liability, including interest and penalties causing the tax expenses to increase.

The international tax system is set to change rapidly with the implementation of Base Erosion Profit Shifting (BEPS) action plan formulated by OECD (Organisation of Economic Co-operation and Development) to ensure the Companies do not exploit the gaps and mismatches in tax rules to artificially shift profits to low or no tax locations where there is little or no economic activity resulting in no or low overall tax being paid.

The Finance Bill 2016 has laid down guidelines on BEPS, which are effective from 1st April, 2016. There may be issues with respect to the implementation and resolution of disputes relating to differential treatment by different tax jurisdiction.

Future Acquisition proposals

We continuously look for opportunities to expand our product basket and pipeline through complimentary or strategic acquisitions involving acquisition of companies, assets, licensing arrangements etc. Any such acquisition, involve significant time, effort and resources for their integration with existing business and operations of the company, which may lead to temporary disruption of ongoing business, affect relations with the employees, existing customers and business associates.

Dependence on information technology

We are 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, 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 2015-16 was 11,668 against 11,047 as at the end of financial year 2014-15, an increase of 621 employees. The field force decreased by 604 employees from 5,067 at the end of financial year 2014-15 to 4,463 at the end of financial year 2015-16. The R&D centre had 1,081 employees (of which 868 were

scientists) at the end of financial year 2015-16 compared with 835 (of which 674 were scientists) as at the end of financial year 2014-15, an increase of 246 employees. The worker strength at plant was 2,085 at the end of financial year 2015-16 compared with 1,752 at the end of financial year 2014-15. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral and Baddi Plant, Sikkim Plant, Dahej Plant, branch & overseas offices employees increased to 4,039 at the end of financial year 2015-16 from 3,393 at the end of financial year 2014-15.

INTERNAL CONTROL SYSTEM

The Company has a reasonable system of internal control 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 an 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 2015-16 COMPARED WITH FINANCIAL YEAR 2014-15

Summary Financial Information:

Particulars	2015-16		2014-15		%
	₹ crores	% to Revenues	₹ crores	% to Revenues	
Net Sales	6,529		4,585		42%
Operating Income	147		68		116%
Net Sales and Operating Income (Revenues)	6,676	100%	4,653	100%	43%
Gross Profit	5,099	76%	3,239	70%	57%
Selling, General and Admin expenses (SG&A)	2,043	30%	2,010	44%	(0%)
Research and development spend	246	4%	191	4%	29%
Forex Gain / (Loss)	120	2%	241	5%	(50%)
EBIDTA	2,930	44%	1,279	27%	129%
Depreciation / Amortization	246	4%	191	4%	29%
Net Interest expense / (Income)	180	3%	149	3%	21%
Profit before tax (PBT)	2,504	37%	940	20%	166%
Exceptional Items	140	2%	-		
Profit before tax (PBT)	2,364	35%	940	20%	151%
Income Tax	642	10%	189	4%	240%
Profit after Tax (PAT)	1,722	26%	751	16%	129%

Net Sales and other operating income

Consolidated net sales grew by 42% to ₹ 6,529 crores from ₹ 4,585 crores in the previous year while the operating income was ₹ 147 crores compared to ₹ 68 crores in previous financial year.

EBIDTA

EBIDTA during the year stood at 44% compared to 27% in the previous year showing an improvement by 17%. A major part of the EBIDTA margin improvement during the year is on account of a new product launch in the US which had limited competition. The SG&A and R&D expenses during the year have increased by 4% compared to the previous year.

During the year the company expenses on discovery research cost amounted to ₹ 48 crores compared to ₹ 43 crores in the previous year.

Depreciation and amortization

Depreciation and amortization charge during the financial year 2015-16 was ₹ 246 crores as compared with ₹ 191 crores during the previous year.

Net interest expense

Net Interest expenses amounted to ₹ 180 crores compared to ₹ 149 crores during the previous financial year. The interest expenses are higher on account of the full year impact of the acquisition related borrowings done during the previous financial year.

Income Tax

The Income tax charge for the financial year 2015-16 stood at ₹ 642 crores compared to ₹ 189 crores in financial year 2014-15. Average income tax rate as a percentage of profit before tax is 27% for the financial year 2015-16 as compared to 20% for the financial year 2014-15.

Net profit after taxes

The net profit after taxes for the financial year 2015-16 was ₹ 1,722 crores compared with ₹ 751 crores during the previous financial year, an increase of 129%, primarily on account of launch of a new product in US market with limited competition.

CAPITAL & DEBT

There was no change in the equity share capital during the year.

Out of the divisible profits of ₹ 1,722 crores (previous year ₹ 751 crores), a sum of ₹ 700 crores (previous year ₹ 63 crores) was transferred to General Reserve Account. During the year the Company distributed normal annual dividend of ₹ 20/- per share as interim dividend and a special dividend of ₹ 15/- per share as second interim dividend, aggregating to ₹ 592 crores. The total dividend distribution of ₹ 35/- per equity share, against ₹ 11.25 per equity share during 2014-15. The distribution, including the tax thereon, amounts to 41.11% of annual consolidated net profit after tax for the year, against the normal endeavour of the company to distribute 30%, which is on account of exceptional profits earned during the year from lower than anticipated competition in one of its products and some other one off items.

The net long-term borrowing decreased by ₹ 59 crores during the year, to ₹ 2,362 crores at the end of financial year 2015-16 from ₹ 2,421 crores at the end of financial year 2014-15. Outstanding working capital loans were ₹ 3.32 crores (previous year ₹ 319 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of financial year 2015-16 was 0.69 (previous year 0.97).

FIXED ASSETS

The net addition in fixed assets during the year was ₹ 398 crores, comprising of addition in gross assets of ₹ 638 crores reduced by increase in accumulated depreciation of ₹ 240 crores. Addition to fixed assets includes intangibles acquired during the year amounting to ₹ 117 crores.

WORKING CAPITAL AND LIQUIDITY

The trade working capital i.e. the net working capital investment excluding cash and cash equivalents, short term borrowings, current maturity of long term debt decreased by ₹ 427 crores from ₹ 918 crores at the end of financial year 2014-15 to ₹ 491 crores at the end of financial year 2015-16. Adjusting for accruals for health insurance contracts in Germany, the number of days of net trade working capital has decreased from 126 days in financial year 2014-15 to 71 days in financial year 2015-16.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by ₹ 542 crores to ₹ 1,407 crores from ₹ 865 crores at the end of financial year 2014-15. The Company generated net cash of ₹ 2,713 crores from operations (after working capital changes) during financial year 2015-16, while it spent a net amount of ₹ 701 crores in investing activities mainly on purchase of fixed assets. Net cash flow used in financing activities comprising dividend, interest and loan repayments was ₹ 1,435 crores during the financial year 2015-16.

For and on behalf of the Board

Ahmedabad
23rd May, 2016

Samir Mehta
Executive Chairman

REPORT ON CORPORATE GOVERNANCE

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. The formal code of Corporate Governance which was hitherto a part of listing agreement was subsequently subsumed in comprehensive regulations known as Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – “Listing Regulations.” While complying with the bedrock of the amended regulations by SEBI, Torrent has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY (comprehensive all round disclosure + financial controls) and ACCOUNTABILITY. This report sets out the governance systems and processes of the Company, as set out in Listing Regulations for the financial year ended 31st March, 2016. 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 Academician, an accomplished Professional, a leading Legal Professional, an Accounting Professional and an accomplished Banker 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 nine Directors as on 31st March, 2016 of which seven are Non-Executive Directors (NEDs) (78% of the Board strength) and five are Independent Non-Executive Directors (IDs) (56% of the Board strength).

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, apart from the Registered Office of the Company 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 eight times on 16th April, 2015, 15th May, 2015, 27th July, 2015, 8th October, 2015, 29th October, 2015, 4th February, 2016, 9th March, 2016 and 23rd March, 2016. 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 other related matters are as under:

Name & Designation of the Director ¹	Category ⁴	No. of other Directorship held ³	No. of other Board Committees of which Member / Chairman / Chairperson ³	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Shri Sudhir Mehta, Chairman Emeritus	NED	2	-	8	5	Yes
Shri Samir Mehta, Executive Chairman	Executive Chairman	2	1 (Member)	8	7	Yes
Shri Markand Bhatt	NED	1	1 (Member)	8	5	Yes
Shri Shailesh Haribhakti	ID	9	4 (Chairman) 4 (Member)	8	8	Yes
Shri Haigreave Khaitan	ID	9	3 (Chairman) 4 (Member)	8	3	No
Shri Pradeep Bhargava	ID	4	2 (Chairman) 2 (Member)	8	7	Yes
Prof. Ashish Nanda	ID	Nil	-	8	4	Yes
Smt. Renu Challu ²	ID	7	2 (Chairman) 4 (Member)	6	5	NA
Dr. Chaitanya Dutt, Director (Research & Development)	WTD	Nil	Nil	8	8	Yes

Notes:

- 1 Smt. Bhavna Doshi ceased to be a Director of the Company due to her resignation with effect from conclusion of the Board meeting on 15th May, 2015. She attended both meetings held during her tenure in the year.
- 2 Smt. Renu Challu was appointed as an Independent Director of the Company for a period of three consecutive years effective from 27th July, 2015.
- 3 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.
- 4 NED – Non-Executive Director (other than ID); ID – Independent Director; WTD – Whole-time Director; NA - Not Applicable.

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.

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

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.

During the financial year, the five IDs of the Company met on 21st December, 2015 under the chairmanship of Shri Haigreave Khaitan without the presence of Non-Independent Directors or Management personnel to review the performance of Non-Independent Directors, the Board and its 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/bod/Familiarisation_Program_of_Independent_Directors.pdf.

2. AUDIT AND RISK MANAGEMENT COMMITTEE

The constitution of the Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations which has replaced the Clause 49 of the Listing Agreement.

During the year, six meetings of the Committee were held on 15th May, 2015, 27th July, 2015, 8th October, 2015, 27th October, 2015, 21st December, 2015 and 4th February, 2016. 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.	6	6
Shri Pradeep Bhargava	ID	B. Sc. (Honours), B.E. (EC), MBA (IIMA)	6	5
Shri Haigreave Khaitan	ID	LL. B.	6	2
Smt. Renu Challu ¹	ID	MA Economics	4	4

- 1 Smt. Renu Challu was appointed as a Member of the Committee with effect from 27th July, 2015.

The Chairman of the Committee attended the last AGM of the Company.

The Company Secretary acts as the Secretary to the Committee. In addition, the Committee meetings are attended by the Chief Financial Officer, Vice President (Finance), Statutory Auditors, Internal Auditors, Cost Auditors and other related functional Executives of the Company when required.

The Committee holds meetings with Statutory Auditors and Internal Auditors on one to one basis and has ascertained that they have no unexpressed concerns. During the year, a special Audit Committee meeting outside the quarterly meetings was held to focus attention on relevant important regulatory and legal updates.

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 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.
- vii. To review the financial statements of unlisted subsidiary companies, and in particular, the investments made by them.

2. INTERNAL CONTROLS AND POLICIES FOR MAINTAINING VIGIL

- i. Scrutiny of inter-corporate loans and investments.
- ii. Valuation of undertaking's or assets of the Company, wherever it is necessary.
- iii. Evaluation of Internal Financial Controls and Risk Management systems.
- iv. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- v. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- vi. To review the functioning of the Whistle Blower (Vigil) mechanism.
- vii. To approve the appointment of Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- viii. Investigate any activity within its terms of reference and any matters referred to it by the Board.
- ix. To review the frauds reported by the Statutory Auditors, Cost Auditors and Secretarial Auditors, if any.
- x. Monitoring the end use of funds raised through public offers and related matters.
- xi. Reviewing with the Auditors and Management, if required, about internal control systems, the scope of audit, including the observations of the Auditors and review of financial statement before their submission to the Board and any related issues there with.

3. RELATIONSHIP WITH STATUTORY, INTERNAL & COST AUDITORS

- i. Recommend to the Board for appointment, remuneration and terms of appointment of Auditors of the Company.
- ii. Approval of payments to Statutory Auditors for any other services rendered by them.
- iii. Review and monitor the Auditor's independence and performance and effectiveness of audit process.
- iv. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- v. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- vi. Discussion with Internal Auditors of any significant findings and follow up there on.
- vii. Reviewing, with the Management, performance of Statutory and Internal Auditors adequacy of the internal control systems.

4. RISK MANAGEMENT

- i. Review procedures for risk assessment and minimization for informing the same to the Board.
- ii. Framing and recommending to the Board the Risk Management Policy and Plan.
- iii. Monitoring and reviewing the Risk Management plan.

5. RELATED PARTY TRANSACTIONS

- i. Approval or any subsequent modification of transactions of the Company with Related Parties.
- ii. To lay down the criteria for granting the omnibus approval in line with the policy on Related Party transactions.
- iii. To review, at least on a quarterly basis, the details of Related Party transactions entered into by the Company pursuant to each of the omnibus approvals given.

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 of Executives, as it considers appropriate to be present at the meetings of Committee. The Committee may access external professionals and obtain legal advice, if so required, and secure attendance of outsiders with relevant expertise, if it considers necessary, in discharge of its functions.

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

3. SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

The Securities Transfer & Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

During the year, the Committee met six times on 6th April, 2015, 25th May, 2015, 24th June, 2015, 8th July, 2015, 29th October, 2015 and 4th February, 2016.

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 Sudhir Mehta ¹	NED	4	3
Shri Markand Bhatt ³	NED	6	6
Shri Samir Mehta ³	Executive Chairman	6	6
Shri Shailesh Haribhakti ²	ID	2	2
Shri Haigreave Khaitan ⁴	ID	Nil	Nil
Smt. Renu Challu ⁴	ID	Nil	Nil

1. Shri Sudhir Mehta ceased to be a Member of the Committee with effect from 27th July, 2015.
2. Shri Shailesh Haribhakti was appointed as a Member of the Committee with effect from 27th July, 2015.
3. Shri Samir Mehta ceased to be a Member and Shri Markand Bhatt ceased to be Member and Chairman with effect from 4th February, 2016.
4. Shri Haigreave Khaitan and Smt. Renu Challu were appointed as Members of the Committee with effect from 4th February, 2016. Smt. Renu Challu was selected as the Chairperson of the Committee on 23rd May, 2016.

Shri Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee and was also the designated Compliance Officer for such matters.

The equity shares of the Company to the extent of 99.47% are held in dematerialised form & the handling of physical transfer of shares are minimal. No transfer of equity shares are pending as on 31st March, 2016.

During the year, the Company has received eight (8) complaints from shareholders and the same were attended within a reasonable period of time. No complaint was pending as on 31st March, 2016.

4. APPOINTMENT AND REMUNERATION OF DIRECTORS

Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends the appointment of Directors and remuneration of such Directors other than Independent Directors. The level and structure of remuneration of Senior Management of the Company as per the Remuneration Policy is also overseen by this Committee.

During the year, four meetings of the Committee were held on 15th May, 2015, 27th July, 2015, 29th October, 2015 and 4th February, 2016.

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
Prof. Ashish Nanda, Chairman	ID	4	3
Shri Markand Bhatt	NED	4	4
Shri Pradeep Bhargava	ID	4	3
Smt Bhavna Doshi ¹	ID	1	1

1. Smt Bhavna Doshi ceased to be Member of the Committee due to her resignation from the Board with effect from 15th May, 2015

Shri Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

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:

- To evaluate and recommend the composition of the Board of Directors and sub-committees thereof.
- 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.
- 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.
- To formulate a criteria for performance evaluation of Directors and the Board and to carry out evaluation of every Director's performance.
- Devising a Policy on Board Diversity.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- To recommend a Policy to the Board relating to the remuneration for the Directors, KMPs and other Employees, for its approval.
- The Committee shall, while formulating the policy, ensure the following :
 - 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;
 - Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - 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 Executive Directors, including the Functional Heads.
- To seek information from Management and have full access to the Company's records relevant to its functioning in discharge of its obligations.
- To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.
- 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.
- 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.

According to clause 4 above, the Board has, inter alia, approved the following evaluation criteria for the Independent Directors based on the recommendation of the Committee:

- Participation in Board in terms of adequacy (time & content);
- Contribution at meetings and
- Guidance / support to Management outside Board / Committee meetings.

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 form a part of the Director's Report.

Appointment and Remuneration of Executive Chairman / Whole-time Director

The appointment and remuneration of Shri Samir Mehta as Executive Chairman of the Company was decided by the Board and approved by the shareholders at their meeting held on 30th July, 2014. This appointment is for a period of five years effective from 30th July, 2014. Shri Samir Mehta is also liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

Appointment and Remuneration of Dr. Chaitanya Dutt, Director (Research & Development) was decided by the Board and approved by the shareholders at their meeting held on 27th July, 2015 effective from 01st January, 2015 for a period of three years up to 31st December, 2017.

Remuneration of Non-Executive Directors including Independent Directors

1. The shareholders at the AGM held on 27th July, 2015 approved the payment of commission to the Non-Executive Directors (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 2013 and authorised the Board of Directors or any Committee of the Board, specifically authorized for the purpose, to decide the actual amount of commission for each year. The commission is determined based on the participation of the Directors in the meetings of the Board and / or Committees thereof, as well as on industry practice, performance of the Company and contribution by the Directors, etc. Further, the Board has approved the payment of sitting fees at the rate of ₹ 1 lac per meeting to the INEDs for each Board and Committee meeting attended by them.
2. In case of absence or inadequacy of profits in any financial year, the NEDs shall be paid such remuneration as approved by the Board or its Committee authorised for the purpose for such financial year, subject to such approval as may be necessary.
3. The commission for any financial year shall become due on approval by the Board of the amount of such commission and of the financial statements for that year.

Details of remuneration of Directors for the year ended 31st March, 2016 are as under:

				(₹ in lacs)
Name & Designation of Director ^{\$}	Salary & Perquisites	Commission ^{##}	Sitting Fees ⁺⁺	Total
Shri Sudhir Mehta, Chairman Emeritus	Nil	1000.00	Nil	1000.00
Shri Samir Mehta, Executive Chairman	1.52 ^{**}	1500.00	Nil	1501.52
Shri Markand Bhatt ^{\$\$}	Nil	Nil	Nil	Nil
Shri Shailesh Haribhakti	Nil	80.00	18.00	98.00
Shri Haigreve Khaitan	Nil	61.00	7.00	68.00
Shri Pradeep Bhargava	Nil	76.00	18.00	94.00
Smt. Bhavna Doshi	Nil	6.00	4.00	10.00
Prof. Ashish Nanda	Nil	62.00	8.00	70.00
Smt. Renu Challu	Nil	69.00	11.00	80.00
Dr. Chaitanya Dutt, Director (Research & Development)	446.74 ^{***}	100.00	Nil	546.74
Total	448.26	2954.00	66.00	3468.26

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. None of the Directors are entitled to severance fees.
- # Includes house rent allowance, contribution to provident / gratuity / superannuation funds & approved perquisites.
- ## Commission as approved by the Board pursuant to the shareholders approval and subject to maximum limit specified in the Companies Act, 2013.
- ++ Sitting Fees as approved by the Board under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- ** In addition they are covered under group personal accident and group mediclaim policy as per Company's Rules.
- \$\$ Shri Markand Bhatt though eligible for commission and sitting fees, waived his right to receive the same.

Directors have not been granted any stock options during the year.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Shri Haigreve Khaitan, an Independent Director, is a partner, were paid ₹ 61.26 lacs 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.

Shareholding of Non-Executive Directors

Details of the equity shares held by Non-Executive Directors as on 31st March, 2016 are as under:

Name of the Director	Nos. of Equity shares
Shri Sudhir Mehta	7,602,856*
Shri Markand Bhatt	10,200**
Shri Shailesh Haribhakti	6,000

* Including shares held as Karta of HUF.

** Held jointly with Shri Gunjan Bhatt (son of Shri Markand Bhatt being independent) as first holder and Shri Markand Bhatt as second holder.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee, interalia, to formulate Corporate Social Responsibility (CSR) Policy, to recommend the amount of expenditure to be incurred on social activities and to monitor the CSR Policy.

During the year, two meetings of the Committee were held on 15th May, 2015 and 29th October, 2015.

The composition of the Committee as well as the particulars of attendance at the Committee meeting during the year and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Shri Pradeep Bhargava, Chairman	ID	2	1
Smt. Renu Challu ²	ID	1	1
Dr. Chaitanya Dutt	WTD	2	2
Smt Bhavna Doshi ¹	ID	1	1

1. Smt Bhavna Doshi ceased to be Member of the Committee due to her resignation from the Board with effect from 15th May, 2015
2. Smt. Renu Challu was inducted as member of the Committee with effect from 27th July, 2015.

Shri Mahesh Agrawal, Vice President (Legal) & Company Secretary, provided secretarial support to the Committee.

6. GENERAL BODY MEETINGS

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

AGM	Date	Time	Venue	No. of special resolutions passed
40 th AGM	26 th July, 2013	09:30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	-
41 st AGM	30 th July, 2014	09.30 AM		-
42 nd AGM	27 th July, 2015	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 30th April, 2016:

Date of Notice	Proposal	No. & % of votes casts in favour	No. & % of votes casts against
23 rd March, 2016	Special Resolution No. 1 for Issuance of Equity Shares including Convertible Bonds / Debentures through Qualified Institutional Placement (QIP) and / or Depository Receipts and / or any other modes for an amount not exceeding ₹ 3,000 crores.	146362213 (99.68%)	467390 (0.32%)
	Special Resolution No. 2 for Issuance of Unsecured / Secured Redeemable Non-Convertible Debentures / Bonds by way of Private Placement for an amount not exceeding ₹ 7,500 crores, subject to overall borrowing limits of ₹ 10,000 crores	139269234 (94.89%)	7493329 (5.11%)

Shri Rajesh Parekh, Practising Company Secretary, was appointed as Scrutinizer and has conducted the Postal Ballot for the aforesaid proposals.

The procedures prescribed under Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 were duly followed for conducting the Postal Ballot process for approving the resolutions mentioned above.

All of the aforesaid resolutions were passed by the shareholders by overwhelming and requisite majority.

At present, there is no further proposal to pass any resolution through Postal Ballot.

7. DISCLOSURES

a. Legal Compliances

The Company follows a formal Management policy and system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

There were no instances of material non-compliance and no penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

b. Code of Business Conduct

Code of Business Conduct 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 of Business Conduct for the effective period. The declaration by the Executive Chairman to that effect forms part of this report as Annexure 1.

c. 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 Policy for dealing with Related Party transactions. Transactions with every Related Party are as per the provisions of the law and the Related Party Policy. A copy of the Related Party Policy for dealing with Related Party transactions is available on the website http://www.torrentpharma.com/pdf/Related_Party_Transactions_Policy.pdf.

The Company has also formulated Policy on determining material Subsidiaries as required under Listing Regulations. A copy of the policy on determining material Subsidiaries is available on the website: http://www.torrentpharma.com/pdf/Policy_for_determining_Material_Subsidiaries.pdf.

During the year, the material Related Party transactions have been entered into by the Company with its wholly owned subsidiary in US whose accounts are consolidated with the Company. All the Related Party transactions are duly approved by Audit and Risk Management Committee / Board as required under the provisions of the Companies Act, 2013 and Listing Regulations as well as the Related Party Transaction Policy of the Company.

d. CEO / CFO Certification

The Executive Chairman and Chief Financial Officer (CFO) of the Company gives 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.

e. 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 in the Unclaimed Suspense Account lying at the beginning of the year i.e. 1 st April, 2015	199	1,09,200
Number of shareholders who approached the Company / Registrars and Transfer Agents (RTA) for transfer of shares from Unclaimed Suspense Account during the year ended 31 st March, 2016	6	2,960
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31 st March, 2016	6	2,960
Aggregate Number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year i.e. as on 31 st March, 2016	193	1,06,240

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

f. Whistle Blower Policy

The Company believes in conducting its affairs in a fair and transparent manner to nurture professionalism, honesty, integrity and ethical behavior. The Company is committed to develop a culture for the employees to raise concerns about any misconduct or unacceptable practice. Through Whistle Blower Policy the Company encourages employees to bring to the attention of Senior Management any improper practices, wrongful conduct taking place in the Company for taking appropriate action.

During the year, the Company initiated several awareness campaigns on Whistle Blower Policy to sensitize the employees on the importance of the Policy and to ensure right use of the same. Taking it a step further, the Company promoted the Policy to some of its external stakeholders including the Stockiest. The Policy and its intricacies were shared with them. The Company has received a positive response and it has helped in rectifying several misconducts and wrongdoings.

Under the Whistle Blower Policy, Protected Disclosures relating to financial matters are to be reported to the Chief Financial Officer (CFO) of the Company while those relating to the non-financial matters are to be reported to the Chief Executive Officer (CEO) of the Company, with a copy to the Chairman of the Audit and Risk Management Committee in all such cases and where the Protected Disclosure involves a CFO or CEO or Director of the Company, such Protected Disclosure may be made by any Stakeholder directly to the Chairman of Audit and Risk Management Committee.

Such Protected Disclosures can be made through a phone call, email or in writing.

g. Commodity price risk and hedging activities

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that are used in the manufacturing operations from foreign and domestic suppliers. Most of these materials are sourced from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company has Risk Management framework to pro-actively mitigate the impact through measures like cost based price increases, cost reduction measures, portfolio rationalization, renegotiate procurement contracts etc. The Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification.

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earning and net equity because of invoicing in foreign currencies, expenditures in foreign currencies, foreign currency borrowing and translation of financial statement of overseas subsidiaries into Indian Rupees. The Company has defined exchange Risk Management framework to manage these risks excluding the translation risks. The Company hedges 100% of its foreign exchange risk exposure by way of forward exchange contracts.

h. **Policy on Protection of Women against Sexual Harassment at Workplace**

The Company strongly believes in providing a safe and harassment free workplace to all its employees. The Company continuously endeavours to create and provide an environment that enables women employees to work without fear of prejudice, gender bias and sexual harassment and/or any such orientation in implicit or explicit form. For this purpose, the Company has in place 'Policy of Protection of Women Against Sexual Harassment at Work Place' and also formed Complaint Redressal Committees at various administrative units/ Offices.

During the Financial Year 2015-16, the Company received no complaint of sexual harassment.

i. **Policies adopted during the year:**

During the year, the Company adopted the following policies;

- the Policy for Preservation of Documents; and
- Policy for Determination of Material Events or Information. This Policy is available on the website of the Company at <http://www.torrentpharma.com/pdf/Policy-for-determination.pdf>.

j. **Mandatory & Non-Mandatory Clauses**

The Company has complied with all mandatory requirements laid down by Listing Regulations. The non-mandatory requirements complied with have been disclosed at the relevant places.

8. **COMMUNICATION TO SHAREHOLDERS**

During the year, audited quarterly and audited annual financial results on Standalone basis and un-audited quarterly and audited annual financial results on a Consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and were published in leading newspapers viz The Financial Express and The Indian Express in all edition of English language and The Financial Express in Gujarati language. These were also promptly put on the Company's website www.torrentpharma.com. All official news release of relevance, quarterly results and presentations made by the Company to investors / analysts were also made available on the Company's website for a reasonable period of time. The Company plans to send soft copies of Annual Report 2015-16 to those shareholders whose email 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," an initiative taken by the Ministry of Corporate Affairs.

9. **GENERAL SHAREHOLDER INFORMATION**

a. **43rd AGM**

Date & Time	Wednesday, 27 th July, 2016 at 09:30 AM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

b. **Tentative Financial Calendar for the year 2016-17**

Financial year	1 st April to 31 st March
First Quarter results	Fourth week of July 2016
Half Yearly results	Fourth week of October 2016
Third Quarter results	Fourth week of January 2017
Results for year-end	Second week of May 2017

c. **Dividend payment date**

During the year, the Company distributed Interim Dividend twice totalling to ₹ 35 per share (700%).

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 2016-17 to both the above stock exchanges.

e. Market Price Data

The closing market price of equity share on 31st March, 2016 (last trading day of the year) was ₹ 1339.70 on BSE & ₹ 1340.25 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, 2016 at BSE & NSE

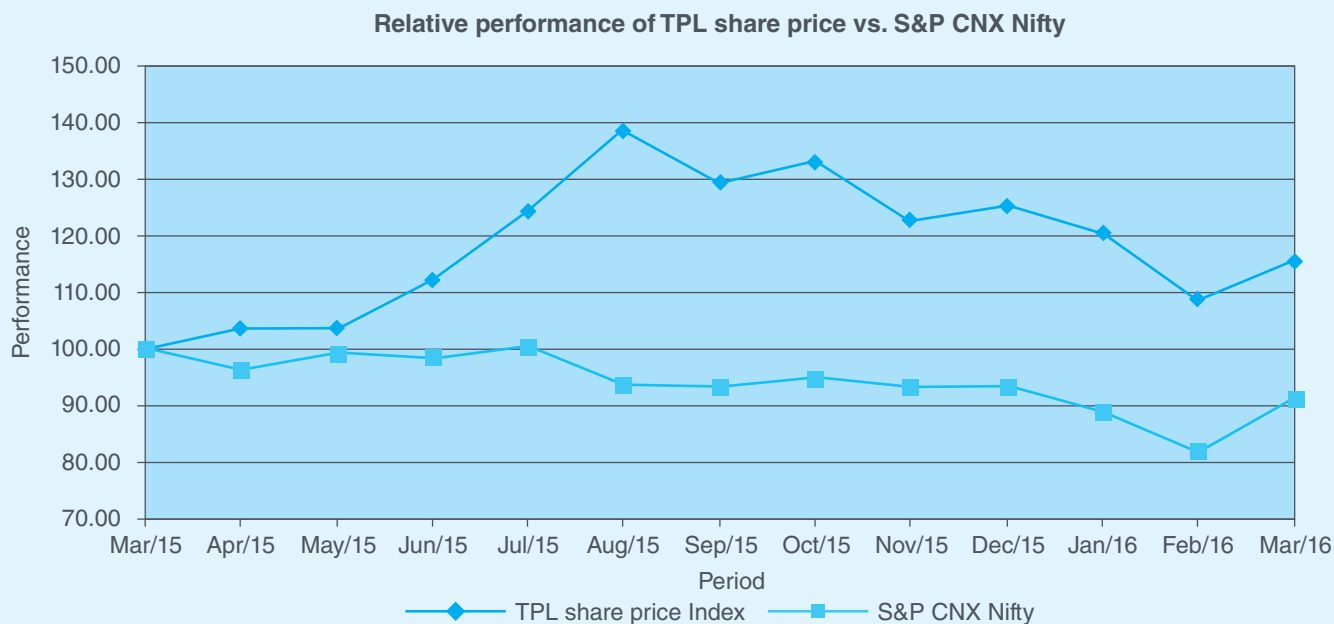
(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-15	1,334.75	1,133.45	233,182	1,333.70	1,135.00	2,107,495
May-15	1,292.50	1,151.25	204,137	1,294.00	1,151.00	2,693,544
Jun-15	1,370.00	1,172.20	144,922	1,370.00	1,169.05	2,778,576
Jul-15	1,520.00	1,288.00	484,976	1,515.00	1,286.00	4,766,702
Aug-15	1,674.60	1,375.00	418,538	1,674.75	1,390.05	3,576,167
Sep-15	1,720.00	1,379.00	480,187	1,718.40	1,375.00	4,850,196
Oct-15	1,636.00	1,472.00	478,229	1,635.00	1,471.10	3,222,312
Nov-15	1,585.05	1,405.55	382,081	1,585.85	1,403.50	2,894,087
Dec-15	1,507.95	1,375.50	336,669	1,509.90	1,375.60	2,966,060
Jan-16	1,509.75	1,270.00	276,895	1,509.90	1,271.00	3,605,499
Feb-16	1,410.05	1,190.00	691,313	1,412.00	1,189.00	4,501,456
Mar-16	1,469.00	1,250.85	933,674	1,445.00	1,250.00	5,018,767
Total			5,064,803			42,980,861
% of volume traded to outstanding shares			2.99%			25.40%

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-15	1,158.60	8,491.00	100.00	100.00
Apr-15	1,201.85	8,181.50	103.73	96.35
May-15	1,204.75	8,433.65	103.98	99.32
Jun-15	1,301.45	8,368.50	112.33	98.56
Jul-15	1,441.65	8,532.85	124.43	100.49
Aug-15	1,607.00	7,971.30	138.70	93.88
Sep-15	1,502.25	7,948.90	129.66	93.62
Oct-15	1,541.15	8,065.80	133.02	94.99
Nov-15	1,425.55	7,935.25	123.04	93.45
Dec-15	1,451.65	7,946.35	125.29	93.59
Jan-16	1,398.85	7,563.55	120.74	89.08
Feb-16	1,261.00	6,987.05	108.84	82.29
Mar-16	1,340.25	7,738.40	115.68	91.14

** data as on closing of the month



f. Distribution of shareholding as at 31st March, 2016

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% to Equity	No. of Holders	% to Holders
1 - 1,000	Electronic	5,110,289	3.02	43,118	93.20
	Physical	723,089	0.43	1,503	3.25
1,001 - 2,000	Electronic	1,131,546	0.67	748	1.62
	Physical	102,400	0.06	64	0.14
2,001 - 10,000	Electronic	2,234,818	1.32	514	1.11
	Physical	64,800	0.04	17	0.05
10,001 - 20,000	Electronic	1,199,519	0.71	86	0.19
	Physical	0	0.00	0	0.00
Above 20,000	Electronic	158,656,259	93.76	212	0.46
	Physical	0	0.00	0	0.00
	Electronic	168,332,431	99.47	44,678	96.58
	Physical	890,289	0.53	1,584	3.42
Total:		169,222,720	100.00	46,262	100.00

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	120,564,720	0	120,564,720	71.25
Mutual Fund and UTI	12,155,662	800	12,156,462	7.18
Bank, FIs & Insurance Companies	248,518	0	248,518	0.15
Foreign Institutional Investors / QFIs / NRIs	18,172,275	0	18,172,275	10.74
Other Bodies Corporate	3,671,674	9,610	3,681,284	2.18
Indian Public	13,519,582	879,879	14,399,461	8.51
Total	168,332,431	890,289	169,222,720	100.00

g. Dematerialisation of securities

The equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement. Approximately 99.47% 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

To expedite the transfer of shares held in physical mode the powers to authorise transfers have been delegated to specified officials of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferee within fifteen days. The details of transfers / transmissions approved by the delegates are noted by the Securities Transfer and Stakeholders Relationship Committee at its next meeting. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations (erstwhile Clause 47(c) of the Listing Agreement) 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 depository mode need not be approved by the Company.

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

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

j. Registered Office

Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India
Phone: + 91 79 26585090 / 26583060
Fax: + 91 79 26582100

k. 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-31A, East District, Gangtok (Sikkim)
4. Plot No 810, Sector III, Industrial area, Pithampur, Dist- Dhar, (Madhya Pradesh)

l. Project Sites

1. Dahej SEZ, Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat).
2. Bileshwarpura, Taluka Kalol, District Gandhinagar (Gujarat).

m. Research & Development Facility

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

n. Compliance Officer

Shri Mahesh Agrawal
VP (Legal) & Company Secretary
Torrent Pharmaceuticals Limited
Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India
Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100
Email Id: maheshagrawal@torrentpharma.com

o. Investor services

Email Id: investorservices@torrentpharma.com

p. Registrars & Transfer Agents (RTA)

KARVY COMPUTERSHARE PRIVATE LIMITED
Unit: Torrent Pharmaceuticals Limited
Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032, India
Tel No: +91 40 67162222
Fax No.: +91 23001153
Contact person: K. S. Reddy
E-mail: einward.ris@karvy.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: ajit.guruji@idbitrustee.com
Tel: +91 22 40807001
Mob: +91 9820343679
Fax: +91 22 66311776

For and on behalf of the Board

Ahmedabad
23rd May, 2016

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, 2015 or the date of their joining the Company, whichever is later, to 31st March, 2016 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
23rd May, 2016

Samir Mehta
Executive Chairman

Standalone Financial Statements 2015-16

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

TORRENT PHARMACEUTICALS LIMITED

We have audited the accompanying standalone financial statements of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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 Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's 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 on its financial position in its financial statements - Refer Note 24 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm Registration No. 117365W)

Hemendra Shah

Partner

Membership No. 33590

Ahmedabad
23rd May, 2016

ANNEXURE A TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)
Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of TORRENT PHARMACEUTICALS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting 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.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)

Hemendra Shah
Partner
Membership No. 33590

Ahmedabad
23rd May, 2016

ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (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 title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from parties. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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 Companies Act, 2013 and hence reporting under clause (iii) of the CARO 2016 is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount (in crores)
The Kerala Value Added Tax Act, 2003	Demand of Tax	Deputy Commissioner Appeals	2005-06 to 2007-08	0.69
The Madhya Pradesh Value Added Tax Act, 2002	Demand of Tax	Tribunal, Madhya Pradesh	2002-03 and 2003-04	0.25
		Deputy Commissioner Appeals	2010-11 and 2012-13	0.20
The Maharashtra Value Added Tax Act, 2002	Demand of Tax	Deputy Commissioner Appeals	2006-07	0.85
The Orissa Value Added Tax Act, 2004	Demand of Tax and Penalty	Additional Commissioner of Sales Tax, Orrisa	2004-05 to 2008-09 and 2012-13 to 2013-14	0.53
The West Bengal Sales Tax Act, 1994	Demand of Tax	Taxation Tribunal, West Bengal	2004-05	0.10
The Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41
The Uttar Pradesh Trade Tax Act, 2008	Demand of Penalty	Tribunal, Uttar Pradesh	2009-10	0.02
	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2010-11 and 2012-13	1.63
The West Bengal Value Added Tax Act, 2003	Demand of Tax	Additional Commissioner of Commercial Tax, West Bengal	2005-06 to 2008-09	1.31
		Joint Commissioner Commercial Tax, West Bengal	2010-11	0.47
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Additional Commissioner Excise, Indore	2010-11 to 2013-14	1.08
		Assistant Commissioner of Central Excise, Siliguri	2013-14	0.04
		Assistant Commissioner, Pithampur	2008-09 to 2010-11 and 2013-14 to 2015-16	0.41
		Central Excise and Service Tax Appellate Tribunal, Ahmedabad	2005-06 to 2011-12	0.40
		Commissioner (Appeals), Siliguri	2005-06 to 2012-13	0.05
		Central Excise and Service Tax Appellate Tribunal, Kolkata	2011-12	2.04
		Central Excise and Service Tax Appellate Tribunal, Delhi	2005-06 to 2008-09	3.87
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Commissioner (Appeals), Ahmedabad	2006-07	0.02
		Deputy Commissioner Central Excise, Kalol	2013-14	0.06
		Deputy Commissioner, Pithampur	2008-09 to 2009-10	0.06
		Principal Commissioner, Pithampur	2005-06 to 2015-16	5.89
The Finance Act, 1994	Demand of Penalty	Central Excise and Service Tax Appellate Tribunal, Ahmedabad	2006-07 to 2011-12	0.31
	Demand of tax and penalty	Additional Commissioner of service tax, Ahmedabad	2011-12 to 2013-14	0.60
		Commissioner of service tax, Ahmedabad	2012-13 and 2014-15	12.04
		Supreme Court of India	2007-08 to 2012-13	48.37
The E.S.I Act, 1948	E.S.I Contribution	Gujarat High Court	1993-94 to 2015-16	9.29
The Income Tax Act, 1961	Demand of Tax	Commissioner of Income Tax (Appeals)	2004-05 and 2008-09	0.31

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the 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, other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117365W)

Ahmedabad
23rd May, 2016

Hemendra Shah
Partner
Membership No. 33590

BALANCE SHEET

			(₹ in crores)
	Notes	As at 31-Mar-2016	As at 31-Mar-2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	2	84.62	84.62
Reserves and surplus	3	3,601.37	2,620.97
		3,685.99	2,705.59
Non-current liabilities			
Long-term borrowings	4	1,797.35	2,185.22
Deferred tax liabilities (net)	5	220.11	188.84
Other long-term liabilities	6	8.98	6.94
Long-term provisions	7	114.69	97.12
		2,141.13	2,478.12
Current liabilities			
Short-term borrowings	4	-	100.00
Trade payables			
Due to micro and small enterprises	26	1.88	1.18
Due to others		663.29	629.05
		665.17	630.23
Other current liabilities	6	789.82	413.71
Short-term provisions	7	46.95	169.26
		1,501.94	1,313.20
TOTAL		7,329.06	6,496.91
ASSETS			
Non-current assets			
Fixed assets	8		
Tangible assets		969.51	905.31
Intangible assets		1,729.98	1,858.19
Capital work-in-progress		983.69	627.78
		3,683.18	3,391.28
Non-current investments	9	153.68	150.35
Long-term loans and advances	10	321.95	186.05
Other non-current assets	11	58.83	50.28
		4,217.64	3,777.96
Current assets			
Current investments	9	745.27	283.48
Inventories	12	970.13	781.15
Trade receivables	13	911.50	1,181.32
Cash and cash equivalents	14	82.40	69.68
Short-term loans and advances	10	165.54	103.41
Other current assets	11	236.58	299.91
		3,111.42	2,718.95
TOTAL		7,329.06	6,496.91
Notes forming part of the Standalone Financial Statements			
	1-46		

In terms of our report attached

Signatures to the Balance Sheet

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
REVENUE			
Revenue from operations			
Sales		5,301.65	3,417.69
Less : Excise duties	29	10.51	7.88
Net sales		5,291.14	3,409.81
Operating income		137.80	65.74
Revenue from operations (net)	15	5,428.94	3,475.55
Other income	16	277.26	305.67
Total Revenue		5,706.20	3,781.22
EXPENSES			
Cost of materials consumed	17	1,040.97	968.20
Purchases of stock-in-trade		192.15	200.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	18	(50.36)	(85.57)
Employee benefits expense	19	587.73	507.41
Finance costs	20	181.72	172.72
Depreciation, amortisation and impairment expense		221.92	180.22
Other expenses	21	1,031.95	1,041.38
Total Expenses		3,206.08	2,985.14
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		2,500.12	796.08
Exceptional items (net)	43	139.48	-
PROFIT BEFORE TAX		2,360.64	796.08
TAX EXPENSE			
Current tax		495.52	165.94
Deferred tax charge / (credit)		32.03	141.38
MAT Credit Utilization/(Entitlement)		69.75	(134.74)
Short provision for tax of earlier years		-	0.32
		597.30	172.90
NET PROFIT FOR THE YEAR		1,763.34	623.18
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	22	104.20	36.83
Notes forming part of the Standalone Financial Statements	1-46		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Hemendra Shah
Partner

Ahmedabad
23rd May, 2016

Ashok Modi
Executive Director
& Chief Financial Officer

Signatures to the Statement of Profit and Loss

Samir Mehta
Executive Chairman

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

CASH FLOW STATEMENT

	Notes	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
A CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		2,360.64	796.08
Adjustments for :			
Depreciation, amortization and impairment		221.92	180.22
Provision no longer required written back		(35.48)	-
Share of profit from partnership firms		(0.96)	(0.94)
Allowance for doubtful debts (net of bad debts)		(0.35)	(5.97)
Exceptional items	43	139.48	-
(Gain) on sale / discard / write-off of fixed assets		(3.81)	(1.19)
Provision on asset held for sale		-	0.08
Loss on disposal of investment In subsidiaries		1.12	-
(Profit) on sale of current investments		(50.06)	(15.95)
Finance cost		181.72	172.72
Interest income		(14.47)	(11.73)
Government grant		-	(0.64)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,799.75	1,112.68
Adjustments for changes in working capital :			
Trade receivables, loans & advances and other assets		152.50	(121.94)
Inventories		(176.38)	(86.64)
Trade payables, liabilities and provisions		151.13	194.84
CASH GENERATED FROM OPERATIONS		2,927.00	1,098.94
Direct taxes paid		(559.52)	(33.78)
NET CASH FROM OPERATING ACTIVITIES		2,367.48	1,065.16
B CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Business	42	(231.00)	(1,960.00)
Purchase of fixed assets		(466.82)	(176.13)
Proceeds from fixed assets sold		24.25	5.79
Long-term investments in subsidiaries		0.37	-
Proceeds from sale / (Purchase) of long-term trade investments		53.31	(0.03)
Profit on sale of current investments		50.06	15.95
Interest received		0.90	15.72
NET CASH USED IN INVESTING ACTIVITIES		(568.93)	(2,098.70)
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		-	1,660.39
Proceeds from non convertible debentures		490.00	-
Repayment of long-term borrowings		(674.16)	(144.25)
Net proceeds / (repayment) of short term borrowings		(100.00)	(128.94)
Government grant		-	0.64
Dividend paid		(839.70)	(199.69)
Finance cost paid		(201.96)	(192.42)
NET CASH USED IN FINANCING ACTIVITIES		(1,325.82)	995.73
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		472.73	(37.81)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		353.16	390.97
Amount transferred consequent to Amalgamation		1.78	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		827.67	353.16
Note: Cash and cash equivalents as at end of the year			
Cash and cash equivalents	15	82.40	69.68
Current investments	10	745.27	283.48
		827.67	353.16

In terms of our report attached

Signatures to the Cash Flow Statement

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE - 1 : SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis for preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and provisions of the Companies Act, 2013, pronouncements of The Institute of Chartered Accountants of India and guidelines issued by The Securities and Exchange Board of India (SEBI). The Company has presented financial statements as per format prescribed by Schedule III, notified under the Companies Act, 2013. Except where otherwise stated, the accounting policies are consistently applied.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Current assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

1.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgements and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

1.3 Fixed assets, depreciation and amortization

Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset 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 acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) 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 project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight-line method based on useful life of the assets estimated by the management.

The management's estimate of the useful life for various categories of fixed assets are given below:

Office buildings*	58 years
Factory buildings*	28 years
Plant and machinery*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment *	10 to 20 years
Furniture and fixtures	10 years
Office equipment *	10 years
Computer equipment	3 years
Vehicles*	10 years

* For these class 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.

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.
- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of intangible assets are given below:

Product licenses	Upto 10 years
Software	3 to 5 years
Brands	Upto 15 years
Non Compete	Upto 3 years
Goodwill	Upto 15 years

The management estimated useful life of 15 years for brands and goodwill, based on expected growth in sales, future competition, life cycle of brand, over which majority of the future economic benefits will be generated.

Impairment of assets

- (a) Fixed assets are reviewed for impairment losses at each balance sheet date for events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

1.4 Investments

- (a) Noncurrent investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

1.5 Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS - 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

1.6 Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw materials and packing materials-Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

1.7 Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customers. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision for sales returns are estimated on the basis of historical experience, market conditions and specific contractual terms and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.
- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized 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.
- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

1.8 Employees retirement and other benefits

Short-term employee benefits :

Short-term employee benefits like salaries, wages, bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

Long-term employee benefits :

- (a) Defined contribution plan :

Contribution in case of defined contribution plans (provident fund, superannuation benefit, social security schemes and other fund / schemes) is charged to the statement of profit and loss as and when it is incurred as employee benefits.

- (b) Defined benefit plan :

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain / loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employees benefits.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at balance sheet date.

1.9 Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

1.10 Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

1.11 Cenvat credit

Cenvat (Central value added tax) credit in respect of excise, custom and service tax is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of cenvat credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

1.12 Stores and spares

Stores and spares (other than spares acquired with fixed assets) are charged to the statement of profit and loss as and when purchased.

1.13 Software costs

Expenditure incurred for procuring, developing, improving and maintaining software programs are charged to the statement of profit and loss as and when incurred, except when capitalized in accordance with Note 1.3 above.

1.14 Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred. Capital expenditure on research and development is reported as fixed assets under the relevant head. Depreciation on research and development fixed assets are not classified as research and development expenses and instead included under depreciation expenses.

1.15 Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straightline basis over the lease term.

1.16 Accounting for taxes

- (a) Current tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the provisions of the Income Tax Act, 1961.
- (b) Deferred tax resulting from "timing differences" between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Net deferred tax liabilities are arrived at after setting off deferred tax assets.
- (c) Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset when it is probable that the future economic benefit associated with it will flow to the Company.

1.17 Foreign currency transactions and balances

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) 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.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange 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. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification issued by the Ministry of Corporate Affairs.

- (d) Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

1.18 Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, "The Effects of Changes in Foreign Exchange Rates" applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.
- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 "Financial Instruments: Recognition and Measurement" are adopted w.e.f. 01st April, 2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

1.19 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimate can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 2 : SHARE CAPITAL		
Authorised		
200,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	100.00	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	125.00	125.00
Issued		
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	84.62	84.62
Subscribed and paid-up		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
Forfeited shares		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * Amount ₹ 35,000/- (previous year ₹ 35,000/-)	*	*
	84.62	84.62

Notes:

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

Particulars	As at 31-Mar-2016		As at 31-Mar-2015	
	Numbers	₹ in crores	Numbers	₹ in crores
As at the beginning of the year	169,222,720	84.62	169,222,720	84.62
Outstanding at the end of the year	169,222,720	84.62	169,222,720	84.62

- (ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 Equity Shares as fully paid up bonus shares of ₹ 5 each on 25th July, 2013, pursuant to the shareholders' resolution passed on 12th July, 2013.

- (iii) Torrent Private Limited, the holding Company, holds 86,115,472 (previous year 86,115,472) equity shares of ₹ 5 each, equivalent to 50.89% (previous year 50.89%) of the total number of subscribed & paid up equity shares, which is the only shareholder holding more than 5% of total equity shares.
- (iv) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 3 : RESERVES AND SURPLUS		
Capital reserve	0.71	0.71
Securities premium account	4.34	4.34
Debenture redemption reserve		
Balance as per last balance sheet	-	-
Add : Transfer from statement of profit and loss	122.50	-
	122.50	-
Cash flow hedge reserve		
Balance as per last balance sheet	105.38	84.34
Add : Adjustment during the year	(69.70)	21.04
	35.68	105.38
General reserve		
Balance as per last balance sheet	1,152.52	1,089.52
Add : Transfer from statement of profit and loss	700.00	63.00
	1,852.52	1,152.52
Balance in statement of profit and loss		
Balance as per last balance sheet	1,358.02	1,026.28
Add: Net profit for the year	1,763.34	623.18
Less: Appropriations:		
Interim dividend [₹ 35.00 per share, (previous year ₹ 5.00 per share)]	592.28	84.62
Proposed dividend [Nil per share (previous year ₹ 6.25 per share)]	-	105.76
Tax on distributed profits	120.96	38.06
Transfer to Debenture redemption reserve	122.50	-
Transfer to general reserve	700.00	63.00
Balance in statement of profit and loss	1,585.62	1,358.02
	3,601.37	2,620.97

			(₹ in crores)
	Notes	As at 31-Mar-2016	As at 31-Mar-2015
NOTE - 4 : BORROWINGS			
Long-term borrowings, non-current portion			
Secured Non Convertible Debentures [Note: (ii & v)]		490.00	-
Secured term loans from banks [Note: (i)]		1,296.73	2,171.60
Unsecured term loan from others		10.62	13.62
		1,797.35	2,185.22
Long-term borrowings, current portion			
Secured term loans from banks [Note: (i)]	6	462.50	233.45
Unsecured term loans from others		2.61	2.61
		465.11	236.06
Short-term borrowings			
Secured loans from banks [Note: (iii)]		-	95.00
Unsecured loans from banks		-	5.00
		-	100.00
		2,262.46	2,521.28

Foot Notes:

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

- (a) ₹ 375.89 crores (Previous Year ₹ 396.41 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.
- (b) ₹ 176.89 crores (Previous Year ₹ 208.64 crores) are secured by first pari-passu mortgage / charge on immovable as well as tangible movable assets (including inventories) 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.
- (c) ₹ 1003.57 crores (previous year ₹ 1600 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.
- (d) ₹ 200 crores (previous year ₹ 200 crores) is secured by first pari-passu mortgage / charge on freehold land located at village Rakanpur and free hold land and buildings located at Delhi, to the extent of Company's share in such properties, as well as on certain identified trademarks of the Company including its future line extensions.
- (e) ₹ 2.88 crores (previous year Nil), is secured by first exclusive mortgage / charge on on immovable and tangible movable assets, present and future located at Pithampur in Madhya Pradesh (Manufacturing facility).
- (ii) Non Convertible Debentures referred above to the extent of ₹ 490 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.
- (iii) Short Term Borrowings are in nature of Working capital facilities which are secured by hypothecation of inventories and book debts.

- (iv) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

Financial year	(₹ in crores)	
	Secured	Unsecured
2016-17	462.50	2.61
2017-18	344.95	3.79
2018-19	454.59	2.67
2019-20	428.57	1.98
2020-21	337.90	1.28
2021-22	188.57	0.90
2022-23	32.15	-
Total	2,249.23	13.23

- (v) Maturity profile and rate of interest of Non Convertible Debentures are set out as below:

	(₹ in crores)				
	Non-Current				
Rate of Interest	2020-21	2019-20	2018-19	2017-18	Total
9.20%	83.00	140.60	175.20	91.20	490.00

			(₹ in crores)
	Notes	As at 31-Mar-2016	As at 31-Mar-2015
NOTE - 5 : DEFERRED TAX			
Deferred tax liabilities			
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss in the earlier years		267.60	220.67
Deferred tax assets			
Provision for inventory		(10.38)	-
Provision for leave salary		(23.11)	(20.80)
Provision for gratuity		(5.70)	(2.35)
Provision for bonus		(2.57)	(1.58)
Provision for doubtful debts		(5.71)	(7.09)
Provision for other doubtful receivables		(0.02)	(0.01)
		(47.49)	(31.83)
Deferred tax liabilities (net) (includes ₹ 0.76 crore on acquired Zyg Assets)		220.11	188.84
NOTE - 6 : OTHER LIABILITIES			
Long-term liabilities			
Creditors for capital goods		8.80	5.96
Trade deposits		0.18	0.13
Derivative financial instruments		-	0.85
		8.98	6.94
Current liabilities			
Current maturities of long-term debt	4	465.11	236.06
Interest accrued but not due on borrowings		47.09	17.65
Unclaimed dividend (not due)		2.19	1.74
Creditors for capital goods		74.12	32.49
Payables for employee benefits		65.45	50.27
Trade advances and deposits		16.60	12.68
Payables to statutory and other authorities		25.36	21.96
Book overdraft		17.56	11.57
Advance from related parties		73.62	25.76
Derivative financial instruments		1.67	1.87
Other payables		1.05	1.66
		789.82	413.71
		798.80	420.65
NOTE - 7 : PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Gratuity	27	16.46	4.57
Leave benefits		57.90	52.96
		74.36	57.53
Provision for sales returns	28	40.33	39.59
		114.69	97.12
Short-term provisions			
Provision for employee benefits			
Leave benefits		8.86	7.14
Provision for sales returns	28	38.09	35.21
Proposed dividend		-	105.76
Tax on distributed profits		-	21.15
		46.95	169.26
		161.64	266.38

NOTE - 8 : FIXED ASSETS

(₹ in crores)

Particulars	Gross Block (At Cost)				Depreciation and amortization				Net Block	
	As at 1-Apr-2015	Additions during the year (Note iv)	Deductions / Adjustments during the year	As at 31-Mar-2016	As at 1-Apr-2015	Additions during the year	Deductions / Adjustments during the year	As at 31-Mar-2016	As at 31-Mar-2016	As at 31-Mar-2015
TANGIBLES										
Land										
Freehold	116.05	6.46	-	122.51	-	-	-	-	122.51	116.05
Leasehold	46.19	7.18	17.27	36.10	1.98	0.86	-	2.84	33.26	44.21
Buildings	349.63	44.06	0.02	393.67	77.27	11.23	-	88.50	305.17	272.36
Plant and equipments	717.13	87.70	5.99	798.84	332.95	55.88	4.82	384.01	414.83	384.18
Furniture and fixtures	36.76	3.40	0.14	40.02	22.84	2.69	0.13	25.40	14.62	13.92
Vehicles	10.47	3.46	4.57	9.36	4.64	1.17	2.74	3.07	6.29	5.83
Office equipments	43.93	7.55	0.11	51.37	34.49	3.23	0.09	37.63	13.74	9.44
Electrical equipments	107.29	5.08	0.43	111.94	47.97	5.20	0.32	52.85	59.09	59.32
(A)	1,427.45	164.89	28.53	1,563.81	522.14	80.26	8.10	594.30	969.51	
Previous Year	1,294.16	150.70	17.41	1,427.45	462.77	72.26	12.89	522.14		905.31
INTANGIBLES										
Computer softwares	28.60	2.27	-	30.87	25.45	2.38	-	27.83	3.04	3.15
Product Licenses	-	11.26	-	11.26	-	0.56	-	0.56	10.70	-
Brands	1,814.70	-	-	1,814.70	91.48	120.98	-	212.46	1,602.24	1,723.22
Non-compete	30.50	-	-	30.50	7.69	10.17	-	17.86	12.64	22.81
Goodwill	114.80	-	-	114.80	5.79	7.65	-	13.44	101.36	109.01
(B)	1,988.60	13.53	-	2,002.13	130.41	141.74	-	272.15	1,729.98	
Previous Year	27.13	1,961.47	-	1,988.60	22.36	108.05	-	130.41		1,858.19
TOTAL (A+B)	3,416.05	178.42	28.53	3,565.94	652.55	222.00	8.10	866.45	2,699.49	-
Previous Year	1,321.29	2,112.17	17.41	3,416.05	485.13	180.31	12.89	652.55		2,763.50

(i) Additions to Research and Development assets during the year are as under :

(₹ in crores)

Particulars	Year ended 31-Mar-2016	Year ended 31-Mar-2015
Freehold land	-	-
Buildings	0.76	0.05
Plant and equipment [including laboratory equipment]	10.06	1.08
Electrical equipment	0.14	0.01
Furniture and fixtures	0.34	0.14
Office equipment	0.81	0.42
Vehicles	0.68	0.02
Intangibles being softwares	0.31	0.09
Total	13.10	1.80

(ii) Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management are as under:

(₹ in crores)

Particulars	Proportion of holding	As at 31-Mar-2016	As at 31-Mar-2015
Freehold land	50%	23.79	23.79
Freehold land	30%	35.69	35.69
Buildings	30%	0.65	0.65

(iii) Depreciation and amortization for the year includes ₹ 0.08 crore (previous year ₹ 0.09 crore) transferred to capital work-in-progress.

(iv) Additions during the year includes ₹ 31.24 crores pursuant to acquisition of 100% stake in Zyg Pharma Private Limited on 17th July, 2015 and amalgamated with the company w.e.f 01st October, 2015.

	No. of Units	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 9 : INVESTMENTS			
Non-current [valued at cost]			
Investment in subsidiaries, unquoted			
Zao Torrent Pharma	23802	58.80	58.80
fully paid-up equity shares of Russian Roubles 100 each			
Less : Provision for diminution in value [Note i]		(23.08)	(23.08)
		35.72	35.72
Torrent Do Brasil Ltda	19144418	31.11	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma GmbH : equity capital	-	23.37	23.37
Torrent Pharma Inc.	12000	4.99	4.99
fully paid-up common Stock of USD 100 each			
Torrent Pharma Philippines Inc	192732	4.75	0.92
fully paid-up equity shares of Philippines Pesos 200 each	[55852]		
Laboratorios Torrent, S.A. De C.V.	74741	27.99	27.99
fully paid-up equity shares of Mexican Pesos 1000 each			
Torrent Australasia Pty Limited	675000	0.30	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma Canada Inc.	[334279]	-	1.49
fully paid-up equity shares of Canadian Dollar 1 each			
Torrent Pharma SRL	97000	6.27	6.27
fully paid-up equity shares of Euro 10 each			
Torrent Pharma (UK) Ltd.	225000	1.68	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co.Ltd.	1880000	1.59	1.59
fully paid-up equity shares of 5 Thai baht each			
Torrent Pharma France S.A.S.	1	0.09	0.09
fully paid-up equity share of 1 Euro each			
Laboratories Torrent (Malaysia) SDN BHD	500000	0.77	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
		138.63	136.29
Investment in partnership firms [Note (iii)]			
Torrent Pharmaceuticals (Sikkim)		14.96	14.00
Trade investments, unquoted			
GPC Cayman Investors I Ltd. - fully paid-up equity shares of USD 10 each [Note 43]	-	-	37.49
Less: Provision for diminution in value [Note (i)]	[820601]	-	(37.49)
		-	-
Shivalik Solid Waste Limited - fully paid-up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	0.02

	No. of Units	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
Non-trade investments, unquoted			
Tornascent Care Institute - fully paid up shares of ₹ 10 each	25000	0.03	0.03
UNM Foundation - fully paid up shares of ₹ 10 each (Previous year NIL)*	25000	0.03	-
National savings certificates		0.01	0.01
Saraswat Co-Op Bank Ltd. - fully paid up shares of ₹ 10 each (Previous year NIL)	1000	0.00	-
		0.07	0.04
		153.68	150.35

* The Company has, jointly with Torrent Power Ltd, promoted a Section 8 company, i.e. UNM Foundation, under the Companies Act, 2013 for the purpose of charitable activities.

Current investments [valued at lower of cost and fair value]

Units of mutual fund schemes - Debt and Gilt funds [Note (ii)]

L & T Liquid Fund	720073	146.96	-
Prudential ICICI Liquid Plan - Institutional Growth	6667297 [108977]	143.95	2.25
Axis Liquid Fund	891804	143.15	-
Tata Money Market Fund	480386	111.59	-
SBI Premier Liquid Fund - Regular Plan - Growth	361255	85.51	-
Kotak Liquid Scheme Plan A - Growth	277930	84.04	-
IDFC Cash Fund - Plan C	167485 [433840]	30.06	73.55
HDFC Cash Management Fund Saving - Growth	[3169161]	-	9.25
Tata Liquid Fund Plan A - Growth	[284655]	-	73.20
DSP ML Liquidity Fund - IP -Growth	[360472]	-	72.00
LIC NOMURA MF Liquid Fund - Growth Plan	[211253]	-	53.23
		745.26	283.48

Trade investments, quoted

Corporation bank - Equity shares of ₹ 10 each	3100	0.02	-
Less: Provision for diminution in value [Note i]		(0.01)	-
		0.01	-
		745.27	283.48

Aggregate unquoted investments

Note:

(i) Aggregate provision for diminution in value of investments	23.09	60.57
(ii) Aggregate NAV of investment in mutual funds	764.23	284.19
(iii) Disclosures in respect of investment in partnership firms:		

Name of the firm	Name of the Partner	Share in Partnership	Capital As at 31-Mar-2016	Capital As at 31-Mar-2015
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	14.96	14.00
	Torrent Employees Welfare Trust	3%	0.46	0.43

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 10 : LOANS AND ADVANCES		
[Unsecured and considered good, unless otherwise stated]		
Long term loans and advances		
Capital advances	88.53	22.42
Security deposits	8.45	10.04
Advance tax paid, net of provisions	8.27	14.02
MAT credit entitlement	64.99	134.74
Share application money pending allotment	-	3.84
Loans & advances to related parties	150.58	-
Other advances recoverable in cash or kind or for value to be received	1.13	0.99
	321.95	186.05
Short term loans and advances		
Security deposits	0.62	0.58
Balance with VAT, excise and customs department	0.45	0.25
Loans & advances to related parties	38.50	16.46
Other advances recoverable in cash or kind or for value to be received	125.97	86.12
	165.54	103.41
	487.49	289.46
NOTE - 11 : OTHER ASSETS		
[Unsecured and considered good, unless otherwise stated]		
Non-current assets		
Derivative financial instruments	58.83	50.28
Current assets		
Export benefits receivable	94.56	37.72
Claims receivable : indirect tax / insurance / others		
Considered good	76.73	70.06
Considered doubtful	0.07	0.02
Less : Allowance for doubtful claims receivable	0.07	0.02
	76.73	70.06
Interest accrued on loans and deposits	14.54	0.97
Derivative financial instruments	49.93	190.97
Fixed assets held for sale	0.82	0.19
	236.58	299.91
	295.41	350.19
NOTE - 12 : INVENTORIES		
[At lower of cost and net realisable value]		
Raw materials	496.74	364.07
Packing materials	47.25	41.30
Work-in-progress	153.45	135.75
Finished goods	193.46	169.23
Stock-in-trade	79.23	70.80
	970.13	781.15

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 13 : TRADE RECEIVABLES		
Debts over six months from due date		
Considered good	63.28	217.24
Considered doubtful	16.20	22.23
Less : Allowance for doubtful trade receivables	16.20	22.23
	63.28	217.24
Debts less than six months from due date		
Considered good	848.22	964.08
Considered doubtful	0.30	0.30
Less : Allowance for doubtful trade receivables	0.30	0.30
	848.22	964.08
	911.50	1,181.32
NOTE - 14 : CASH AND CASH EQUIVALENTS		
Cash on hand	0.09	0.06
Balances with banks	80.05	67.84
Fixed deposits	0.04	0.02
Balances with banks for unclaimed dividend	2.19	1.74
Term deposits lodge with banks as securities	0.03	0.02
	82.40	69.68

Note: Cash and cash equivalents stated above excludes investment in mutual funds disclosed under Note - 9 current investments as per requirements of AS 13 - "Accounting for Investments".

	Notes	Year Ended 31-Mar-2016	(₹ in crores) Year Ended 31-Mar-2015
NOTE - 15 : REVENUE FROM OPERATIONS			
Sales			
Sales in India		2,226.59	1,882.18
Sales outside India		3,075.06	1,535.51
		5,301.65	3,417.69
Less : Excise duties	29	10.51	7.88
		5,291.14	3,409.81
Operating Income			
Export benefits		122.36	39.41
Income from product registration dossiers		2.36	10.71
Compensation and settlement income		-	2.23
License Income		0.33	-
Other operating income		12.75	13.39
		137.80	65.74
		5,428.94	3,475.55

	Notes	Year Ended 31-Mar-2016	(₹ in crores) Year Ended 31-Mar-2015
NOTE - 16 : OTHER INCOME			
Interest income		14.47	11.73
Share of profit from partnership firm		0.96	0.94
Net gain on sale of investments		50.06	15.95
Net foreign exchange gain		163.98	274.88
Provision no longer required, written back		35.48	-
Other non-operating income		8.50	0.98
Profit on sale of fixed assets		3.81	1.19
		277.26	305.67
NOTE - 17 : COST OF MATERIALS CONSUMED			
Raw materials		895.83	827.78
Packing materials		145.14	140.42
		1,040.97	968.20
NOTE - 18 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Opening stocks			
Finished goods		169.23	151.27
Work-in-progress		135.75	108.53
Stock-in-trade		70.80	30.41
		375.78	290.21
Less : Closing stocks			
Finished goods		193.46	169.23
Work-in-progress		153.45	135.75
Stock-in-trade		79.23	70.80
		426.14	375.78
Net (increase) / decrease in stock		(50.36)	(85.57)
NOTE - 19 : EMPLOYEE BENEFITS EXPENSE			
[Other than those included in pre-operative expenses]			
Salaries, wages and bonus		507.83	450.00
Contribution to provident and other funds		37.62	29.55
Gratuity cost		23.94	13.92
Staff welfare expenses		18.34	13.94
		587.73	507.41
NOTE - 20 : FINANCE COSTS			
[Other than those included in pre-operative expenses]			
Interest expense		177.14	153.48
Other borrowing cost		4.58	7.51
Net foreign exchange loss, to the extent considered as finance costs		-	11.73
		181.72	172.72

			(₹ in crores)
	Notes	Year Ended 31-Mar-2016	Year Ended 31-Mar-2015
NOTE - 21 : OTHER EXPENSES			
[Other than those included in pre-operative expenses]			
Power and fuel		91.17	96.57
Stores and spares consumed		72.03	59.57
Cost of outsourced manpower		40.33	32.26
Job work charges		15.89	16.08
Laboratory goods and testing expense		96.09	60.58
Clinical research expense		12.60	12.39
Excise duties	29	9.38	6.54
Repairs and maintenance			
Machinery		13.35	10.41
Buildings		7.20	4.35
Others		4.68	3.20
		25.23	17.96
Selling, publicity and medical literature expense		366.53	361.52
Commission on sales		24.19	21.78
Sales and turnover taxes		7.60	7.87
Allowance for doubtful debts [net of bad debts written-off ₹ 5.85 crores (Previous year Nil)]		(0.35)	(5.97)
Travelling, conveyance and vehicle expenses		78.67	75.15
Liaison support services		11.98	104.94
Compensation expense [Net of reversal ₹ 1.08 crores (Previous year ₹ 2.57 crores)]		4.32	(2.19)
Registration expenses		14.53	17.49
Rent		8.47	6.22
Rates and taxes		0.41	0.57
Communication expenses		9.35	9.10
Printing and stationery expenses		4.14	3.76
Insurance		6.33	3.35
Loss on disposal of investment In subsidiaries		1.12	-
Provision on asset held for sale		-	0.08
Auditors remuneration and expenses	33	0.91	0.88
Cost audit fees		0.06	0.05
Commission to non-executive directors		15.61	6.54
Donation		15.43	10.76
Corporate Social Responsibility expense	44	16.13	14.31
General charges		83.80	103.22
		1,031.95	1,041.38

NOTE - 22 : EARNINGS PER SHARE

The basic and diluted Earnings Per Share [EPS] are:

			Year ended 31-Mar-2016	Year ended 31-Mar-2015
Net profit for the year	(a)	(₹ in crores)	1,763.34	623.18
Weighted average number of equity shares	(b)	(Nos.)	169,222,720	169,222,720
EPS (basic and diluted)	(a) / (b)	(₹)	104.20	36.83
Nominal value per equity share		(₹)	5.00	5.00

			As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
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NOTE - 23 : CAPITAL AND OTHER COMMITMENTS

(a) Estimated amount of unexecuted capital contracts [net of advances] not provided for:	244.56	183.08
(b) 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)]	2.99	2.81
	247.55	185.89

NOTE - 24 : CONTINGENT LIABILITIES

Contingent Liabilities not provided for in respect of :

(a) Claims against the Company not acknowledged as debts		
Disputed demand of income tax for which appeals have been preferred	5.21	7.01
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	9.29	8.24
Disputed demand of excise and service tax	74.98	14.87
Disputed demand of local sales tax and C.S.T.	0.75	0.41
Disputed cases at labour court / industrial court	4.79	3.15
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	0.40	-
	95.42	33.68
Against the above, the Company has paid ₹ 0.13 crores (previous year ₹ 0.09 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.		
(b) The Company has issued guarantees aggregating USD 8.40 crore (previous year USD 8.40 crore) to secure lines of credit to its wholly owned subsidiaries. The outstanding amount of liabilities by the subsidiaries as on balance sheet date, converted at closing exchange rate, is	557.20	525.76
	652.62	559.44

NOTE - 25 : LOANS TO GROUP COMPANIES

(a) The details of loans given by the Company to its wholly owned subsidiaries are as under :

(₹ in crores)

Name of the Subsidiary	Loan given		Maximum Amount outstanding during the year	Balance as at	
	2015-16	2014-15		31-03-2016	31-03-2015
Torrent Pharma France S.A.S.	-	8.05	17.56	17.56	15.78
Torrent Do Brasil Ltda	191.44	-	205.85	171.14	-
Total	191.44	8.05		188.70	15.78

- (b) Other than above, the Company has not given any loans or advances in the nature of loan to any of its subsidiaries and associates or firms / companies in which Directors are interested.
- (c) There are no loans where either no interest is charged or interest is below the rate specified in Section 186 of the Companies Act, 2013, wherever applicable.

NOTE - 26 : MICRO, SMALL AND MEDIUM ENTERPRISES

Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
(a) (i) The principal amount remaining unpaid at the end of the year	1.88	1.18
(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	0.17	0.71
(ii) Interest actually paid under Section 16 of the MSMED Act	0.00	0.01
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.00	0.00
(d) Total interest accrued during the year and remaining unpaid	0.00	0.00

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.

NOTE - 27 : GRATUITY BENEFIT PLAN

The accruing liability on account of gratuity (retirement benefit in the nature of defined benefits plan) is accounted as per Accounting Standard 15 (revised 2005) "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.

	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	79.22	55.60
Current service cost	9.63	6.80
Interest cost	6.32	5.16
Liabilities transferred in	0.09	4.66
Actuarial gain / (loss)	13.09	13.80
Benefits paid directly by the employer	(0.05)	(0.07)
Benefits paid from the fund	(5.34)	(6.73)
Obligations at the end of the year	102.96	79.22
(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	74.65	53.73
Expected return on plan assets	5.97	5.77
Actuarial gain / (loss)	(2.53)	5.39
Contributions	13.75	12.00
Assets transferred in	-	4.49
Benefits paid	(5.34)	(6.73)
Plan assets at the end of the year	86.50	74.65
Actual return on plan assets	3.44	11.16

	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
(c) Gratuity cost for the year :		
Current service cost	9.63	6.80
Interest cost	6.32	5.16
Expected return on plan assets	(5.97)	(5.77)
Net Actuarial (gain) / loss	15.62	8.41
Net gratuity cost	25.60	14.60
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :		
Obligations at the end of the year	102.96	79.22
Plan assets at the end of the year, at fair value	86.50	74.65
(Asset) / Liability recognised in Balance sheet	16.46	4.57
(ii) Experience adjustments gain / (loss)		
Plan liabilities	(11.84)	(7.24)
Plan assets	(2.53)	5.39
(e) Expected contribution for the next year	20.85	14.20
(f) Assumptions		
Discount rate	7.80%	7.98%
Expected rate of return on plan assets	7.80%	11.79%
Salary escalation rate	10.00%	10.00%

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.

(g) Data for defined benefit obligation and fair value of plan assets are as under :

	(₹ in crores)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Present value of defined benefit obligations at the end of the year [independent actuary]	37.11	48.47	55.60	79.22	102.96
Fair value of plan assets at the end of the year	34.79	41.03	53.73	74.65	86.50
(Net assets) / liability at the end of year	2.32	7.44	1.87	4.57	16.46

(h) 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 who has invested the funds substantially as under :

	As at 31-Mar-2016	As at 31-Mar-2015
Equity Instruments	17.35%	19.57%
Corporate Bonds	42.59%	30.88%
Government Securities	34.81%	39.63%
Fixed Deposits with Banks	0.39%	5.20%
Other Current Assets & Equity	4.85%	4.73%

NOTE - 28 : PROVISION FOR SALES RETURNS

The Company as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision is made for such returns estimated on the basis of historical experience, market conditions and specific contractual terms. Details of the provision is as under :

	(₹ in crores)	
	As at 31-Mar-2016	As at 31-Mar-2015
Opening provision	74.80	67.70
Add: Additional provision	52.38	43.04
Less: Actual returns during the year	48.76	35.94
Closing provision	78.42	74.80

NOTE - 29 : EXCISE DUTIES

Excise duties shown as deduction from domestic sales represents the amount of excise duty collected on sales. Excise duty expense under Note -21, "Other Expenses", represents (i) the difference between excise duty element in closing stock and opening stock, and (ii) excise duty paid on samples and on inventory write-off, which is not recoverable from sales.

	(₹ in crores)	
	Year ended 31-Mar-2016	Year ended 31-Mar-2015

NOTE - 30 : PRE-OPERATIVE EXPENSES

Pre-operative expenses allocated to projects during the year (included in capital work-in-progress & fixed assets) are as under:

Employee benefits expenses		
Salaries, wages and bonus	26.21	17.32
Contribution to provident and other funds	2.27	1.28
Gratuity cost	1.66	0.68
Welfare expenses	2.02	0.82
	32.16	20.10
Power and fuel	17.33	8.74
Cost of outsourced manpower	2.25	0.90
Communication expenses	0.07	0.06
Travelling, conveyance and vehicle expenses	2.99	1.54
Printing and stationery expenses	0.48	0.24
Insurance	0.34	0.50
Rent	0.05	0.09
Depreciation	0.08	0.09
Finance costs	55.30	40.09
General charges	22.24	1.56
	133.29	73.91

(₹ in crores)

**Year ended
31-Mar-2016**
**Year ended
31-Mar-2015**
NOTE - 31 : RESEARCH AND DEVELOPMENT EXPENSES

- (a) Break-up of research and development expenses included in statement of profit and loss under below heads:

Operating income:

Government grant income

- 0.64

Material cost - Exhibit batches

10.09 7.57

Employee benefits expenses:

Salaries, wages and bonus

69.26 58.79

Contribution to provident and other funds

6.14 4.35

Gratuity cost

2.75 2.01

Welfare expenses

1.97 1.85

80.12 67.00

Other expenses:

Power and fuel

5.14 4.64

Stores and spares consumed

13.23 8.95

Cost of outsourced manpower

1.76 1.45

Laboratory goods and testing expenses

53.91 26.35

Clinical research expenses

11.70 11.08

Repairs and maintenance

3.39 3.33

Travelling, conveyance and vehicle expenses

3.24 2.89

Communication expenses

0.83 0.61

Printing and stationery expenses

0.49 0.45

Insurance

0.32 0.21

Rates and taxes

0.13 0.13

Interest on fixed period loans

0.35 0.17

General charges

24.16 19.57

118.65 79.84

208.86 153.77

- (b) Depreciation and amortization includes ₹ 9.27 crore (previous year ₹ 11.47 crore) 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 :

(₹ in crores)

	As at 31-Mar-2016	As at 31-Mar-2015
Capital work in progress	42.21	6.59
Advances for Capital expenditure	10.51	2.46
Total	52.72	9.05

	(₹ in crores)	
	Year ended 31-Mar-2016	Year ended 31-Mar-2015
NOTE - 32 : DONATION TO POLITICAL PARTIES		
Donation includes political contributions as under:		
Satya Electoral Trust	10.00	-
Sikkim Democratic Front	0.25	-
Bhartiya Janata Party	-	3.00
Indian National Congress	-	1.00
Nationalist Congress Party	-	1.00
	10.25	5.00
NOTE - 33 : AUDITORS REMUNERATION		
(a) As audit fees		
- Statutory audit fees	0.37	0.23
(b) For quarterly limited review of subsidiaries financials	0.50	0.61
(c) For certificates	0.02	0.03
(d) For reimbursement of expenses	0.02	0.01
	0.91	0.88
NOTE - 34 : FOREIGN EXCHANGE LOSS / (GAIN)		
Foreign exchange loss / (gain) included in the net profit for the year :		
Net foreign exchange loss / (gain), included in other expenses (Note - 21) / other income (Note - 16) :	(163.98)	(274.88)
(a) Add: Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to finance cost, included in Note 20.	-	11.73
(b) Less: MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30	77.03	(120.97)
Total foreign exchange loss / (gain) as per AS 11	(241.01)	(142.18)

NOTE - 35 : NET FOREIGN CURRENCY HEDGE POSITION

Net foreign currency positions outstanding as at 31-Mar-2016 under derivatives contracts for hedging are summarised below:

(Amount in crores)

Hedged item / nature of derivative contracts		Net position under derivative contracts				Unhedged foreign currency exposures		
		Buy / Sell	Currency	31-Mar-2016	31-Mar-2015	Currency	31-Mar-2016	31-Mar-2015
1	Foreign currency loan - payable							
	Cross Currency swap	Buy	USD - INR	8.33	9.67			
2	Foreign currency loan - receivable							
	Loan to group companies	Sell	USD - INR	2.58	-	EUR	0.23	0.23
3	Foreign currency interest rate swap	Buy	USD - INR	0.05	0.05		-	-
4	Foreign currency interest - receivable	Sell	USD - INR	0.19	-	EUR	0.03	0.01
5	Trade payables	Buy	EUR - INR	0.04	-	RUB	5.69	3.02
						USD	0.27	-
						EUR	0.21	1.01
						CHF	0.01	-
						AUD	0.00	0.00
						GBP	0.00	0.03
						THB	-	0.02
						CAD	0.00	0.00
6	Foreign currency receivables							
	Forward exchange contracts	Sell	USD - INR	8.65	12.85	RUB	0.90	3.36
		Sell	EUR - USD*	1.89	2.67	MXN	0.23	0.19
		Sell	RUB - USD*	10.00	8.17	CAD	0.02	-
		Sell	GBP - USD*	0.38	0.25	USD	-	0.01
		Sell	MXN - USD*	0.89	0.62	GBP	-	0.02
						EUR	-	0.01

* For currencies other than USD, the company has also entered into corresponding forward contracts to hedge USD as well.

Notes :

- (a) INR = Indian Rupees, reporting currency
 USD = United States Dollars
 EUR = Euro
 JPY = Japanese Yen

MXN = Mexican Peso
 GBP = Great Britain Pound
 RUB = Russian Rouble

AUD = Australian Dollars
 THB = Thai Baht
 CAD = Canadian Dollar
 CHF = Swiss Franc

- (b) The following are outstanding foreign exchange forward contracts on receivables, which have been designated as cash flow hedges, as at 31-Mar-2016:

Foreign currency	Buy / Sell	Net position (Amount in crores)		Fair value gain/(loss) (₹ in crores)	
		31-Mar-2016	31-Mar-2015	31-Mar-2016	31-Mar-2015
USD	Sell	38.97	35.68	40.85	24.84
EUR	Sell	5.16	6.34	(9.46)	80.05
GBP	Sell	0.63	0.41	3.97	0.38
MXN	Sell	2.11	1.87	0.31	0.11
Balance in cash flow hedge reserve				35.68	105.38

NOTE - 36 : BREAK-UP OF IMPORTED AND INDIGENOUS CONSUMPTION

	Year ended 31-Mar-2016		Year ended 31-Mar-2015	
	₹ in crores	%	₹ in crores	%
(a) Raw Materials				
Imported	296.29	33%	237.82	29%
Indigenous	599.54	67%	589.96	71%
	895.83	100%	827.78	100%
(b) Components and spares parts				
Imported	6.96	10%	6.58	11%
Indigenous	65.07	90%	52.99	89%
	72.03	100%	59.57	100%

(₹ in crores)

	Year ended 31-Mar-2016	Year ended 31-Mar-2015
NOTE - 37 : CONSUMPTION OF RAW MATERIALS		
Dry Insulin MU	237.11	192.53
Others	658.72	635.25
	895.83	827.78

NOTE - 38 : VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(a) Raw Materials and Packing Material	319.79	225.95
(b) Components and Spares Parts	26.58	14.62
(c) Capital Goods	112.03	39.49

NOTE - 39 : EXPENDITURE IN FOREIGN CURRENCY

(a) Professional Fees	5.15	4.28
(b) Interest Expenses	3.47	2.76
(c) Royalty Expenses	-	-
(d) Liaison Support Services	15.06	98.40
(e) Others	120.00	132.92

NOTE - 40 : EARNINGS IN FOREIGN EXCHANGE

(a) F.O.B. value of exports	2,893.43	1,413.59
(b) Interest	13.43	0.87
(c) Other income [Product registration dossiers and others]	11.68	12.01

NOTE - 41 : SEGMENT REPORTING

Accounting Standard 17 requires segment information to be presented on the basis of Consolidated Financial Statements. Accordingly segment information is disclosed in Consolidated Financial Statements.

NOTE - 42 : AMALGAMATION

The Company acquired 100% stake in formulation facility of Zyg Pharma Private Limited on 17th July 2015, which is engaged in the business of manufacturing various dermatological formulations.

The Hon'able High Court of Gujarat vide its Order dated 11th February, 2016, has sanctioned the Scheme of Amalgamation of Zyg Pharma Private Ltd with Torrent Pharmaceuticals Limited under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 ("the Act") with effect from Appointed Date of 1st October, 2015.

The amalgamation has been accounted for under the "Purchase Method" as prescribed under Accounting Standard 14 – "Accounting for Amalgamations." The goodwill arising on account of the difference between the investment and the fair value of net assets acquired by the Company has been written off in the current year pursuant to the said scheme of amalgamation approved by the Hon'ble High Court of Gujarat vide its order dated 11th February, 2016.

Particulars	(₹ in crores)
Net Assets Acquired	38.18
Less : Investment in Zyg Pharma Private Limited	231.00
Goodwill (written off in the statement of Profit & Loss as per Scheme of Amalgamation approved by Hon'ble High Court of Gujarat)	192.82

NOTE - 43 : EXCEPTIONAL ITEMS

Exceptional items for year ended 31st March, 2016 includes:

- the write back of provision for diminution in value of investment of ₹ 37.49 crores and profit on sale of investments of ₹ 15.85 crores;
- the goodwill written off of ₹ 192.82 crores [Note 42]

NOTE - 44 : CSR EXPENDITURE

- Gross amount required to be spent by the company during the year ₹ 16.41 crore (Previous year ₹ 13.69 crore)
- Amount spent during the year on:

(₹ in crores)

	In cash		Yet to be paid in cash		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(i) Construction / acquisition of any asset	-	5.65	-	-	-	5.65
(ii) On purposes other than (i) above						
Community Health Care	15.00	5.00	-	-	15.00	5.00
Education & Knowledge Enhancement	1.06	3.54	-	-	1.06	3.54
Others	0.07	0.12	-	-	0.07	0.12
	16.13	14.31	-	-	16.13	14.31
(iii) Employee benefit expenses	0.78	0.70	-	-	0.78	0.70
Total	16.91	15.01	-	-	16.91	15.01

NOTE - 45 : REGROUPING

Previous year figures have been regrouped / recasted wherever necessary, so as to make them comparable with those of the current year.

NOTE - 46: RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company / Enterprises Controlled by the Holding Company		Joint Venture / Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
(A) Nature of Transactions	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Sale of finished goods	2,752.84	1,116.92	-	-	0.11	0.25	-	-	-	-	-	-	2,752.95	1,117.17
Torrent Do Brasil Ltda.	208.31	212.50	-	-	-	-	-	-	-	-	-	-	208.31	212.50
Torrent Pharma Inc.	2,297.10	647.35	-	-	-	-	-	-	-	-	-	-	2,297.10	647.35
Torrent Power Limited	-	-	-	-	0.11	0.25	-	-	-	-	-	-	0.11	0.25
Others	247.43	257.07	-	-	-	-	-	-	-	-	-	-	247.43	257.07
Sale of dossiers	0.08	(0.32)	-	-	-	-	-	-	-	-	-	-	0.08	(0.32)
Torrent Pharma GmbH	0.08	(0.32)	-	-	-	-	-	-	-	-	-	-	0.08	(0.32)
Purchase of material, consumables etc	1.01	0.26	-	-	-	0.01	-	-	-	-	0.68	-	1.69	0.27
Torrent Power Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	0.01
Torrent Pharma GmbH	0.99	0.26	-	-	-	-	-	-	-	-	-	-	0.99	0.26
Torrel Cosmetics Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.68	-	0.68	-
Others	0.02	-	-	-	-	-	-	-	-	-	-	-	0.02	0.00
Remuneration to key management personnel	-	-	-	-	-	-	-	-	31.35	20.12	-	-	31.35	20.12
Samir Mehta, Executive Chairman	-	-	-	-	-	-	-	-	15.02	10.02	-	-	15.02	10.02
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	-	-	10.86	5.33	-	-	10.86	5.33
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	-	-	-	-	5.47	4.77	-	-	5.47	4.77
Contribution to Gratuity / Superannuation funds	-	-	28.22	18.07	-	-	-	-	-	-	-	-	28.22	18.07
TPL Employees Group Gratuity Trust	-	-	13.75	12.00	-	-	-	-	-	-	-	-	13.75	12.00
TPL Employees Superannuation Trust	-	-	14.47	6.07	-	-	-	-	-	-	-	-	14.47	6.07
Lease rent paid	-	-	-	-	1.06	0.17	-	-	-	-	-	-	1.06	0.17
Torrent Private Limited	-	-	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Torrent Power Limited	-	-	-	-	1.04	0.15	-	-	-	-	-	-	1.04	0.15
Services received	10.93	98.39	-	-	21.12	12.92	-	-	-	-	-	17.12	32.05	128.43
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	17.12	-	17.12
Torrent Pharma S.R.L.	-	89.34	-	-	-	-	-	-	-	-	-	-	-	89.34
Torrent Pharma Inc.	7.44	4.86	-	-	-	-	-	-	-	-	-	-	7.44	4.86
Torrent Power Limited	-	-	-	-	21.12	12.92	-	-	-	-	-	-	21.12	12.92
Laboratorios Torrent S.A. de C.V.	1.32	2.00	-	-	-	-	-	-	-	-	-	-	1.32	2.00
Torrent Pharma France S.A.S	1.92	1.75	-	-	-	-	-	-	-	-	-	-	1.92	1.75
Others	0.25	0.44	-	-	-	-	-	-	-	-	-	-	0.25	0.44
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	-	-	2.16	1.70	2.16	1.70
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	2.16	1.70	2.16	1.70
Donation	-	-	-	-	-	-	-	-	-	-	-	2.00	-	2.00
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	-	-	-	2.00	-	2.00

(₹ in crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company / Enterprises Controlled by the Holding Company		Joint Venture / Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(A) Nature of Transactions														
CSR Expenses	-	-	-	-	-	-	15.00	5.00			1.00	6.65	16.00	11.65
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Tornascent Care Institute	-	-	-	-	-	-	15.00	5.00	-	-	-	-	15.00	5.00
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	-	-	-	-	-	5.65	-	5.65
Interest income	13.43	0.87	-	-	0.06	0.05	-	-	-	-	-	-	13.49	0.92
Torrent Do Brasil Ltda.	12.54	-	-	-	-	-	-	-	-	-	-	-	12.54	-
Torrent Pharma France S.A.S	0.89	0.83	-	-	-	-	-	-	-	-	-	-	0.89	0.83
Torrent Power Limited	-	-	-	-	0.06	0.05	-	-	-	-	-	-	0.06	0.05
Others	-	0.04	-	-	-	-	-	-	-	-	-	-	-	0.04
Expenses reimbursement	29.10	24.24	-	-	0.00	0.04	-	-	-	-	0.10	0.29	29.20	24.57
Torrent Pharma GmbH	14.80	15.61	-	-	-	-	-	-	-	-	-	-	14.80	15.61
Torrent Pharma UK Ltd	3.44	4.55	-	-	-	-	-	-	-	-	-	-	3.44	4.55
Torrent Pharma Inc.	7.89	1.96	-	-	-	-	-	-	-	-	-	-	7.89	1.96
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.10	0.29	0.10	0.29
Torrent Power Limited	-	-	-	-	0.00	0.04	-	-	-	-	-	-	0.00	0.04
Others	2.97	2.12	-	-	-	-	-	-	-	-	-	-	2.97	2.12
Purchase of fixed assets	-	-	-	-	0.67	0.60	-	-	-	-	-	-	0.67	0.60
Torrent Power Limited	-	-	-	-	0.67	0.60	-	-	-	-	-	-	0.67	0.60
Equity contribution	3.83	-	-	-	-	-	0.03	0.03	-	-	-	-	3.86	0.03
UNM Foundation	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Tornascent Care Institute	-	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03
Others	3.83	-	-	-	-	-	-	-	-	-	-	-	3.83	-
Share of profit/(loss) from partnership firm	-	-	0.96	0.94	-	-	-	-	-	-	-	-	0.96	0.94
Torrent Pharmaceuticals (Sikkim)	-	-	0.96	0.94	-	-	-	-	-	-	-	-	0.96	0.94
Loans given	191.44	8.05	-	-	-	-	-	-	-	-	-	-	191.44	8.05
Torrent Pharma France S.A.S	-	8.05	-	-	-	-	-	-	-	-	-	-	-	8.05
Torrent Do Brasil Ltda.	191.44	-	-	-	-	-	-	-	-	-	-	-	191.44	-
Repayment of loan	28.18	3.84	-	-	-	-	-	-	-	-	-	-	28.18	3.84
Torrent Pharma Philippines Inc.	-	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84
Torrent Do Brasil Ltda.	28.18	-	-	-	-	-	-	-	-	-	-	-	28.18	-
Share application money - pending allotment	-	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84
Torrent Pharma Philippines Inc.	-	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84
Recovery of expenses	9.02	0.65	-	-	-	-	-	-	-	-	0.01	0.01	9.03	0.66
Heumann Pharma GmbH & Co. Generica KG	0.53	-	-	-	-	-	-	-	-	-	-	-	0.53	-
Torrent Pharma S.R.L.	0.60	-	-	-	-	-	-	-	-	-	-	-	0.60	-
Torrent Pharma Philippines Inc.	0.34	-	-	-	-	-	-	-	-	-	-	-	0.34	-
Torrent Pharma Inc.	7.53	0.49	-	-	-	-	-	-	-	-	-	-	7.53	0.49
Laboratorios Torrent S.A. de C.V.	0.02	0.16	-	-	-	-	-	-	-	-	-	-	0.02	0.16
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01

(₹ in crores)

Particulars	Subsidiaries		Enterprises controlled by the Company		Holding Company / Enterprises Controlled by the Holding Company		Joint Venture / Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
(B) Balances at the end of the year														
Trade receivables	677.63	977.47	-	-	0.00	0.04	-	-	-	-	-	-	677.63	977.51
Torrent Pharma Inc.	331.34	357.01	-	-	-	-	-	-	-	-	-	-	331.34	357.01
Torrent Do Brasil Ltda.	163.83	341.52	-	-	-	-	-	-	-	-	-	-	163.83	341.52
Torrent Pharma S.R.L.	82.73	167.63	-	-	-	-	-	-	-	-	-	-	82.73	167.63
Torrent Power Limited	-	-	-	-	0.00	0.04	-	-	-	-	-	-	0.00	0.04
Others	99.73	111.31	-	-	-	-	-	-	-	-	-	-	99.73	111.31
Other receivables	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84	-
Heumann Pharma Gmbh & Co. Generica KG	0.57	-	-	-	-	-	-	-	-	-	-	-	0.57	-
Torrent Pharma S.R.L.	0.60	-	-	-	-	-	-	-	-	-	-	-	0.60	-
Torrent Pharma Inc.	1.94	-	-	-	-	-	-	-	-	-	-	-	1.94	-
Others	0.73	-	-	-	-	-	-	-	-	-	-	-	0.73	-
Loans	188.70	15.78	-	-	-	-	-	-	-	-	-	-	188.70	15.78
Torrent Pharma France S.A.S	17.56	15.78	-	-	-	-	-	-	-	-	-	-	17.56	15.78
Torrent Do Brasil Ltda.	171.14	-	-	-	-	-	-	-	-	-	-	-	171.14	-
Interest receivable on loan to subsidiary / partnership firm	14.46	0.92	-	-	-	-	-	-	-	-	-	-	14.46	0.92
Torrent Do Brasil Ltda.	12.54	-	-	-	-	-	-	-	-	-	-	-	12.54	-
Torrent Pharma France S.A.S	1.92	0.92	-	-	-	-	-	-	-	-	-	-	1.92	0.92
Advances recoverable in cash or kind	0.38	1.05	-	0.22	2.04	1.45	-	-	-	-	-	0.02	2.42	2.74
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	0.02	-	0.02
Torrent Pharma France S.A.S	0.38	1.05	-	-	-	-	-	-	-	-	-	-	0.38	1.05
TPL Employees Group Gratuity Trust	-	-	-	0.22	-	-	-	-	-	-	-	-	-	0.22
Torrent Power Limited	-	-	-	-	2.04	1.45	-	-	-	-	-	-	2.04	1.45
Others	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Trade advances	73.62	25.76	-	-	-	-	-	-	-	-	-	-	73.62	25.76
Heumann Pharma Gmbh & Co. Generica KG	69.11	25.76	-	-	-	-	-	-	-	-	-	-	69.11	25.76
Others	4.51	-	-	-	-	-	-	-	-	-	-	-	4.51	-
Investments in equities	161.71	159.37	-	-	-	-	0.06	0.03	-	-	-	-	161.77	159.40
Torrent Pharma GmbH	23.37	23.37	-	-	-	-	-	-	-	-	-	-	23.37	23.37
Torrent Do Brasil Ltda.	31.11	31.11	-	-	-	-	-	-	-	-	-	-	31.11	31.11
Laboratorios Torrent S.A. de C.V.	27.99	27.99	-	-	-	-	-	-	-	-	-	-	27.99	27.99
Zao Torrent Pharma	58.80	58.80	-	-	-	-	-	-	-	-	-	-	58.80	58.80
Tornascent Care Institute	-	-	-	-	-	-	0.03	0.03	-	-	-	-	0.03	0.03
UNM Foundation	-	-	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Others	20.44	18.10	-	-	-	-	-	-	-	-	-	-	20.44	18.10
Investments in partnership firm	-	-	14.96	14.00	-	-	-	-	-	-	-	-	14.96	14.00
Torrent Pharmaceuticals (Sikkim)	-	-	14.96	14.00	-	-	-	-	-	-	-	-	14.96	14.00
Provision for diminution in value investment	23.08	23.08	-	-	-	-	-	-	-	-	-	-	23.08	23.08
Zao Torrent Pharma	23.08	23.08	-	-	-	-	-	-	-	-	-	-	23.08	23.08
Trade & services payables	20.57	84.19	-	-	0.82	0.83	-	-	-	-	0.17	0.77	21.56	85.79
Torrent Pharma GmbH	6.76	11.96	-	-	-	-	-	-	-	-	-	-	6.76	11.96
Torrent Pharma S.R.L.	-	54.15	-	-	-	-	-	-	-	-	-	-	-	54.15
Torrent Pharma Inc.	3.88	1.72	-	-	-	-	-	-	-	-	-	-	3.88	1.72
Torrent Pharma France S.A.S	3.87	3.08	-	-	-	-	-	-	-	-	-	-	3.87	3.08
Zao Torrent Pharma	3.86	4.09	-	-	-	-	-	-	-	-	-	-	3.86	4.09
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-	0.63	-	0.63
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	0.17	0.14	0.17	0.14
Torrent Power Limited	-	-	-	-	0.80	0.81	-	-	-	-	-	-	0.80	0.81
Torrent Private Limited	-	-	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Others	2.20	9.19	-	-	-	-	-	-	-	-	-	-	2.20	9.19
Other payables	-	-	-	-	-	-	-	-	26.70	16.23	-	-	26.70	16.23
Samir Mehta, Executive Chairman	-	-	-	-	-	-	-	-	16.70	11.73	-	-	16.70	11.73
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	-	-	9.00	4.50	-	-	9.00	4.50
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	-	-	-	-	1.00	-	-	-	1.00	-
Share application money - pending allotment	-	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84
Torrent Pharma Philippines Inc.	-	3.84	-	-	-	-	-	-	-	-	-	-	-	3.84
Guarantees given	557.20	525.76	-	-	-	-	-	-	-	-	-	-	557.20	525.76
Torrent Pharma Inc. (75 Million USD)	497.50	469.43	-	-	-	-	-	-	-	-	-	-	497.50	469.43
Torrent Pharma S.R.L. (6 Million USD)	39.80	37.55	-	-	-	-	-	-	-	-	-	-	39.80	37.55
Torrent Pharma Philippines (3 Million USD)	19.90	18.78	-	-	-	-	-	-	-	-	-	-	19.90	18.78

Names of related parties and description of relationship:

1	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 Canada Inc. (Dissolved on 10/12/2015), Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd, Laboratories Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S., Aptil Pharma Limited; ZYG Pharma Private Limited (Acquired during the year on 17/07/2015 and merged with Torrent Pharmaceuticals Limited w.e.f. 1/10/2015)		
2	Enterprises controlled by the Company	TPL Employees Group Gratuity Trust, TPL Employees Superannuation Trust, Torrent Phramaceuticals (Sikkim)		
3	Holding Company / Enterprises Controlled by the Holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Power Services Pvt. Limited, Torrent Pipavav Generation Limited, Torrent Power Grid Limited, Torrent Power Solargen Limited, AEC Cements and Constructions Limited, Torrent Fincorp Pvt. Ltd.		
4	Joint Venture / Associate	Tornascent Care Institute, UNM Foundation		
5	Key Management Personnel	Shri Sudhir Mehta	Shri Samir Mehta	Dr. Chaitanya Dutt
		Chairman Emeritus	Executive Chairman	Director (Research & Development)
6	Relatives of Key Management Personnel	Smt. Anita Mehta, Wife	Smt. Sapna Mehta, Wife	Smt. Shobha Dutt, Wife
		Smt. Shardaben Mehta, Mother	Smt. Shardaben Mehta, Mother	Shri Umang Dutt, Son
		Shri Varun Mehta, Son	Shri Aman Mehta, Son	Shri Uttang Dutt, Son
		Shri Jinal Mehta, Son	Shri Shaan Mehta, Son	
		Shri Samir Mehta, Brother	Shri Sudhir Mehta, Brother	
		Smt. Meena Modi, Sister	Smt. Meena Modi, Sister	
		Smt. Nayana Shah, Sister	Smt. Nayana Shah, Sister	
7	Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd.(Upto 31/12/2014), Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt Ltd, Diamond Infrastructure Private Limited, U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal		
* Torrent Cables Limited & Torrent Energy Limited have been merged with Torrent Power Limited with effect from 01-Apr-2014. The same have been grouped under Torrent Power Limited for the previous year as well.				

In terms of our report attached

Signatures to notes forming part of Financial Statements 1 to 46

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

Consolidated Financial Statements 2015-16

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

TORRENT PHARMACEUTICALS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TORRENT PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of eighteen subsidiaries, whose financial statements reflect total assets of ₹ 2,703.11 crores as at 31st March, 2016, total revenues of ₹ 1,981.60 crores and net cash flows amounting to ₹ 46.96 crores for the year

ended on that date, as considered in the consolidated financial statements. These financial statements 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 is based solely on the reports of the other auditors.

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

1. As required by Section 143(3) of the Act, 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 and the Consolidated Cash Flow Statement 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 Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company being the only company in the group to which requirements of Section 164 (2) of the Act are applicable, is disqualified as on 31st March, 2016 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 over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A" which is based on the auditors' reports of the Holding company being the only company in the group to which such requirements of the Act are applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's internal financial controls over financial reporting.
 - g) 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:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 25 to the Consolidated Financial Statements.
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company being the only company in the group to which such requirements of the Act are applicable.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)

Hemendra Shah
Partner
Membership No. 33590

Ahmedabad
23rd May, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **TORRENT PHARMACEUTICALS LIMITED** (hereinafter referred to as “the Holding Company”) being the only company in the group to which requirements of the Act are applicable, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, being the only company in the group to which requirements of the Act are applicable, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the 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 Holding Company’s internal financial controls system over financial reporting, being the only company in the group to which requirements of the Act are applicable, as of that date.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting 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 over financial reporting 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 Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting 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.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117365W)

Ahmedabad
23rd May, 2016

Hemendra Shah
Partner
Membership No. 33590

CONSOLIDATED BALANCE SHEET

			(₹ in crores)
	Notes	As at 31-Mar-2016	As at 31-Mar-2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	84.62	84.62
Reserves and surplus	4	3,304.40	2,405.94
		3,389.02	2,490.56
Minority interest		0.46	0.43
Non-current liabilities			
Long-term borrowings	5	1,863.68	2,185.22
Deferred tax liabilities (net)	6	220.12	188.84
Other long-term liabilities	7	9.61	7.51
Long-term provisions	8	246.36	207.49
		2,339.77	2,589.06
Current liabilities			
Short-term borrowings	5	3.32	319.07
Trade payables			
Due to micro and small enterprises		1.88	1.18
Due to others		2,258.34	1,826.54
		2,260.22	1,827.72
Other current liabilities	7	821.14	446.15
Short-term provisions	8	199.66	230.81
		3,284.34	2,823.75
TOTAL		9,013.59	7,903.80
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		1,000.90	921.61
Intangible assets		1,860.41	1,895.18
Capital work-in-progress		1,041.58	678.33
		3,902.89	3,495.12
Goodwill on Consolidation		15.87	15.87
Non-current investments	10	0.09	0.06
Deferred tax assets (net)	6	197.99	84.14
Long-term loans and advances	11	175.69	206.92
Other non-current assets	12	58.83	50.28
		4,351.36	3,852.39
Current assets			
Current investments	10	760.26	297.59
Inventories	13	1,357.98	1,067.17
Trade receivables	14	1,445.09	1,587.26
Cash and cash equivalents	15	647.06	567.36
Short-term loans and advances	11	150.45	109.09
Other current assets	12	301.39	422.94
		4,662.23	4,051.41
TOTAL		9,013.59	7,903.80
Notes forming part of the Consolidated Financial Statements	1-38		

In terms of our report attached

Signatures to the Consolidated Balance Sheet

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

			(₹ in crores)
	Notes	Year Ended 31-Mar-2016	Year Ended 31-Mar-2015
REVENUE			
Revenue from operations			
Sales		6,539.47	4,593.22
Less : Excise duties		10.51	7.88
Net sales		6,528.96	4,585.34
Operating income		147.43	68.11
Revenue from operations (net)	16	6,676.39	4,653.45
Other income	17	215.64	285.55
Total Revenue		6,892.03	4,939.00
EXPENSES			
Cost of materials consumed	18	1,046.55	973.51
Purchases of stock-in-trade		678.49	502.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(147.77)	(60.87)
Employee benefits expense	20	855.87	841.81
Finance costs	21	185.87	175.16
Depreciation, amortisation and impairment expense		246.06	190.74
Other expenses	22	1,522.88	1,376.64
Total Expenses		4,387.95	3,999.19
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		2,504.08	939.81
Exceptional items (net)	34	140.29	-
PROFIT BEFORE TAX		2,363.79	939.81
TAX EXPENSE			
Current tax		652.65	195.19
Deferred tax charge / (credit)		(81.27)	117.70
MAT Credit Utilization/(Entitlement)		69.75	(134.74)
Short provision for tax of earlier years		0.25	10.69
		641.38	188.84
NET PROFIT FOR THE YEAR BEFORE MINORITY INTEREST		1,722.41	750.97
Minority interest		0.03	0.03
NET PROFIT FOR THE YEAR AFTER MINORITY INTEREST		1,722.38	750.94
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	23	101.78	44.38
Notes forming part of the Consolidated Financial Statements	1-38		

In terms of our report attached

Signatures to the Consolidated Statement of Profit and Loss

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year Ended 31-Mar-2016	(₹ in crores) Year Ended 31-Mar-2015
A CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT BEFORE TAX		2,363.79	939.81
Adjustments for :			
Depreciation, amortization and impairment		246.06	190.74
Provision no longer required written back		(35.48)	-
Allowance for doubtful debts (net of bad debts)		(3.23)	4.30
Exceptional items	34	140.29	-
(Gain) on sale / discard / write-off of fixed assets		(3.36)	(1.13)
Provision on asset held for sale		-	0.08
(Gain) on sale of current investments		(50.10)	(15.97)
Finance cost		185.87	175.16
Interest income		(6.00)	(14.58)
Government grant		-	(0.64)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		2,837.84	1,277.77
Adjustments for changes in working capital :			
Trade receivables, loans & advances and other assets		235.08	(806.56)
Inventories		(278.18)	(61.10)
Trade payables, liabilities and provisions		565.58	458.28
CASH GENERATED FROM OPERATIONS		3,360.32	868.39
Direct taxes paid		(647.09)	(58.19)
NET CASH FROM OPERATING ACTIVITIES		2,713.23	810.20
B CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Business		(231.00)	(1,960.00)
Purchase of fixed assets		(604.03)	(242.57)
Proceeds from fixed assets sold		23.91	6.14
Proceeds from sale / (Purchase) of long-term trade investments		53.33	-
Profit on sale of current investments		50.10	15.97
Interest received		6.26	18.16
NET CASH USED IN INVESTING ACTIVITIES		(701.43)	(2,162.30)
C CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		589.50	1,660.39
Repayment of long-term borrowings		(654.35)	(144.27)
Net proceeds / (repayment) of short term borrowings		(318.87)	90.04
Government grant		-	0.64
Dividend paid		(839.70)	(199.69)
Finance cost paid		(211.73)	(194.86)
NET CASH USED IN FINANCING ACTIVITIES		(1,435.15)	1,212.25
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		576.65	(139.85)
Effect of exchange rate changes on foreign currency cash and cash equivalents		(42.29)	49.75
Amount transferred consequent to Amalgamation		8.01	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		864.95	955.05
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,407.32	864.95
Note: Cash and cash equivalents as at end of the year			
Cash and cash equivalents	15	647.06	567.36
Current investments	10	760.26	297.59
		1,407.32	864.95

In terms of our report attached

Signatures to the Consolidated Cash Flow Statement

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE - 1 : GROUP INFORMATION

The Consolidated Financial Statements comprise the financial statements of the Parent Company, Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries / partnership entity (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
Laboratorios Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd.	Australia
Torrent Pharma Canada Inc.	Canada
Torrent Pharma (Thailand) Co., Limited.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd (TPUK)	United Kingdom
Laboratorios Torrent (Malaysia) SDN.BHD.	Malaysia
Torrent Pharma France S.A.S.	France
Zyg Pharma Private Limited (Refer Note 33)	India
Step-down subsidiaries of TPG [having 100% proportion of ownership interest]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany
Norispharm GmbH	Germany
Step-down subsidiaries of TPUK [having 100% proportion of ownership interest]	
Aptil Pharma Limited	United Kingdom
Partnership Firm [having 97% proportion of ownership interest]	
Torrent Pharmaceuticals (Sikkim)	India

During the year, the parent company has invested ₹ 0.03 crores in equity share capital (being 50% proportion of ownership interest) of UNM Foundation ("UNM"), a company incorporated under Section 8 of the Companies Act, 2013. In view of the restrictions on Tornascent Care Institute ("TCI") and UNM, companies incorporated under Section 8 of the Companies Act, 2013 to transfer funds and no economic benefits to its members, the parent company's proportionate share in TCI & UNM have not been considered in the Consolidated Financial Statements.

NOTE - 2 : SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

2.1. Basis for preparation of financial statements

The Consolidated Financial Statements have been prepared and presented under the historical cost convention on an accrual basis of accounting, and in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP includes Accounting Standards (AS) notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 and provisions of the Companies Act, 2013, pronouncements of The Institute of Chartered Accountants of India and guidelines issued by The Securities and Exchange Board of India (SEBI).

The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

Except where otherwise stated, the accounting policies are consistently applied.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Current assets / liabilities include the current portion of non current financial assets / liabilities respectively. All other assets / liabilities are classified as non current.

2.2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make assumptions, critical judgments and estimates, which it believes are reasonable under the circumstances, that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialise.

2.3. Principles of consolidation

The Consolidated Financial Statements are prepared in accordance with principles and procedures required for preparation and presentation of Consolidated Financial Statements as laid down under AS 21 "Consolidated Financial Statements". The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The Consolidated Financial Statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related asset is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the consolidated entities. Minority interest represents part of net profit / loss and net assets of entities that are not directly or indirectly, owned by the Company and is excluded and disclosed separately.

The excess / shortfall of cost to the Parent Company of its investment over its portion of equity in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the financial statements as goodwill / capital reserve. Goodwill is tested for impairment at the end of each accounting year.

2.4. Fixed assets, depreciation and amortization

Tangible assets

- (a) Tangible fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed asset 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 acquisition or construction of qualifying fixed assets is capitalized to respective assets when the time taken to put the assets to use is substantial.
- (b) Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period up to commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.
- (c) Depreciation on fixed assets is provided using the straight line method based on useful life of the assets estimated by the management.

The management's estimate of the useful life for various categories of fixed assets is given below:

Office buildings*	58 years
Factory buildings*	28 years
Plant and machinery*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment *	5 to 20 years
Furniture and fixtures	3 to 10 years
Office equipment*	10 years
Computer equipment	2 to 5 years
Vehicles*	5 to 10 years

* For these class 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.

- (d) Cost of leasehold land (except for lease of long tenure) is amortized over the period of the lease. Cost of lease hold land where lease period is of long tenure and substantial rights of ownership are with lessee, is not amortized.

Intangible assets

- (a) Acquired product licenses are capitalized at costs comprising of direct costs of purchase and expenses directly attributable to the purchase of Product licenses.
- (b) Software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant economic benefits expected to flow there from for a period longer than one year.
- (c) Intangible assets are amortized over their estimated useful lives on a straight-line basis. The management's estimate of the useful life of various categories of intangible assets are given below:

Product license	10 to 15 years
Software	3 to 5 years
Brands	Upto 15 years
Non Compete	Upto 3 years
Goodwill	Upto 15 years

The management estimated useful life of 15 years for brands, goodwill and product licenses, based on expected growth in sales, future competition, life cycle of brand, over which majority of the future economic benefits will be generated.

Impairment of assets

- (a) Fixed assets are reviewed for impairment losses at each balance sheet date for events or changes in circumstances indicating that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- (b) Fixed assets that have been retired from their active use and held for disposal, are classified as current assets, and are stated at lower of their cost and net realizable value.

2.5. Investments

- (a) Non current investments are carried at cost. Provision is made to recognize any diminution in value, other than that of a temporary nature.
- (b) Current investments are carried at lower of cost and fair value. Diminution in value is charged to the statement of profit and loss.
- (c) Current investments readily convertible in known amount of cash and subject to insignificant risk of changes in value are classified as cash and cash equivalents for preparation of cash flow statement.

2.6. Cash flow statement

The cash flow statement is prepared as per the "Indirect Method" as set out in AS - 3 "Cash Flow Statements" issued by The Institute of Chartered Accountants of India.

2.7. Inventories

Inventories are valued at the lower of cost and net realizable value. Provision for impairment is made when there is uncertainty in salability of an item. Costs incurred in bringing inventories to its existing location and condition are determined on the following basis:

- (a) Raw material and packing material-Purchase cost of materials on moving average basis.
- (b) Finished goods (manufactured) and work-in-progress - Cost of purchase, cost of conversion and other costs proportionately allocated determined on weighted average basis.
- (c) Finished goods (traded) - Purchase cost on moving average basis.

2.8. Revenue recognition

- (a) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customer. Sales are net of discounts, sales tax, value added tax and estimated returns. Excise duty collected on sales are shown by way of deduction from sales.
- (b) Provision / accrual for sales returns, chargeback, rebates and medicaid payments are estimated and provided for in the year of sale and recorded as reduction from revenue. A chargeback claim is made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the contracted price at which it is agreed to be sold to third parties. Provision / accruals for chargeback, rebates, returns and medicaid payments are estimated on the basis of historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices, historical trends, past experience and projected market conditions.
- (c) Income from services is recognized when the services are rendered or when contracted milestones have been achieved.
- (d) Revenue from arrangements which includes performance of obligations is recognized in the period in which related performance obligations are completed.
- (e) Export entitlements are recognized 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.
- (f) Dividend income is recognized when the unconditional right to receive dividend is established.
- (g) Interest income is recognized using the time-proportionate method, based on rates implicit in the transaction.
- (h) Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

2.9. Employees retirement and other benefits

(a) Short-term employee benefits:

Short term employee benefits like salaries, wages, and bonus and welfare expenses payable wholly within twelve months of rendering the service are accrued in the year in which the associated services are rendered by the employees.

(b) Long-term employee benefits:

Defined contribution plan:

Contribution in case of defined contribution plans (Provident Fund, Superannuation benefit, Social Security schemes and other fund / schemes) is charged to statement of profit and loss as and when it is incurred as employee benefits.

Defined benefit plan:

The accruing liability on account of defined benefit plans (gratuity, pension and other retirement benefit plans) is actuarially valued every year. The current service cost, interest cost, expected return on plan assets and the actuarial gain / loss are debited / credited, as the case may be, to the statement of profit and loss of the year as employee benefits.

The liability for compensated absences and leave encashment is provided on the basis of actuary valuation, as at Balance Sheet date.

2.10. Government grants

- (a) Government grants are recognized when there is reasonable assurance that the grant will be received and all relevant conditions are complied with.
- (b) Grants received by way of investment subsidy scheme in relation to total investment are credited to capital reserve and are treated as part of owners' fund.
- (c) Grants that compensate expenses are recognized on receipt basis.

2.11. Finance costs

Finance costs consist of interest, amortization of ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

2.12. Research and development

Revenue expenditure on research and development is expensed off under the respective head of expenses in the year in which it is incurred.

2.13. Leases

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on accrual and straight line basis over the lease term.

2.14. Accounting for taxes

- (a) Current tax is the aggregation of the tax charge appearing in the group companies.
- (b) Deferred Tax resulting from “timing differences” between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. Deferred tax assets and liabilities are arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.
- (c) Minimum alternative tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset when it is probable that the future economic benefit associated with it will flow to the Company.

2.15. Foreign currency transactions and balances

The reporting currency of the group is Indian Rupee. However, the local currencies of foreign operation are different from the reporting currency of the group.

- (a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (b) 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.
- (c) Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing rate. The resultant exchange 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. The Company has not exercised the option for capitalization or amortization of exchange differences on long term foreign currency monetary items as provided by notification, issued by the Ministry of Corporate Affairs.

Investments in shares of foreign subsidiaries and other entities are expressed in reporting currency at the rates of exchange prevailing at the time when the original investments were made.

2.16. Derivative instruments and hedge accounting

- (a) In case of forward contracts, to which AS 11, The Effects of Changes in Foreign Exchange Rate (AS 11) applies, the difference between the forward rate and the exchange rate on the date of the contract is recognized as income or expense over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit and loss in the period in which the exchange rates change.

- (b) Foreign currency forward contracts, to which AS 11 does not apply, hedge accounting principles set out in AS 30 “Financial Instruments: Recognition and Measurement” are adopted w.e.f. 01-Apr-2011 to the extent they do not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. These transactions comprise of forward contracts taken to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions and designated as cash flow hedges and valued at fair value. Changes in the fair value of these forward contracts that are effective hedges are recognized directly in cash flow hedge reserve account and the ineffective portion is recognized in the statement of profit and loss.

Amount accumulated in cash flow hedge reserve account is reclassified to the statement of profit and loss in the same period during which the forecasted transaction materialize. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in cash flow hedge reserve account is immediately transferred to the statement of profit and loss for the period.

2.17. Translation of financial statements of foreign operations

Foreign operations comprises of foreign subsidiaries and representative offices. All foreign subsidiaries are classified as non-integral and representative offices as integral considering the way in which they are financed and operate in relation to the Parent Company. Consequently, translation of respective financial statements is effected as under:

Non-integral operations:

- (a) Revenues and expenses are translated to reporting currency at the monthly average exchange rates based on the daily closing rates.
- (b) Inventories are translated at the six monthly average exchange rates based on the daily closing rates for the period of six months to the date of balance sheet.
- (c) All assets and liabilities, both monetary and non-monetary (except inventory), are translated to reporting currency at the exchange rate prevalent at the date of the balance sheet.
- (d) The resulting net exchange differences are recognized as foreign currency translation reserve.

Integral operations:

- (a) Revenues and expenses (except depreciation) are translated at the respective monthly average exchange rates based on the daily closing rates. Depreciation is translated at historical rates.
- (b) Monetary & Non-monetary items are translated using closing rate and historical rate respectively.
- (c) Exchange differences arising on translation are recognized in statement of profit and loss.

2.18. Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources for which reliable estimates can be made. Liabilities which are of a contingent nature are not provided but are disclosed at their estimated amount in the notes forming part of the accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 3 : SHARE CAPITAL		
Authorised		
200,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	100.00	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	125.00	125.00
Issued		
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	84.62	84.62
Subscribed and paid-up		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
Forfeited shares		
Amount originally paid up on 14,000 (previous year 14,000) equity shares of ₹ 5 each forfeited * Amount ₹ 35,000/- (previous year ₹ 35,000/-)	*	*
	84.62	84.62

Notes:

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

Particulars	As at 31-Mar-2016		As at 31-Mar-2015	
	Numbers	₹ in crores	Numbers	₹ in crores
As at the beginning of the year	169,222,720	84.62	169,222,720	84.62
Outstanding at the end of the year	169,222,720	84.62	169,222,720	84.62

- (ii) Details of shares allotted for consideration other than cash, bonus shares and shares bought back in previous five financial years is as under:

The Company allotted 84,611,360 Equity Shares as fully paid up bonus shares of ₹ 5 each, pursuant to the shareholders' resolution passed on 12th July, 2013.

- (iii) 86,115,472 (previous year 86,115,472) equity shares of ₹ 5 each are held by the holding Company, Torrent Private Limited.

	(₹ in crores)	
	As at 31-Mar-2016	As at 31-Mar-2015
NOTE - 4 : RESERVES AND SURPLUS		
Capital reserve	6.27	6.27
Securities premium account	4.34	4.34
Debenture redemption reserve		
Balance as per last balance sheet	-	-
Add : Transfer from statement of profit and loss	122.50	-
	122.50	-
Cash flow hedge reserve		
Balance as per last balance sheet	105.38	84.34
Add : Adjustment during the year	(69.70)	21.04
	35.68	105.38
General reserve		
Balance as per last balance sheet	1,152.61	1,089.61
Add : Transfer from statement of profit and loss	700.00	63.00
	1,852.61	1,152.61
Foreign currency translation reserve		
Balance as per last balance sheet	(29.27)	(73.86)
Add : Foreign currency translation reserve for the year	(40.98)	44.59
	(70.25)	(29.27)
Balance in statement of profit and loss		
Balance as per last balance sheet	1,166.61	707.11
Add: Net profit for the year	1,722.38	750.94
Less: Appropriations:		
Interim dividend [₹ 35.00 per share, (previous year ₹ 5.00 per share)]	592.28	84.62
Proposed dividend [Nil per share (previous year ₹ 6.25 per share)]	-	105.76
Tax on distributed profits	120.96	38.06
Transfer to debenture redemption reserve	122.50	-
Transfer to general reserve	700.00	63.00
Balance in statement of profit and loss	1,353.25	1,166.61
	3,304.40	2,405.94

	Notes	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 5 : BORROWINGS			
Long-term borrowings, non-current portion			
Secured Non Convertible Debentures [Note: (ii & v)]		490.00	-
Secured term loans from banks [Note: (i)]		1,363.06	2,171.60
Unsecured term loans from others		10.62	13.62
		1,863.68	2,185.22
Long-term borrowings, current portion			
Secured term loans from banks [Note: (i)]	7	495.67	233.45
Unsecured term loans from others		2.61	2.61
		498.28	236.06
Short-term borrowings			
Secured loans from banks [Note: (iii)]		3.32	314.07
Unsecured loans from banks		-	5.00
		3.32	319.07
		2,365.28	2,740.35

Notes:

- (i) Loans are secured by:
- ₹ 375.89 crores (Previous Year ₹ 396.41 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.
 - ₹ 176.89 crores (Previous Year ₹ 208.64 crores) are secured by first pari-passu mortgage / charge on immovable as well as tangible movable assets (including inventories) 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.
 - ₹ 1003.57 crores (previous year ₹ 1600 crores) are secured by a 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.
 - ₹ 200 crores (previous year ₹ 200 crores) is secured by first pari-passu mortgage / charge on freehold land located at village Rakanpur and free hold land and buildings located at Delhi, to the extent of Company's share in such properties, as well as on certain identified trademarks of the Company including its future line extensions.
 - Term Loan of ₹ 99.50 crores (previous year Nil) from bank is secured by lien on Brands and Inter-corporate Guarantee.
 - ₹ 2.88 crores (previous year Nil), is secured by first exclusive mortgage / charge on immovable and tangible movable assets, present and future located at Pithampur in Madhya Pradesh (Manufacturing facility).
- (ii) Non Convertible Debentures referred above to the extent of ₹ 490 crores are secured by a 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.
- (iii) Short Term Borrowings are in nature of Working capital facilities which are secured by hypothecation of inventories and book debts.

- (iv) The terms of repayment of loan obligations on principal amount repayable in yearly installments, for the secured and unsecured long-term loans are as under:

(₹ in crores)		
Financial year	Secured	Unsecured
2016-17	495.67	2.61
2017-18	378.12	3.79
2018-19	487.75	2.67
2019-20	428.57	1.98
2020-21	337.90	1.28
2021-22	188.57	0.90
2022-23	32.15	-
Total	2,348.73	13.23

- (v) Maturity profile and rate of interest of Non Convertible Debentures are set out as below:

(₹ in crores)					
	Non-Current				
Rate of Interest	2020-21	2019-20	2018-19	2017-18	Total
9.20%	83.00	140.60	175.20	91.20	490.00

	(₹ in crores)	
	As at 31-Mar-2016	As at 31-Mar-2015
NOTE - 6 : DEFERRED TAX		
Deferred tax liabilities		
Excess of aggregate depreciation claimed under the income tax law over that debited to statement of profit and loss in the earlier years	266.95	221.21
Deferred tax assets		
Provision for employee benefits expense	(47.54)	(37.73)
Provision for impairment of inventories	(76.92)	(19.16)
Provision for expenses	(18.00)	(10.60)
Provision for chargebacks	(65.69)	(21.00)
Provision for doubtful debts	(5.84)	(8.37)
Unrealized foreign exchange loss	7.45	(2.89)
Provision for goods dispatched but not delivered	-	(0.61)
Provision for doubtful claim receivables	(0.02)	(0.01)
Tax losses of subsidiaries	(38.26)	(15.60)
Excess of depreciation debited to statement of profit and loss over that claimed under the income tax law	-	(0.54)
	(244.82)	(116.51)
Deferred tax liabilities / (assets) net (includes ₹ 0.76 crore on acquired Zyg Pharma Private Limited Assets)	22.13	104.70
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	220.12	188.84
Deferred tax assets	(197.99)	(84.14)
	22.13	104.70

	Notes	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 7 : OTHER LIABILITIES			
Long-term liabilities			
Creditors for capital goods		9.43	6.53
Trade deposits		0.18	0.13
Derivative financial instruments		-	0.85
		9.61	7.51
Current liabilities			
Current maturities of long-term debt	5	498.28	236.06
Interest accrued but not due on borrowings		47.09	17.65
Unclaimed dividend (not due)		2.19	1.74
Creditors for capital goods		74.14	32.49
Payables for employee benefits		91.63	73.81
Trade advances and deposits		16.62	8.50
Payables to statutory and other authorities		46.58	46.30
Book overdraft		17.56	11.57
Derivative financial instruments		17.90	9.47
Other payables		9.15	8.56
		821.14	446.15
		830.75	453.66
NOTE - 8 : PROVISIONS			
Long-term provisions			
Provision for employee benefits			
Post-retirement benefits		94.27	75.67
Leave benefits		57.90	52.96
		152.17	128.63
Provision for sales returns		73.61	57.35
Provision for expenses		20.58	21.51
		246.36	207.49
Short-term provisions			
Provision for employee benefits			
Post-retirement benefits		1.44	1.29
Leave benefits		8.94	7.20
		10.38	8.49
Provision for sales returns		117.04	71.70
Proposed dividend		-	105.76
Tax on distributed profits		-	21.15
Provision for taxation, net of advance tax		72.24	23.71
		199.66	230.81
		446.02	438.30

NOTE - 9 : FIXED ASSETS

(₹ in crores)

Particulars	Gross Block (At Cost)				Depreciation, Amortisation and Impairment				Net Block	
	As at 01-Apr-15	Additions during the year (Note iv)	Deductions / Adjustments during the year	As at 31-Mar-16	Foreign Exchange Translation	As at 31-Mar-16	Additions during the year	Deductions / Adjustments during the year	As at 31-Mar-16	As at 31-Mar-15
TANGIBLES										
Land										
Freehold	116.05	6.46	-	122.51	-	122.51	-	-	-	116.05
Leasehold	46.19	7.18	17.27	36.10	-	36.10	0.86	-	2.84	44.21
Building	351.80	44.06	0.02	395.84	0.24	396.08	11.38	0.10	89.30	273.86
Plant & equipment	728.99	92.81	5.72	816.08	0.33	816.41	58.10	5.78	388.86	392.58
Furniture & fixtures	41.70	6.38	0.67	47.41	0.24	47.65	3.29	0.64	28.54	15.91
Vehicles	11.70	3.74	4.81	10.63	(0.03)	10.60	1.35	2.85	3.74	6.46
Office equipment	50.35	9.62	0.84	59.13	0.33	59.46	4.06	0.56	42.59	11.48
Electrical equipment	110.52	13.74	1.83	122.43	(0.47)	121.96	5.84	1.23	54.07	61.06
(A)	1,457.30	183.99	31.16	1,610.13	0.64	1,610.77	84.88	11.16	609.87	1,000.90
Previous Year	1,323.88	158.55	18.08	1,464.35	(7.05)	1,457.30	75.05	13.42	535.69	921.61
INTANGIBLES										
Computer software	35.56	4.11	0.02	39.65	0.41	40.06	3.24	0.02	34.36	4.79
Product licenses	74.20	117.92	-	192.12	9.09	201.21	19.22	-	62.74	35.35
Brands	1,814.70	-	-	1,814.70	-	1,814.70	120.98	-	212.46	1,723.22
Non-compete	30.50	-	-	30.50	-	30.50	10.17	-	17.86	22.81
Goodwill	114.80	-	-	114.80	-	114.80	7.65	-	13.44	109.01
(B)	2,069.76	122.03	0.02	2,191.77	9.50	2,201.27	161.26	0.02	340.86	1,860.41
Previous Year	96.16	1,986.93	-	2,083.09	(13.33)	2,069.76	115.78	-	174.58	1,895.18
Total (A+B)										
Current Year	3,527.06	306.02	31.18	3,801.90	10.14	3,812.04	246.14	11.18	945.23	2,861.31
Previous Year	1,420.04	2,145.48	18.08	3,547.44	(20.38)	3,527.06	190.83	13.42	710.27	2,816.79

Notes:

- Foreign Exchange Translation represents foreign exchange difference arising due to translation of all foreign subsidiaries fixed assets at closing exchange rate.
- Pro-rata cost of assets owned jointly with Torrent Power Limited, a Company under same management is as under :

(₹ in crores)

Particulars	Proportion of holding	As at 31-Mar-2016	As at 31-Mar-2015
Freehold land	50%	23.79	23.79
Freehold land	30%	35.69	35.69
Buildings	30%	0.65	0.65

- Depreciation, Amortization and Impairment includes ₹ 0.08 crores (previous year ₹ 0.09 crores) transferred to capital work in progress as pre operative expenses.
- Additions during the year includes ₹ 31.24 crores pursuant to 100% stake acquired in Zyg Pharma Private Limited on 17th July, 2015 and amalgamated with the company w.e.f 01st October 2015

		As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 10 : INVESTMENTS			
Non-current investments [valued at cost]			
Trade investments, unquoted	No. of Units		
GPC Cayman Investors I Ltd. - fully paid up equity shares of USD 10 each [Note i]	-	-	37.49
Less: Provision for diminution in value	[820601]	-	37.49
		-	-
Shivalik Solid Waste Limited - fully paid up equity shares of ₹ 10 each	20000	0.02	0.02
		0.02	0.02
Non-trade investments, unquoted			
Tornascent Care Institute - fully paid up equity shares of ₹ 10 each	25000	0.03	0.03
UNM Foundation - fully paid up shares of ₹ 10 each (Previous year NIL)	25000	0.03	-
National savings certificates		0.01	0.01
Saraswat Co-Op Bank Ltd. - fully paid up shares of ₹ 10 each (Previous year NIL)	1000	0.00	-
		0.07	0.04
		0.09	0.06
Current investments [valued at lower of cost or fair value]			
Mutual funds [Note ii]		746.25	284.59
Corporate deposit with HDFC Limited		14.00	13.00
		760.25	297.59
Trade investments, Quoted			
Corporation Bank - fully paid up equity shares of 10 each (Previous year NIL)	3100	0.02	-
Less: Provision for diminution in value [Note i]		0.01	-
		0.01	-
		760.26	297.59
Aggregate unquoted investments		760.35	297.65
Notes :			
(i) Aggregate provision for diminution in value of investments		0.01	37.49
(ii) Aggregate net asset value of investment in mutual funds		765.58	285.46
NOTE - 11 : LOANS AND ADVANCES			
[Unsecured and considered good, unless otherwise stated]			
Long term loans and advances			
Capital advances		88.79	24.21
Security deposits		11.93	11.10
Advance tax paid, net of provisions		8.85	35.88
MAT credit entitlement		64.99	134.74
Other advances recoverable in cash or kind or for value to be received		1.13	0.99
		175.69	206.92
Short term loans and advances			
Security deposits		0.93	0.67
Balance with VAT, excise and customs department		0.45	0.25
Other advances recoverable in cash or kind or for value to be received		149.07	108.17
		150.45	109.09
		326.14	316.01

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
NOTE - 12 : OTHER ASSETS		
[Unsecured and considered good, unless otherwise stated]		
Non-current assets		
Derivative financial instruments	58.83	50.28
Current assets		
Export benefits receivable	94.56	37.72
Claims receivable : indirect tax / insurance / others		
Considered good	151.24	138.99
Considered doubtful	0.07	0.02
Less : Allowance for doubtful claims receivable	0.07	0.02
	151.24	138.99
Interest accrued on loans and deposits	0.63	0.90
Derivative financial instruments	49.93	244.97
Fixed assets held for sale	0.82	0.19
Others	4.21	0.17
	301.39	422.94
	360.22	473.22
NOTE - 13 : INVENTORIES		
[At lower of cost or net realisable value]		
Raw materials	501.67	364.58
Packing materials	47.25	41.30
Work-in-progress	153.45	135.75
Finished goods	387.81	371.07
Stock-in-trade	267.80	154.47
	1,357.98	1,067.17
NOTE - 14 : TRADE RECEIVABLES		
Debts over six months from due date		
Considered good	18.32	12.84
Considered doubtful	26.63	37.32
Less : Allowance for doubtful trade receivables	26.63	37.32
	18.32	12.84
Debts less than six months from due date		
Considered good	1,426.77	1,574.42
Considered doubtful	0.30	0.51
Less : Allowance for doubtful trade receivables	0.30	0.51
	1,426.77	1,574.42
	1,445.09	1,587.26
NOTE - 15 : CASH AND CASH EQUIVALENTS		
Cash on hand	0.20	0.20
Balances with banks	275.49	202.62
Fixed deposit	369.15	362.78
Balances with banks for unclaimed dividend	2.19	1.74
Term deposits lodge with banks as securities	0.03	0.02
	647.06	567.36

Note:

Cash and cash equivalents stated above excludes investment in mutual funds and corporate deposits disclosed under Note - 10 current investments as per requirements of AS 13 - "Accounting for Investments".

	Year Ended 31-Mar-2016	(₹ in crores) Year Ended 31-Mar-2015
NOTE - 16 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	2,235.75	1,882.18
Sales outside India	4,303.72	2,711.04
	6,539.47	4,593.22
Less : Excise duties	10.51	7.88
	6,528.96	4,585.34
Operating Income		
Export benefits	122.36	39.41
Income from product registration dossiers	2.61	10.26
Compensation and settlement income	-	2.23
License Income	0.33	-
Other operating income	22.13	16.21
	147.43	68.11
	6,676.39	4,653.45
NOTE - 17 : OTHER INCOME		
Interest income	6.00	14.58
Net gain on sale of investments	50.10	15.97
Net foreign exchange gain	120.35	252.89
Other non-operating income	0.35	0.98
Provision no longer required, written back	35.48	-
Profit on sale of fixed assets	3.36	1.13
	215.64	285.55
NOTE - 18 : COST OF MATERIALS CONSUMED		
Raw materials	901.41	833.09
Packing materials	145.14	140.42
	1,046.55	973.51
NOTE - 19 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening stocks		
Finished goods	371.07	366.50
Work-in-progress	135.75	108.53
Stock-in-trade	154.47	125.39
	661.29	600.42
Less : Closing stocks		
Finished goods	387.81	371.07
Work-in-progress	153.45	135.75
Stock-in-trade	267.80	154.47
	809.06	661.29
Net (increase) / decrease in stock	(147.77)	(60.87)
NOTE - 20 : EMPLOYEE BENEFITS EXPENSE		
[Other than those included in pre-operative expenses]		
Salaries, wages and bonus	720.66	684.98
Contribution to provident and other funds	81.16	98.50
Contribution for defined benefit plans	24.28	30.39
Staff welfare expenses	29.77	27.94
	855.87	841.81

	Notes	Year Ended 31-Mar-2016	(₹ in crores) Year Ended 31-Mar-2015
NOTE - 21 : FINANCE COSTS			
[Other than those included in pre-operative expenses]			
Interest expense		181.04	155.90
Other borrowing cost		4.83	7.53
Net foreign exchange loss, to the extent considered as finance cost		-	11.73
		185.87	175.16
NOTE - 22 : OTHER EXPENSES			
[Other than those included in pre-operative expenses]			
Power and fuel		92.59	97.41
Stores and spares consumed		72.12	59.57
Cost of outsourced manpower		39.86	31.83
Job work charges		16.88	16.31
Laboratory goods and testing expense		96.33	60.70
Clinical research expense		13.40	14.92
Excise duties		9.57	6.54
Repairs and maintenance			
Machinery		13.35	10.41
Buildings		7.77	4.35
Others		6.99	7.32
		28.11	22.08
Selling, publicity and medical literature expense		547.05	534.11
Commission on sales		24.62	22.65
Sales and turnover taxes		24.55	17.64
Allowance for doubtful debts [net of bad debts written off]		(3.14)	3.82
Bad debts written-off (net of allowance)		(0.09)	0.48
Travelling, conveyance and vehicle expenses		106.26	109.11
Compensation expense		121.76	57.53
Professional and legal fees		63.48	61.10
Registration expenses		23.91	30.39
Royalty Expense		(1.41)	0.15
Rent		38.39	35.38
Rates and taxes		4.78	3.81
Communication expenses		15.50	16.75
Printing and stationery expenses		4.88	4.55
Insurance		17.95	10.14
Provision on asset held for sale		-	0.08
Auditors remuneration and expenses	29	3.06	4.48
Cost audit fees		0.06	0.05
Commission to non-executive directors		15.61	6.54
Donation		15.43	10.76
Corporate Social Responsibility expense		16.13	14.31
General charges		115.24	123.45
		1,522.88	1,376.64

NOTE - 23 : EARNINGS PER SHARE

The basic and diluted Earnings Per Share [EPS] are:

		Year ended 31-Mar-2016	Year ended 31-Mar-2015
Net profit for the year	(a) (₹ in crores)	1,722.38	750.94
Weighted average number of equity shares	(b) (Nos.)	169,222,720	169,222,720
EPS (basic and diluted)	(a) / (b) (₹)	101.78	44.38
Nominal value per equity share	(₹)	5.00	5.00

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
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NOTE - 24 : CAPITAL COMMITMENTS

Estimated amount of contracts remaining unexecuted on capital account & not provided for :	246.01	183.08
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NOTE - 25 : CONTINGENT LIABILITIES

Contingent Liabilities not provided for in respect of :

Claims against the Group not acknowledged as debts

Disputed demand of income tax for which appeals have been preferred	5.21	7.01
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	9.29	8.24
Disputed demand of excise and service tax	74.98	14.87
Disputed demand of local sales tax and C.S.T	0.75	0.41
Disputed cases at labour court / industrial court	4.79	3.15
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	0.40	-
	95.42	33.68

Against the above, the Company has paid ₹ 0.13 crores (previous year ₹ 0.09 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.

NOTE -26 : EXCISE DUTIES

Excise duties shown as deduction from sales represents the amount of excise duty collected on sales. Excise duty expenses under the head "Other expenses," represents (i) the difference between excise duty element in closing stocks and opening stocks, and (ii) excise duty paid on samples and on inventory write-off which is not recoverable from sales.

NOTE - 27 : EMPLOYEE'S BENEFIT

The accruing liability on account of enclosed plans (retirement benefits in the nature of defined benefits plan) is accounted as per AS 15 (revised 2005) "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:** The Company has a non-contributory defined benefit retirement plan, in Philippines, covering all of its regular employees. The benefits are based on respective employees 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 labor laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

(₹ in crores)

Particulars	Year ended 31-Mar-2016				Year ended 31-Mar-2015			
	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	79.22	69.30	2.04	1.05	55.60	68.08	1.24	0.94
Current service cost	9.63	0.49	0.41	0.26	6.80	0.40	0.32	0.12
Interest cost	6.32	1.35	0.10	0.07	5.16	1.97	0.07	0.07
Actuarial (gain) / loss	13.09	(1.51)	(0.41)	(0.19)	13.80	13.10	0.34	0.04
Liabilities transferred in	0.09	-	-	-	4.66	-	-	-
Benefits paid directly by the employer	(0.05)	(1.29)	-	-	(0.07)	(1.08)	-	-
Benefits paid from the fund	(5.34)	-	-	-	(6.73)	-	-	-
Past service cost	-	-	-	0.01	-	-	-	0.01
Curtailements	-	-	-	(0.23)	-	-	-	-
Translation forex	-	7.80	0.07	(0.07)	-	(13.17)	0.07	(0.13)
Obligations at the end of the year	102.96	76.14	2.21	0.90	79.22	69.30	2.04	1.05
(b) Reconciliation of opening and closing balances of the fair value of plan assets :								
Plan assets at the beginning of the year	74.65	-	-	-	53.73	-	-	-
Expected return on plan assets	5.97	-	-	-	5.77	-	-	-
Actuarial gain / (loss)	(2.53)	-	-	-	5.39	-	-	-
Contributions	13.75	-	-	-	12.00	-	-	-
Assets transferred in	-	-	-	-	4.49	-	-	-
Benefits paid	(5.34)	-	-	-	(6.73)	-	-	-
Plan assets at the end of the year	86.50	-	-	-	74.65	-	-	-
Actual return on plan assets	3.44	-	-	-	11.16	-	-	-
(c) Defined benefit cost for the year :								
Current service cost	9.63	0.49	0.41	0.26	6.80	0.40	0.32	0.12
Interest cost	6.32	1.35	0.10	0.07	5.16	1.97	0.07	0.07
Expected return on plan assets	(5.97)	-	-	-	(5.77)	-	-	-
Net Actuarial (gain) / loss	15.62	(1.51)	(0.41)	(0.19)	8.41	13.10	0.34	0.04
Past service cost	-	-	-	0.01	-	-	-	0.01
Net defined benefit cost	25.60	0.33	0.10	0.15	14.60	15.47	0.73	0.24
(d) (i) Reconciliation of the present value of the defined benefit obligation & fair value of plan assets :								
Obligations at the end of the year	102.96	76.14	2.21	0.90	79.22	69.30	2.04	1.05
Plan assets at the end of the year, at fair value	86.50	-	-	-	74.65	-	-	-
(Asset) / Liability recognised in balance sheet	16.46	76.14	2.21	0.90	4.57	69.30	2.04	1.05
(ii) Experience adjustments gain / (loss)								
Plan liabilities	(11.84)	0.46	0.13	-	(7.24)	0.37	0.08	-
Plan assets	(2.53)	-	-	-	5.39	-	-	-
(e) Expected contribution for the next year	20.85	-	-	-	14.20	-	-	-

(f) Data for defined benefit obligation and fair value of plan assets are as under :

(₹ in crores)

Particulars	Gratuity Plan				
	2011-12	2012-13	2013-14	2014-15	2015-16
Present value of defined benefit obligations at the end of the year	37.62	48.47	55.60	79.22	102.96
Plan assets at the end of the year	34.79	41.03	53.73	74.65	86.50
Net (assets) / liability at the end of year	2.83	7.44	1.87	4.57	16.46

Particulars	Pension Plan				
	2011-12	2012-13	2013-14	2014-15	2015-16
Present value of defined benefit obligations at the end of the year	43.86	50.63	68.08	69.30	76.14
Plan assets at the end of the year	-	-	-	-	-
Net (assets) / liability at the end of year	43.86	50.63	68.08	69.30	76.14

(g) Assumptions

Particulars	Year ended 31-Mar-2016				Year ended 31-Mar-2015			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
Discount rate	7.80%	2.00%	5.25%	8.00%	7.98%	1.85%	4.50%	7.25%
Expected rate of return on plan assets	7.80%	-	-	-	11.79%	-	-	-
Salary escalation rate	10.00%	2.50%	6.00%	4.50%	10.00%	2.50%	6.00%	4.50%

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 (for gratuity plan) are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(h) Investment details of plan assets (Gratuity Plan) :

The plan assets, with respect to gratuity plan, are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited who has invested the funds substantially as under :

	As at 31-Mar-2016	As at 31-Mar-2015
Equity instruments	17.35%	19.57%
Corporate bonds	42.59%	30.88%
Government securities	34.81%	39.63%
Fixed deposits with banks	0.39%	5.20%
Other Current Assets & Equity	4.85%	4.73%

NOTE - 28 : PROVISIONS**(a) Provision for sales returns**

The Group as a trade practice accepts returns from market for formulations which are primarily in the nature of expired or near expiry products. Provision for such returns estimated on the basis of historical experience, market conditions and specific contractual terms, if any and are provided for. Details of the provision is as under :

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
Opening provision	129.05	100.73
Add: Additional provision	187.63	110.32
Less: Actual returns during the year	(129.17)	(81.77)
Add: Exchange fluctuation	3.14	(0.23)
Closing provision	190.65	129.05

(b) Provision for expenses

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. Details of the provision are as under :

	As at 31-Mar-2016	(₹ in crores) As at 31-Mar-2015
Opening provision	21.51	35.35
Add: Additional provision / (reversal)	0.03	(4.45)
Add: Exchange fluctuation	(0.96)	(9.39)
Closing provision	20.58	21.51

NOTE - 29 : AUDITORS REMUNERATION

	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
(a) As Audit fees		
- Statutory audit fees	2.37	3.69
(b) For quarterly limited review of subsidiaries financials	0.50	0.62
(c) For taxation matters and certification	0.12	0.10
(d) For reimbursement of expenses	0.07	0.07
	3.06	4.48

NOTE - 30 : FOREIGN EXCHANGE LOSS / (GAIN)

Net Foreign exchange loss / (gain), included in other expenses (Note - 22) / other income (Note - 17) :	(120.35)	(252.89)
Add / (less) :		
Add: Net foreign exchange loss on foreign currency borrowings to the extent regarded as an adjustment to interest cost included in finance cost [Note - 21] :	-	11.73
Less: MTM on forward exchange contracts to hedge the foreign currency risk of highly probable forecast transactions accounted as per AS 30 :	77.03	(120.97)
Total foreign exchange loss / (gain) as per AS 11	(197.38)	(120.19)

NOTE - 31 : OPERATING LEASE

The Group leases office spaces on non-cancellable operating lease at various subsidiaries location. The total future minimum lease payments under this non-cancellable lease are as below:

	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
Not later than 1 Year	2.68	2.81
Later than 1 Year and not later than 5 Years	11.51	9.34
Total	14.19	12.15

Lease rentals on the above lease amounting to ₹ 2.59 crores (previous year ₹ 2.78 crores) are charged to statement of profit and loss.

NOTE - 32 : SEGMENT INFORMATION

The primary and secondary reportable segments considered are Business Segments and Geographical Segments respectively.

The group operates in a solitary business segment i.e. pharmaceuticals, comprising mainly manufacture of branded formulations. A further breakdown of pharmaceuticals sales is given.

Geographical Segments have been identified based on location of customers and management structure. Accordingly, geographical segments are divided into two segments namely, (a) India (b) outside India. Sales are made in these geographical areas with production based in India. The reportable Geographical Segments and Segment revenue (external net sales) for the year is as under:

	Year ended 31-Mar-2016	(₹ in crores) Year ended 31-Mar-2015
(a) India	2,225.24	1,874.30
(b) Outside India	4,303.72	2,711.04
	6,528.96	4,585.34

Segment assets are not directly identifiable / properly allocable against each of the above reportable segments. Fixed assets, forming a substantial portion of the total assets of the Group, are interchangeably used between all the segments and cannot be identified against a specific segment. Significant portion of current assets are interchangeable between all the segments and not identifiable against any individual segment. Hence no meaningful disclosure of segment assets is possible.

NOTE - 33 : AMALGAMATION

The Company acquired 100% stake in formulation facility of Zyg Pharma Private Limited on 17th July 2015.

The Honourable High Court of Gujarat vide its Order dated February 11, 2016, has sanctioned the Scheme of Amalgamation of Zyg Pharma Private Limited with Torrent Pharmaceuticals Limited under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 ("the Act") with effect from Appointed Date of October 1, 2015.

The amalgamation has been accounted for under the "Purchase Method" as prescribed under Accounting Standard 14 – "Accounting for Amalgamations." The goodwill arising on account of the difference between the investment and the fair value of net assets acquired by the Company has been written off in the current year pursuant to the said scheme of amalgamation approved by the Hon'ble High Court of Gujarat vide its order dated 11th February, 2016. Investment represents purchase price and profit of ₹ 0.81 crores for the period 17th July, 2015 to 30th September, 2015.

NOTE - 34 : EXCEPTIONAL ITEMS

Exceptional items for year ended 31st March, 2016 includes:

- the write back of provision for diminution in value of investment of ₹ 37.49 crores and profit on sale of investments of ₹ 15.85 crores;
- the goodwill written off of ₹ 193.63 crores [Note 33]

NOTE - 35 : REGROUPING

Previous year figures have been regrouped / recast, wherever necessary, so as to make them comparable with those of the current year.

NOTE - 36 : RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Enterprises controlled by the Company		Holding Company / Enterprises Controlled by the Holding Company		Joint Venture / Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(A) Nature of Transactions												
Sale of finished goods	-	-	0.11	0.25	-	-	-	-	-	-	0.11	0.25
Torrent Power Limited	-	-	0.11	0.25	-	-	-	-	-	-	0.11	0.25
Purchase of material, consumables etc	-	-	-	0.01	-	-	-	-	0.68	-	0.68	0.01
Torrent Power Limited	-	-	-	0.01	-	-	-	-	-	-	-	0.01
Torrel Cosmetics Pvt. Ltd.	-	-	-	-	-	-	-	-	0.68	-	0.68	-
Remuneration to key management personnel	-	-	-	-	-	-	31.35	20.12	-	-	31.35	20.12
Samir Mehta, Executive Chairman	-	-	-	-	-	-	15.02	10.02	-	-	15.02	10.02
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	10.86	5.33	-	-	10.86	5.33
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	-	-	5.47	4.77	-	-	5.47	4.77
Contribution to Gratuity / Superannuation funds	28.22	18.07	-	-	-	-	-	-	-	-	28.22	18.07
TPL Employees Group Gratuity Trust	13.75	12.00	-	-	-	-	-	-	-	-	13.75	12.00
TPL Employees Superannuation Trust	14.47	6.07	-	-	-	-	-	-	-	-	14.47	6.07
Lease rent paid	-	-	1.06	0.17	-	-	-	-	-	-	1.06	0.17
Torrent Private Limited	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Torrent Power Limited	-	-	1.04	0.15	-	-	-	-	-	-	1.04	0.15
Services received	-	-	21.12	12.92	-	-	-	-	-	17.12	21.12	30.04
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	17.12	-	17.12
Torrent Power Limited	-	-	21.12	12.92	-	-	-	-	-	-	21.12	12.92
Commission & interest paid to carrying & forwarding agents	-	-	-	-	-	-	-	-	2.16	1.70	2.16	1.70
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	2.16	1.70	2.16	1.70
Donation	-	-	-	-	-	-	-	-	-	2.00	-	2.00
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	-	2.00	-	2.00
CSR Expenses	-	-	-	-	15.00	5.00	-	-	1.00	6.65	16.00	11.65
U. N. Mehta Charitable Trust	-	-	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Tornascent Care Institute	-	-	-	-	15.00	5.00	-	-	-	-	15.00	5.00
Shri Vadgam Mahal Kelavani Mandal	-	-	-	-	-	-	-	-	-	5.65	-	5.65
Interest income	-	-	0.06	0.05	-	-	-	-	-	-	0.06	0.05
Torrent Power Limited	-	-	0.06	0.05	-	-	-	-	-	-	0.06	0.05
Expenses reimbursement	-	-	-	0.04	-	-	-	-	0.10	0.29	0.10	0.33
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.10	0.29	0.10	0.29
Torrent Power Limited	-	-	0.00	0.04	-	-	-	-	-	-	0.00	0.04
Purchase of fixed assets	-	-	0.67	0.60	-	-	-	-	-	-	0.67	0.60
Torrent Power Limited	-	-	0.67	0.60	-	-	-	-	-	-	0.67	0.60
Equity contribution	-	-	-	-	0.03	0.03	-	-	-	-	0.03	0.03
UNM Foundation	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Tornascent Care Institute	-	-	-	-	-	0.03	-	-	-	-	-	0.03
Recovery of expenses	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.01	0.01	0.01	0.01

(₹ in crores)

Particulars	Enterprises controlled by the Company		Holding Company / Enterprises Controlled by the Holding Company		Joint Venture / Associate		Key Management Personnel		Enterprises Controlled by Key Management Personnel / Relatives of Key Management Personnel		TOTAL	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
(B) Balances at the end of the year												
Trade receivables	-	-	0.07	0.10	-	-	-	-	-	-	0.07	0.10
Torrent Power Limited	-	-	0.07	0.10	-	-	-	-	-	-	0.07	0.10
Advances recoverable in cash or kind	0.00	0.22	2.04	1.45	-	-	-	-	-	0.02	2.04	1.69
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	0.02	-	0.02
TPL Employees group gratuity Trust	-	0.22	-	-	-	-	-	-	-	-	-	0.22
Torrent Power Limited	-	-	2.04	1.45	-	-	-	-	-	-	2.04	1.45
TPL Employees superannuation trust	0.00	0.00	-	-	-	-	-	-	-	-	0.00	0.00
Investments in equities	-	-	-	-	0.06	0.03	-	-	-	-	0.06	0.03
Tornascent Care Institute	-	-	-	-	0.03	0.03	-	-	-	-	0.03	0.03
UNM Foundation	-	-	-	-	0.03	-	-	-	-	-	0.03	-
Trade & services payables	-	-	0.82	0.83	-	-	-	-	0.17	0.77	0.99	1.60
Tsunami Tours & Travels Pvt. Ltd.	-	-	-	-	-	-	-	-	-	0.63	-	0.63
Zeal Pharmachem India Pvt. Ltd.	-	-	-	-	-	-	-	-	0.17	0.14	0.17	0.14
Torrent Power Limited	-	-	0.80	0.81	-	-	-	-	-	-	0.80	0.81
Torrent Private Limited	-	-	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Other payables	-	-	-	-	-	-	26.70	16.23	-	-	26.70	16.23
Samir Mehta, Executive Chairman	-	-	-	-	-	-	16.70	11.73	-	-	16.70	11.73
Sudhir Mehta, Chairman Emeritus	-	-	-	-	-	-	9.00	4.50	-	-	9.00	4.50
Dr. Chaitanya Dutt, Director (Research & Development)	-	-	-	-	-	-	1.00	-	-	-	1.00	-

* Torrent Cables Limited & Torrent Energy Limited have been merged with Torrent Power Limited with effect from 01-Apr-2014. The same have been grouped under Torrent Power Limited for the previous year as well.

(b) Names of related parties and description of relationship :

1.	Enterprises controlled by the Company	TPL Employee Group Gratuity Trust, TPL Employee Superannuation Trust		
2.	Holding Company / Enterprises controlled by the Holding Company	Torrent Private Limited, Torrent Financiers, Torrent Power Limited, Torrent Power Services Pvt. Limited, Torrent Pipavav Generation Limited, Torrent Power Grid Limited, Torrent Solargen Limited, AEC Cements and Constructions Limited, Torrent Fincorp Pvt. Ltd.		
3.	Joint Venture / Associate	Tornascent Care Institute, UNM Foundation		
4.	Key management personnel	Shri Sudhir Mehta Chairman Emeritus	Shri Samir Mehta Executive Chairman	Dr. Chaitanya Dutt Director (Research & Development)
5.	Relatives of key management personnel	Smt. Anita Mehta, Wife Smt. Shardaben Mehta, Mother Shri Varun Mehta, Son Shri Jinal Mehta, Son Shri Samir Mehta, Brother Smt. Meena Modi, Sister Smt. Nayna Shah, Sister	Smt. Sapna Mehta, Wife Smt. Shardaben Mehta, Mother Shri Aman Mehta, Son Shri Shaan Mehta, Son Shri Sudhir Mehta, Brother Smt. Meena Modi, Sister Smt. Nayna Shah, Sister	Smt. Shobha Dutt, Wife Shri Umang Dutt, Son Shri Uttang Dutt, Son
6.	Enterprises controlled by key management personnel / relatives of key management personnel	U N Mehta Charitable Trust, D N Modi Charitable Trust, Shardaben Mehta Charitable Trust, Tsunami Tours & Travels Pvt. Ltd. (upto 31/12/2014), Torrel Cosmetics Pvt. Ltd., Zeal Pharmachem India Pvt. Ltd., Diamond Infrastructure Pvt. Ltd., U. N. Mehta Institute of Cardiology & Research Centre, Dushyant Shah Charitable Trust, Shri Vadgam Mahal Kelavani Mandal, Memadpur Kelavani Mandal		

Note - 37 : (a) 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

Sr. No.	Name of the Subsidiary	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
1	Zao Torrent Pharma	Rouble	0.9811	0.23	21.10	28.19	6.86	-	41.56	3.29	0.33	2.96
2	Torrent Do Brasil Ltda.	Reals	18.6386	35.68	(62.81)	354.96	382.09	-	504.30	(36.22)	(701)	(29.21)
3	Torrent Pharma GmbH	Euro	75.0955	0.19	18.60	70.65	51.86	44.01	27.09	0.21	11.38	(11.17)
4	Torrent Pharma Inc.	USD	66.3329	7.96	104.72	749.10	636.42	-	2,645.72	90.84	28.70	62.14
5	Torrent Pharma Philippines, Inc.	Pesos	1.4386	5.55	6.95	60.66	48.16	-	96.64	19.93	5.86	14.07
6	Laboratorios Torrent, S.A. De C.V.	Mxn\$	3.8452	28.74	(14.21)	23.18	8.65	-	31.59	(2.01)	-	(2.01)
7	Torrent Australasia Pty Ltd	Au\$	50.7911	0.44	(0.24)	0.21	0.01	-	0.16	0.00	-	0.00
8	Torrent Pharma Canada Inc.	CAD	51.0764	-	-	-	-	-	0.10	(0.10)	-	(0.10)
9	Torrent Pharma (Thailand) Co., Ltd.	THB	1.885	1.77	(1.15)	0.72	0.10	-	-	(0.25)	-	(0.25)
10	Torrent Pharma S.R.L.	RON	16.7856	6.96	(38.68)	121.88	153.60	-	104.74	(20.49)	0.85	(21.34)
11	Torrent Pharma (UK) Ltd	GBP	95.0882	2.14	(6.40)	89.64	93.90	8.85	36.14	(8.98)	(1.73)	(7.25)
12	Laboratories Torrent (Malaysia) SDN.BHD.	MYR	16.978	0.85	(0.44)	11.30	10.89	-	23.09	(0.31)	(0.02)	(0.29)
13	Torrent Pharma France S.A.S.	Euro	75.0955	0.00	(6.09)	18.74	24.83	-	1.92	(4.37)	0.60	(4.97)
14	Heumann Pharma GmbH & Co. Generica KG	Euro	75.0955	0.08	83.25	841.43	758.10	-	610.96	50.30	11.00	39.30
15	Heunet Pharma GmbH	Euro	75.0955	0.19	2.31	376.41	373.91	-	164.78	4.65	1.47	3.18
16	Norispfarm GmbH	Euro	75.0955	0.19	(0.19)	0.64	0.64	-	2.66	1.75	0.07	1.68
17	Aptil Pharma Ltd.	GBP	95.0882	0.00	(8.80)	41.98	50.78	-	-	(3.10)	(2.20)	(0.90)
18	Zyg Pharma Private Limited (Refer Note 33)	INR	1.0000	-	-	-	-	-	10.00	0.81	-	0.81
19	Torrent Pharma (Sikkim)	INR	1.0000	15.42	-	15.42	-	-	-	1.26	0.27	0.99

Note :

- Proposed dividend is Nil in each subsidiary
- % of shareholding in all subsidiaries either directly or through its subsidiaries is 100%, except in case of Torrent Pharma (Sikkim), where the % shareholding is 97 %.
- Torrent Pharma France S.A.S., Aptil Pharma Ltd., Torrent Australasia Pty Ltd & Torrent Pharma (Thailand) Co., Ltd. are yet to commence their operations.
- Torrent Pharma Canada Inc. has been dissolved on 10-Dec-2015.

Part "B": Joint Ventures

Sr. No.	Name of Joint Venture	Latest Audited Balance Sheet Date	Shares of Joint venture held by the company		Description of how there is significant influence	Reason why the Joint venture is not Consolidated	Networth attributable to shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
			No. of shares	Extend of Holding %				Considered in Consolidation	Not considered in Consolidation
1	Tomascent Care Institute	-	25,000	50%	-	Refer Note 1	-	-	-
2	UNM Foundation	-	25,000	50%	-	Refer Note 1	-	-	-

- (b) 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 (9.30 AM to 6.30 PM) on working days, except Saturday upto and including the date of Annual General Meeting of the Company.

Note - 38 : 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 (Refer Note 1)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of Consolidated net assets	₹ in crores	As % of Consolidated profit or loss	₹ in crores
Parent				
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	81.48%	2,761.91	96.94%	1,669.73
Subsidiaries				
Indian				
Torrent Pharmaceuticals (Sikkim)	0.44%	14.96	0.06%	0.96
Zyg Pharma Private Limited	-	-	0.05%	0.81
Foreign				
Zao Torrent Pharma	0.67%	22.79	0.11%	1.87
Torrent Do Brasil Ltda.	7.87%	266.74	(3.12%)	(53.80)
Torrent Pharma GmbH	0.07%	2.26	(0.63%)	(10.83)
Torrent Pharma Inc.	7.77%	263.35	5.55%	95.51
Torrent Pharma Philippines Inc	1.04%	35.17	0.82%	14.05
Laboratorios Torrent, S.A. De C.V.	0.50%	16.97	(0.12%)	(2.06)
Torrent Australasia Pty Limited	0.01%	0.18	0.00%	0.00
Torrent Pharma Canada Inc.	-	-	0.07%	1.15
Torrent Pharma S.R.L.	2.28%	77.16	(1.22%)	(20.94)
Torrent Pharma (UK) Ltd.	1.00%	33.93	(0.43%)	(7.39)
Torrent Pharma (Thailand) Co.Ltd.	0.02%	0.62	(0.01%)	(0.25)
Laboratories Torrent (Malaysia) SDN BHD	0.26%	8.79	(0.05%)	(0.79)
Torrent Pharma France S.A.S.	0.29%	9.98	(0.28%)	(4.74)
Heumann Pharma GmbH & Co. Generica KG	(6.10%)	(206.85)	2.12%	36.46
Heunet Pharma GmbH	0.81%	27.38	0.12%	2.01
Norispharm GmbH	0.01%	0.44	0.09%	1.59
Aptil Pharma Limited	1.57%	53.24	(0.06%)	(0.99)
Minority Interests in all subsidiaries	0.01%	0.46	0.00%	0.03
Total	100.00%	3,389.48	100.00%	1,722.38

In terms of our report attached

Signatures to the notes forming part of Consolidated Financial Statement 1 to 38

For DELOITTE HASKINS & SELLS
Chartered Accountants

Samir Mehta
Executive Chairman

Hemendra Shah
Partner

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
23rd May, 2016

Ahmedabad
23rd May, 2016

FIVE YEAR FINANCIAL HIGHLIGHTS

CONSOLIDATED

₹ in crores

	2015-16	2014-15	2013-14	2012-13	2011-12
SALES, PROFIT & DIVIDEND					
Revenue	6,676	4,653	4,185	3,211	2,696
EBDITA	2,930	1,291	962	702	512
EBIT	2,684	1,100	875	619	431
Profit before Exceptional Items and Tax (PBT)	2,504	940	844	619	424
Profit after Tax and Minority Interest (PAT)	1,722	751	664	433	284
Dividend (Amount)	592	190	169	195	72
Total Dividend Per share (₹)	35.00	11.25	10.00	23.00	8.50
Special Dividend Per Share (₹)	15.00	-	-	10.00	-
Normal Dividend Per Share (₹)	20.00	11.25	10.00	13.00	8.50
Normal Dividend Per share (₹) - Adjusted for Bonus	35.00	11.25	10.00	6.50	4.25

FINANCIAL POSITION

Equity Share Capital	85	85	85	42	42
Reserves and Surplus	3,304	2,406	1,818	1,380	1,152
Long Term Borrowings	1,864	2,185	744	455	322
Capital Employed	5,253	4,676	2,647	1,876	1,516
Gross Block	4,854	4,205	1,954	1,581	1,318
Net Block	3,903	3,495	1,409	1,105	916
Investments	0	0	0	0	38
Net Current Assets	1,378	1,228	1,230	951	595

RETURN

On Sales (PBT)%	38%	20%	20%	19%	16%
On Capital Employed (EBIT)%	51%	24%	33%	33%	28%
On Shareholders' Fund (PAT)%	51%	30%	35%	30%	24%
Earning Per share (₹)	101.78	44.38	39.23	51.15	33.57
Earning Per share (₹) - Adjusted for Bonus	101.78	44.38	39.23	25.58	16.79



TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

Registered Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India

Phone: + 91 79 26585090 / 26583060 Fax: + 91 79 26582100

Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

PROXY FORM

Name of the member(s): _____

Registered address: _____

Email Id: _____

Folio No.: _____

DP Id / Client Id: _____

I / We, being the member(s) of shares of the above named Company, hereby appoint

1. Name: _____

Address: _____

Email Id: _____ Signature: _____, or failing him

2. Name: _____

Address: _____

Email Id: _____ Signature: _____, or failing him

3. Name: _____

Address: _____

Email Id: _____ Signature: _____,

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 43rd Annual General Meeting of the Company, to be held on Wednesday, 27th July, 2016 at 09:30 a.m. at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	RESOLUTIONS	OPTIONAL ³	
Ordinary Business		For	Against
1.	To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31 st March, 2016 including the Audited Balance Sheet as at 31 st March, 2016, the Statement of Profit and Loss for the year ended on that date and reports of the Directors' and Auditors' thereon.		
2.	To confirm the normal annual dividend of ₹ 20/- as an interim dividend and a special dividend of ₹ 15/- as second interim dividend per fully paid equity share of face value of ₹ 5.00, declared and distributed by the Board of Directors for the Financial year ended on 31 st March, 2016.		
3.	Appoint a Director in place of Shri Samir Mehta (holding DIN 00061903), Director, who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	Appoint Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.		

Resolution No.	RESOLUTIONS	OPTIONAL ³	
Special Business		For	Against
5.	Ratification of remuneration of Cost Auditors of the Company for the year 2016-17		

Signed this..... day of..... 20.....

Signature of Shareholder(s)

Signature of Proxy holder(s)



Notes:

- 1 This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2 For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 43rd Annual General Meeting.
- 3 It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- 4 Please complete all details including details of member(s) in above box before submission.



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Website: www.torrentpharma.com Email Id: investorservices@torrentpharma.com

ATTENDANCE SLIP

This attendance slip duly filled in is to be handed over at the entrance of the meeting hall.

DP ID**
CLIENT ID

REGD. FOLIO NO.
NO. OF SHARES HELD

Full name of the member attending _____

Full name of the first joint-holder _____

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy _____

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 43RD ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad – 380 015, Gujarat, India on Wednesday, the 27th July, 2016 at 09:30 a.m.

Member's / Proxy's Signature
(To be signed at the time of handing over of this slip)

** Applicable to the members whose shares are held in dematerialized form.

Note: Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.

ROUTE MAP TO THE AGM VENUE

TORRENT PHARMACEUTICALS LIMITED

CIN: L24230GJ1972PLC002126



43rd Annual General Meeting
Date: 27th July, 2016
Time: 09:30 A.M.

Venue: J. B. Auditorium, Torrent-AMA Centre,
Ahmedabad Management Association(AMA),
Vastrapur, Ahmedabad-380015



Under Grassroot Interventions - “Shaishav”, care is contemplated for 6 month to 6 year old children through healthcare support, promotion of hygiene and sanitation, support for preschool activities and improvement in existing infrastructure. The actions involve conducting periodic medical health checkups, follow-ups and support for further treatment, establishing a referral system with specialist hospitals for needy beneficiaries and monitoring of immunization and malnourishment in children.

Under Greenfield Actions - “Jatan”, Primary Paediatric Health Clinics in the area of diagnostic and treatment would be established at identified four locations viz. Surat (SUGEN), Dahej, Nadiad and Indrad. These would be supported by sub-centres and/or medical mobile vans. The medical facility at SUGEN, besides focusing on primary paediatric healthcare, will in due course expand as a referral centre for other envisaged activities and disease centric secondary care. Such speciality hospital will eventually culminate into a tertiary care Super Speciality Paediatric Centre of Excellence.



Under Other Allied Initiatives - “Muskan”, child care development centre for specially abled children, adolescent counseling centre for girls and boys, orientation and training facilities for connected persons, facilitation of speciality and super speciality care for identified needy patients, child diagnostic and surgical medical camps, mechanism for effective coordination amongst practising paediatricians and public awareness programmes would be designed and established.

Torrent Group considers active involvement and volunteering by its employees in appropriate activities as a matter of priority.



a movement, not an activity

Torrentians engaged in REACH



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