torrent PHARMA

10th August, 2017

The Dy. General Manager (Listing Dept.)
BSE Limited.,
Corporate Relationship Dept.,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street, Fort,
Mumbai - 400 001
(BSE Scrip Code: 500420)

The Manager – Listing Dept.,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G. Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai – 400 051
(NSE Scrip Code: TORNTPHARM)

Dear Sir,

Sub.: Submission of Annual Report under Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

In compliance with the requirement under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Annual Report for the financial year 2016-17 duly approved and adopted by the members as per the provisions of the Companies Act, 2013 in the 44th Annual General Meeting of the Company held on 31st July, 2017.

The above is for your information and record.

Thanking you,

Yours Sincerely,

For TORRENT PHARMACEUTICALS LIMITED

MAHESH AGRAWAL
VP (LEGAL) & COMPANY SECRETARY

Encl : A/a

44th Annual Report 2016-17

GREEN to GO


LEED Certified Dahej Facility


Green Belt at R&D Centre


Energy Efficient Indrad Facility

torrent PHARMA


LEED Certified Dahej Facility

GREEN AMBIENCE

Embodying the Green Building trend

With our continuous efforts to adopt structures and processes that are environmentally responsible and resource efficient, we have got to our credit certain green buildings.

Our Dahej Facility has received the LEED (Leadership in Energy & Environmental Design) certification from the US Green Building Council and is the first pharmaceutical facility in India to receive the same. Of the material used for constructing this facility, 38% was recycled material. This facility is designed based on Sun Path Analysis and blocks are constructed so as to receive maximum sunlight. During and post construction, appropriate waste management strategies were implemented. This facility's fresh air provision is 30% more than ASHRAE (American Society of Heating, Refrigerating and Air-Conditioning Engineers) requirement. The aggregate energy cost savings of all the buildings at the facility is 21%.

The Passive Downdraft Evaporative Cooling (PDEC) system has been installed at the R&D Centre at Bhat. It consumes just 10% of energy as compared to conventional cooling system and during peak summer, the natural cooling system maintains a 10-degree difference between the inside and outside temperature.

Fly ash based ready mix concrete and fly ash bricks have been used for the construction of the new blocks at the Indrad Facility. These blocks too are constructed based on Sun Path Analysis.


Natural Cooling System at R&D Centre


Utilization of Natural Light at Dahej Facility


Newly constructed Blocks at Indrad Facility

CONTENTS

torrent PHARMA

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 26599000
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.77, J N Pharma City, Thanam Village,
   Parawada Mandal, Vizag (Andhra Pradesh)
6. Plot No. Z104 - 106, Dahej SEZ Phase II,
   Taluka Vagra, Dist. Bharuch (Gujarat)

PROJECT SITE

Bileshwarpura, 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 FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Monday, 31st July, 2017 at 04:00 PM 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, 2017 including the Audited Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of interim dividend on equity shares already paid during the financial year ended 31st March, 2017 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 3rd February, 2017 had declared the interim dividend of ₹ 10.00 per equity share of fully paid up face value of ₹ 5.00 each and in its meeting held on 26th May, 2017 recommended final dividend of ₹ 4.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31st March, 2017.

3. To appoint a Director in place of Dr. Chaitanya Dutt (holding DIN 00110312), Director, who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint Auditors to hold office from the conclusion of this 44th Annual General Meeting till the conclusion of Company's 49th Annual General Meeting.

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable and pursuant to the recommendations of the Board of Directors, B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), be and are hereby appointed as Statutory Auditors of the Company, in place of retiring auditors Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), to hold the office from the conclusion of this 44th Annual General Meeting until the conclusion of the 49th Annual General Meeting, subject to ratification by members every year, at such remuneration, as may be decided by the Board of Directors of the Company."

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 2017-18

   "**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 the approval by the Board of Directors at their meeting dated 26th May, 2017, 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 2017-18:

   ₹ 7,50,000/- plus out of pocket expenses & service tax / GST as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   RE-APPOINTMENT OF DR. CHAITANYA DUTT AS A WHOLE TIME DIRECTOR AND FIXATION OF REMUNERATION

   "**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and subject to the provisions of Section 152(6) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof) and any other approval as may be required, the consent of the Company be and is hereby accorded for re-appointment of Dr. Chaitanya Dutt (holding DIN 00110312) as a Whole-time Director of the Company, to be designated as Director (Research & Development) with effect from

1st January, 2018 for a period of 3 (three) years on the following terms of remuneration:

1	BASIC SALARY	:	a)	₹ 35,00,000/- per month with effect from 1st January, 2018.
				Salary shall be revised as under :
			b)	₹ 40,00,000/- per month with effect from 1st January, 2019.
			c)	₹ 47,00,000/- per month with effect from 1st January, 2020.
2	COMMISSION	:		In any situation of extra ordinary nature, a landmark discovery and/ or a significant development having a positive long term impact on the business and operations of the Company, he may be paid commission, subject to the provisions of the Companies Act, 2013. The actual amount shall be reviewed and recommended by the Nomination and Remuneration Committee and finally approved by the Board of Directors.
3	PERQUISITES	:		The appointee will be also allowed the perquisites as under:
	A.		(i)	The Company shall pay House Rent Allowance @ 60% of the salary.
			(ii)	The Company shall reimburse annual fees for two clubs.
			(iii)	The Company shall pay the premium on personal accident insurance policy as per Company rules.
			(iv)	The Company shall pay the premium on medical insurance for self and family as per the Company rules.
	B.		(i)	The Company shall provide a car with driver for official and personal use.
			(ii)	The Company shall provide telephones at his residence, the cost of which will be borne by the Company.
	C.		(i)	Company's contribution to the provident fund will be as per applicable laws and rules of the Company.
4	OTHER TERMS		(i)	His entitlement for leave and its accumulation and encashment shall be as per prevailing Company rules.
			(ii)	The total remuneration for any year shall not exceed 5% of the profits of the Company as calculated in accordance with Section 198 of the Companies Act, 2013, as existing or modified or re-enacted from time to time.

"

"**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profit in any financial year, the Company shall pay Dr. Chaitanya Dutt, in respect of such financial year, by way of salary, allowances, perquisites, benefits and contributions, as the Board of Directors may deem fit, subject to the limits prescribed here in and in Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof), or such other amount as may be approved by the Central Government from time to time as minimum remuneration."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

ISSUANCE OF REDEEMABLE NON-CONVERTIBLE DEBENTURES / BONDS BY WAY OF PRIVATE PLACEMENT

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI regulations and guidelines, Foreign Exchange Management Act & RBI Guidelines, the Memorandum of Association and the Articles of Association of the Company and any statutory modifications, re-enactments or amendments from time to time to the above mentioned regulations and rules and clarifications issued thereon from time to time and subject to other applicable laws, rules, regulations, guidelines, notifications and circulars issued by various competent authorities / bodies, whether in India or abroad, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "Board", which term shall include any Committee thereof which the Board may have constituted to exercise its powers including the powers conferred by this Resolution) of the Company, to raise funds through Private Placement of Unsecured / Secured Redeemable Non-Convertible Debentures / Bonds ("NCDs") for an amount not exceeding ₹ 7,500 crores (Rupees Seven Thousand Five Hundred Crores only) to eligible investors (whether residents, non-residents, institutions, banks, incorporated bodies, mutual funds, venture capital funds, financial institutions, individuals, trustees, stabilizing agents or otherwise and whether or not such investors are members of the Company), either in Indian Rupees or an equivalent amount in any foreign currency, in one or more tranches during the period of one year from the date of passing of special resolution by the shareholders on such terms and conditions as the Board may from time to time determine proper and beneficial."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, invitation, issue or allotment through private placement of NCDs, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalizing the form / placement documents / offer letter, timing of the issue(s), including the class of investors to whom the NCDs are to be allotted, number of NCDs to be allotted in each tranche, issue price, redemption, rate of interest, redemption period, allotment of NCDs, appointment of lead managers, arrangers, debenture trustees and other agencies, entering into arrangements for managing the issue, issue placement documents and to sign all deeds, documents and writings and to pay any fees, remuneration, expenses relating thereto and for other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to further delegate all or any of the powers in aforesaid matters to the officials of the Company, in such manners as the Board may in its absolute discretion deem fit."

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

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

Ahmedabad
26th May, 2017

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) and (2) of the Companies Act, 2013 in respect of Item No. 3 & 4 and Special Business i.e. Item No. 5 to 7 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 44th 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. 24th July, 2017, 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. 24th July, 2017.

11. The Company shall 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 44th 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, 2017 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. 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.

15. 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.

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

17. The members are requested to intimate to the Company, queries, if any, at least ten days before the AGM to enable the Management to keep the required information available at the meeting.

18. The Company has decided to close the Register of Members and the Share Transfer Register for a period of three days from 21st June, 2017 to 23rd June, 2017 (both days inclusive) for determining the name of members eligible for final dividend on equity shares, if declared at this AGM.

    The final dividend on equity shares, if declared at the AGM, will be paid / dispatched on or around 4th August, 2017 to those members whose name appear on the Company's Register of Members or on the records of National Securities Depository Limited or Central Depository Services (India) Limited as beneficial owners as on 23rd June, 2017.

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 124 of the Companies Act, 2013, 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 43rd AGM held on 27th July, 2016 on its website www.torrentpharma.com and also on the website of the Ministry of Corporate Affairs www.mca.gov.in.

The Ministry of Corporate Affairs has notified remaining part of Section 124 and 125 of the Companies Act, 2013 along with the new Rules namely “Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016” which have come into force from 7th September, 2016. The said Rules, inter alia, mandates the Company to transfer all such shares, in respect of which dividend have not been claimed for last seven consecutive years or more, to the Demat account of IEPF Authority.

To comply with the above provisions, the Company has addressed the letters to those shareholders who have not claimed the dividend for the period of seven consecutive years or more, providing the details of unclaimed dividend & process for its revalidation, transfer of shares to IEPF Authority and procedure for claiming back the shares from IEPF Demat account. The list of such shareholders are also placed on the website of the Company. The Company is in the process of transferring the shares to the Demat account of IEPF Authority.

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 appointment / 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. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.

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 any working day 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 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 28th July, 2017 from 09:00 A.M. and ends on 30th July, 2017 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. 24th July, 2017, 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, Dr. Chaitanya Dutt retires by rotation at this AGM and being eligible, is proposed for re-appointment. He was last re-appointed as Director on 27th July, 2015 effective from 1st January, 2015 for a period of 3 (three) years. Dr. Dutt has expressed his intention to act as a Director, if reappointed.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice.

Except Dr. Dutt, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 3 of the Notice.

The Board commends this resolution for your approval.

Item No. 4

Deloitte Haskins & Sells, Ahmedabad along with their network of firms of Chartered Accountants has completed more than 10 years as Statutory Auditors of your Company.

Considering the requirements of Section 139 (2) of the Companies Act, 2013, B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) is proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of 44th AGM till the conclusion of the 49th AGM, subject to ratification by members every year, as may be applicable.

B S R & Co. LLP, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors/Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the ordinary resolution set out at item No. 4 of the notice.

The Board commends this resolution for your approval.

Item No. 5

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 26th May, 2017, 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 2017-18 at fees of ₹ 7,50,000/- plus out of pocket expenses and service tax / GST as applicable for conducting the audit of the cost accounting records of all the manufacturing facilities of the Company.

The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2017-18.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, 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.

Item No. 6

The existing term of Dr. Chaitanya Dutt will expire on 31st December, 2017. On recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 26th May, 2017, re-appointed Dr. Dutt as Whole-time Director of the Company, to be designated as Director (Research & Development), for a period of 3 (three) years effective from 1st January, 2018, subject to approval of the members.

Dr. Dutt has been working as Director (Research & Development) of the Company since 27th June, 2000. Dr. Dutt is one of the key functionaries in the top management team and had been associated with the Company for about 35 years.

He is the overall in charge of the Research and Development (R&D) activities, quality and regulatory matters.

The Pharma industry is technology driven and R&D is one of the key drivers of growth for the Company, particularly in developed and regulated markets. In addition, the tightening of regulatory requirements in the overall regulatory regime particularly in the regulated markets has significantly increased the criticality of quality assurance functions. On account of criticality of functions and the experience and knowledge of Dr. Dutt, it is thought prudent to extend his services with the Company for three more years. As Dr. Dutt shall be attaining the age of seventy during this proposed term as whole-time director, if so approved by the Shareholders, pursuant to Section 196(3)(a) of the Companies Act, 2013 the said appointment is proposed for approval by the Shareholders as a Special Resolution.

Particulars of his qualifications, brief resume, area of expertise and other details are provided in the Annexure attached to this Notice. For details pertaining to remuneration drawn during FY 2016-17, please refer to the Corporate Governance Report.

Except Dr. Dutt, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 6 of the Notice.

The copies of relevant resolutions of the Board with respect to the re-appointment is available for inspection by members at the registered office of the Company during working hours on any working day till the date of AGM.

The Board commends this resolution for your approval.

Item No. 7

In order to provide the necessary flexibility of structuring the borrowings of the Company in the optimal manner depending on the prevailing market conditions, it is proposed to borrow and raise by issue of Unsecured/ Secured Redeemable Non-Convertible Debentures / Bonds ("NCDs") on private placement basis, as may be appropriate and as specified in the approvals, from both Indian and International markets.

The Board has at their meeting held on 26th May, 2017 recommended to the shareholders to give their consent to the Board of Directors or any Committee of the Board to borrow and raise funds by issue of NCDs on private placement basis, up to an amount of ₹ 7,500 crores (Rupees Seven Thousand Five Hundred Crores only) under Sections 42 and 71 read with Section 179 of the Companies Act, 2013. Such issue shall be subject to overall borrowing limits as approved by shareholders from time to time and will be issued in terms of the provisions of the Companies Act, 2013, Articles of Association of the Company and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "SEBI Regulations") and other applicable laws.

Pursuant to Sections 42 and 71 of the Companies Act, 2013 read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended a company offering or making an invitation to subscribe to NCDs on a private placement basis is required to obtain prior approval of the shareholders by way of the special resolution. For NCDs, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitation for such NCDs during the year. Thus such approval by way of special resolution shall be valid for a year for all offers and invitations for such NCDs to be made during the year. Accordingly, it is proposed to raise funds through Private Placement of NCDs in one or more tranches during a year starting from the date of approval of special resolution by the shareholders of the Company. Such NCDs shall be issued to such person or persons, who may or may not be the members of the Company, as the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Shareholders / Board, may think fit and proper.

The resolutions contained in item no. 7 of the accompanying Notice, accordingly, seek members' approval for raising funds through Private Placement of NCDs in one or more tranches during a year starting from the date of approval of special resolution by the members of the Company and authorizing the Board of Directors (or any duly constituted Committee of the Board or such other authority as may be approved by the Board) of the Company to complete all the formalities in connection with the issue of NCDs.

None of the Directors / Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the special resolution set out as Item no. 7 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 26599000
Fax: + 91 79 26582100
Website: www.torrentpharma.com
Email Id: investorservices@torrentpharma.com

Ahmedabad
26th May, 2017

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

ANNEXURE TO THE NOTICE

INFORMATION ON DIRECTOR RECOMMENDED FOR RE-APPOINTMENT

Dr. Chaitanya Dutt

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

Dr. Dutt holds 800 Equity Shares of your Company. He is on the Board of your Company from 27th June, 2000. He has attended all the meetings of the Board held during the financial year 2016-17. Dr. Dutt is not related to any other Directors of the Company.

To

The Shareholders

The Directors have the pleasure of presenting the Forty Fourth Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2017.

HIGHLIGHTS

- *India Business registered 13% growth as compared to 11% growth of the market.*
- *Sharp price erosion in the US market including in the limited competition product launched last year; ongoing customer consolidation accelerated the price erosion; sixteen ANDAS filed in US in the last fiscal year including six FTF and two derma products.*
- *Strong growth of 25% in top line in Brazil in Brazilian Reals (BRL) (37% in INR) vis a vis industry growth of 14%; five brands achieved annual sales greater than 20 million BRL.*
- *Indrad Plant approval by USFDA and European regulatory authorities; Establishment Inspection Report (EIR) received from USFDA for Pithampur plant; Dahej facility approved by all major markets i.e. US, EU & BR.*
- *Acquired a USFDA approved API manufacturing facility at Vizag, Andhra Pradesh.*
- *Commenced commercial dispatches from new facility at Sikkim during March 2017. Total capacity enhancement of 400 crores tablets when fully completed.*

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	
	2016-17	2015-16	2016-17	2015-16
Sales & Operating Income	4593	5439	5857	6687
Profit Before Depreciation, Finance Cost, Exceptional Items & Tax	1426	2934	1601	2959
Less Depreciation	269	213	307	238
Less Finance Cost	202	180	206	184
Profit Before Exceptional Items & Tax	955	2541	1088	2537
Less Exceptional Items	--	193	--	194
Less Tax Expense	101	605	154	610
Less Minority Interest	--	--	--	--
Net Profit for the Year	854	1743	934	1733
Balance brought forward	1620	1497	1442	1327
Other Comprehensive income and other adjusments	(7)	43	(8)	45
Balance available for appropriation	2467	3283	2368	3105
Appropriated as under:				
Transfer to General Reserve	400	700	400	700
Transfer to Debenture Redemption Reserve	250	123	250	123
Dividend	169	698*	169	698*
Tax on Distributed Profits for Dividend	35	142*	35	142*
Balance Carried Forward	1613	1620	1514	1442
Earnings Per Share (₹ per share)	50.48	102.99	54.99	102.42

*Includes final dividend of ₹ 106 crores and dividend distribution tax of ₹ 21 crores pertaining to FY 2014-15.

Consolidated Operating Results

The consolidated sales and operating income decreased to ₹ 5857 crores from ₹ 6687 crores in the previous year showing a degrowth of 12.41%. The consolidated operating profit for the year was ₹ 1601 crores as against ₹ 2959 crores in the previous year registering degrowth of 45.89%. The consolidated net profit decreased to ₹ 934 crores from ₹ 1733 crores in the previous year registering a degrowth of 46.11%. Previous year include exceptional sales and profit, primarily on account of the launch of a new product in US market which had limited competition.

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.

Dividend

As per the provisions of the Regulation 43 (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Company adopted a Dividend Policy which is broadly based on the same policy as has been followed by the Company since long. Copy of the Policy is attached as Annexure – A. As per the Policy, the Company endeavours to distribute 30% of its annual consolidated net profit after tax as dividend in one or more tranches.

Interim dividend of ₹ 10/- per equity share of face value of ₹ 5/- amounting to ₹ 169 crores was paid to the shareholders during the year under review. Further, the Board has recommended a final dividend of ₹ 4/- per equity share amounting to ₹ 68 crores for approval to shareholders at the 44th Annual General Meeting of the Company. The aggregate distribution amount including dividend distribution tax works out to be ₹ 286 crores (previous year ₹ 713 crores). The total distribution towards dividend of ₹ 14/- per equity share of face value of ₹ 5/- each amounts to 30.53% of annual consolidated net profit after tax.

HUMAN RESOURCES

Adapting to change is quintessential to a growing organization's longevity. Over the time, Torrent has changed to adapt and evolve with the changing economic landscape, while keeping its core values firmly entrenched.

The Human Resource Department has strategic and functional responsibilities for all of the Human Resource disciplines in this changing scenario. There are four corresponding roles for Human Resource: (a) as a strategic partner working to align Human Resource and business strategy, (b) as an administrative expert working to improve organizational processes and deliver basic Human Resource services, (c) as an employee champion, listening and responding to employees' needs, and (d) as a change agent managing change processes to increase the effectiveness of the organization.

Within organization, Human Resource Department has active engagement with employee issues, listening to their concerns, and building a professional and stable relation between employees and employers. Managing expectations, being flexible, communicating and adequate training are few of the most significant factors in keeping employees contented. Human Resource Department conducts performance appraisals, career development and up skilling, developing effective reward systems and designing jobs to fit both the needs of the business and employees.

On the Statutory front, during the year under review, there was one case received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which was duly addressed. 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 practice.

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 11781 employees as on 31st March, 2017 vis-à-vis 10892 employees as on 31st March, 2016. Going forward, the Company will continue to focus on nurturing the right talent to achieve the business goal.

VIGIL MECHANISM

The Company has adopted Whistle Blower Policy to provide a formal mechanism to all the stakeholders of the Company to report their concerns about unethical behaviour, actual or suspected fraud that may affect its business or reputation. The policy provides for adequate safeguarding to the person who avail the mechanism. The investigations are conducted in a fair manner and after the conclusion of the investigation, a written report of the finding is prepared. The outcome of the investigation is informed to all the concerned. The Audit and Risk Management Committee reviews the functioning of the Whistle Blower mechanism 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_whishtleblower.pdf

CORPORATE SOCIAL RESPONSIBILITY

‘सर्वे भवन्तु सुखिनः सर्वे सन्तु निरामयाः । सर्वे भद्राणि पश्यन्तु मा कश्चिद्दुःख भाग्भवेत्।’ (‘Sarve bhavantu sukhinah, sarve santu niramayah, sarve bhadrani paschyantu, ma kaschita dukh bhagbhavet’). Torrent Group believes in the well being of the society at large. As a social corporate citizen, it has always believed in the philosophy of “Think of others also when you think about yourself”. Over past many years, the Group has contributed to the society in the field of Community Healthcare, Sanitation and Hygiene, Education & Knowledge enhancement and Social Care and Concern.

In line with the provisions of the Companies Act, 2013 and Rules made thereunder, a Corporate Social Responsibility (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

During FY 2016-17, the CSR programs and activities undertaken at Group level are described hereunder:

- **REACH:** In January 2016, Torrent Power Limited and Torrent Pharmaceuticals Limited jointly initiated a Child Centric Health Care Program - REACH - Reach EAch CHild under the aegis of Tornascent Care Institute. The program encompasses three major activities - (a) SHAISHAV for grass root intervention, (b) JATAN for greenfield action and (c) MUSKAN for other allied initiatives. The focus during current year was mainly on SHAISHAV:

    - Identification of villages with underserved population around the four regions where Torrent Group has its manufaturing facilities i.e. Indrad, Nadiad, Surat and Dahej.

    - Conducting 157 paediatric camps covering 219 villages and 36,142 children to obtain the base line health status of children in the age group of 6 months to 6 years, identify and treat anaemia and malnutrition and provide speciality treatment to those identified with other ailments like cardiac, neurological and respiratory disorders.

    Periodic assessments and follow up actions for all such cases under the supervision of qualified Paediatricians. The intial results were encouraging with 66% children cured of their anemic condition and around 52% of children pulled out of severe malnourishment. Around 405 children were provided specialised treatment for cardiac, neurological, respiratory, etc. disorder.

    During later part of the year, the following activities under Greenfield Action - ‘JATAN’ were initiated:

    a) Procurement of Mobile vans for all the four locations providing mobile OPDs and reaching out to the villages covered under SHAISHAV.

    b) Starting of two fully equiped Paediatric Centres at Sugen (near Surat) and Pakhajan (near Dahej) to provide free high quality primary medical treatment to the nearby villages.

- **Shiksha Setu** - During FY 2016-17, through UNM Foundation, Phase II of the Program was initiated in 13 schools, located in Sugen, Chhatral, Chhapi, Memadpur and Ahmedabad locations covering about 4300 students and 150 teachers and with following components:

    i) ‘sLate’ - technology based teaching tool provided through Smartboards and Tablets

    ii) ‘sLearn’ - skill based adaptive learning tool for students provided on Tablets

iii) 'sLQuiz' - technology based learning assessment tool

iv) Continuous teachers support trainings for subject related topics, soft skills and leadership skills

Further, following activities were conducted under the programme in FY 2016-17:

a) Provision of ~ 1,250 Tablets and 20 Smartboards in 13 programme schools.

b) Training to the students and teachers on the new educational tools.

c) Step by step improvisation in the tools based on the feedbacks received from the teachers and students from different schools.

d) Community meetings involving more than 1500 parents to seek their support.

The Annual Report on CSR Activities is given as **Annexure C** to this Report which indicates that the Company has spent ₹ 27.55 crores in this regard.

Other CSR initiatives undertaken by the Company during FY 2016-17 include:

a) Conducted various programs among the students at Middle School at Bhud, Baddi through employee volunteers for their development and advancement.

b) The Company had also made donations to various organizations involved in education, healthcare, promotion of social welfare, culture, social economic development, etc.

ENVIRONMENT, HEALTH & SAFETY

We believe that Environment, Health and Safety (EHS) are essential and paramount pillars for sustainable growth of our business.

We have developed policies and guidelines which take our EHS compliance beyond the regulatory requirements. The policies also ensure consistent and continuous implementation of the EHS requirements throughout the Company.

A responsibility towards the environment is part of our mandate. We continuously endeavour to minimize adverse environmental impact, and demonstrate our commitment to protect the environment by adopting various green technologies for maximising usage of natural light in office buildings. The waste water generated in various units is treated and reused in the green belt and spaces across all units.

Most of our facilities have achieved various recognition / certifications such as ISO-14001 - 2015 & OHSAS - 18001 - 2007. Regular audits of our locations by our global customers and regulators help in our efforts to benchmark with the highest levels of compliance.

During the year, all our manufacturing sites remained compliant with applicable EHS regulations monitored through online systems.

Moreover, the Company has in place the "Conviction of Safety Policy", which provides for substantial compensation to the personnel (Employees as well as Contractors) and their families, who are adversely affected by accidents.

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, 2017.

(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 9 and 10 to the Financial Statements.

(c) Debentures

The Company has raised an amount of ₹ 1000 crores by way of issue of Non-Convertible Debentures on private placement basis during the year. The said Non-Convertible Debentures are listed on the National Stock Exchange of India Ltd. The aggregate Non-Convertible Debentures issued by the Company amounts to ₹ 1490 crores as on 31st March, 2017.

(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 Listing Regulations and applicable provisions of the Companies Act, 2013, the Company has formulated "Related Party Transactions 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 Transactions 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 - B**. The Company had 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 IFC 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.

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 reviewed and monitored by functional heads / business process owners. The Audit and Risk Management Committee (ARMC) discharges functions of Risk Management and Risk minimization and has designated Chief Financial Officer as the Chief Risk Officer (CRO) to assist the committee by presenting the details of the risk profile of the Company, coordinate with the functional heads who are the risk owners and monitor the status of the risk mitigation plan for the identified risks. The ARMC is periodically updated on key business risks including strategic and acquisition related risks along with their mitigation plan / strategy.

The Company in the Management and Discussion Analysis section of the Annual Report identifies the key risks which can affect the profitability of the Company. As on date, there is no risk envisaged which could threaten the existence of the Company.

SUBSIDIARIES

As of 31st March, 2017, the Company has 16 Subsidiaries, out of which 4 are step down subsidiaries.

The highlights of performance of major Subsidiaries of the Company have been discussed and disclosed under the Management Discussion and Analysis section of the Annual Report. The contribution of each of the Subsidiries in terms of the revenue and profit is provided in Form AOC-1, marked as Note 43 of the Consolidated Financial Statements. The details of two Associates of the Company is also shown in the AOC-1. These Associates are Section 8 companies and primarily floated with another company of the Torrent group to carry out the CSR activities. On account of various economic, market and regulatory isssues, the operations in Romania and France are no longer viable. The business is being wound up and the subsidiary companies in these countries would be closed during the coming year.

The annual accounts of the Subsidiary Companies will be made available to any Member of the Company seeking such information at any point of time and are also available for inspection by any Member of the Company at the Registered Office of the Company on any working day during business hours up to the date of the Annual General Meeting. The annual accounts of the Subsidiary Companies are also available on the website of the Company at http://www.torrentpharma.com/subsidiaries-financials.php.

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, 2017, 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, 2016, the members approved the reappointment of Shri Samir Mehta (holding DIN 00061903) who had retired by rotation.

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

Dr. Dutt has been re-appointed as a Whole time Director for a period of 3 (three) years effective from 1st January, 2018, subject to approval of the shareholders.

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, four meetings of the Board of Directors were convened and held on 23rd May, 2016, 27th July, 2016, 26th October, 2016 and 3rd February, 2017. 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 best governance practices, the Company has following Committees of the Board as on 31st March, 2017:

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 has identified following criteria for determining qualification, positive attributes, and independence of Directors:

1) Proposed Director ("Person") shall meet all statutory requirements and should:

- possess the highest ethics, integrity and values;
- not have direct / indirect conflict with present or potential business / operations of the Company;
- have the balance and maturity of judgment;
- be willing to devote sufficient time and energy;
- have demonstrated high level of leadership and vision, and the ability to articulate a clear direction for an organization;
- have relevant experience (In exceptional circumstances, specialization / expertise in unrelated areas may also be considered);
- have appropriate comprehension to understand or be able to acquire that understanding
  - o Relating to Corporate Functioning
  - o 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 delibrate 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 endeavours, through presentations at regular intervals to familiarize the Independent Directors with the strategy, operations and functioning of the Company and also with changes in the regulatory environment having a significant impact on the operations of the Company and the Pharmaceutical Industry as a whole. Site visits to various plant locations and CSR sites are organized for the Directors to enable them to understand the operations of and CSR activities carried out by the Company. The Independent Directors also met with senior management team of the Company in informal gatherings. During the FY 2016-17, the Company has conducted 15 programmes for familiarizing the Directors for a total duration of 18 hours.

On cumulative basis, the Company has conducted 28 programmes for familiarizing the Directors for a total duration of 27 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

Some clarificatory notes were added to the existing the Evaluation Criteria considering the SEBI's Guidance Note on 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. The feedback on evaluation of the Board and its Committees was discussed in their respective meetings and the feedback on the evaluation of Individual Directors was discussed individually with them.
- The evaluation of Chairperson was co-ordinated by the Chairman of the Independent Directors meeting.
- The Independent Directors met twice on 2nd February, 2017 and 1st May, 2017 with respect to the above.

(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 Section134(3)(c) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31st March, 2017, the Board of Directors state that:

i. the applicable Accounting Standards have been followed in preparation of the financial statements and there are no material departures from the said standards;

ii. reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit for the year ended on that date;

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

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

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

REMUNERATION

(a) Remuneration Policy

The Company has formulated 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:

1. Components of Remuneration

1.1. Fixed Pay comprising of Basic Salary, HRA, Car Allowance (applicable to General Manager and above employees), Conveyance Allowance / Reimbursement, Company's Contribution to Provident Fund, Superannuation Fund, Gratuity, etc.

1.2. Variable Pay which is either in the form of :

(i) Commission to Managing Directors

(ii) Commission to Whole - time Directors for special one-time reward

(iii) Performance based Pay to General Managers and above [upto 20% of Cost to Company (CTC)], based on unit performance grades.

(iv) 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.

1.3. 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 year FY 2015-16 is conducted in FY 2016-17 and his / her salary rise in FY 2016-17 reflects his performance for FY 2015-16.

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; and

(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 Director)

(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	182.04
2.	Shri Samir Mehta$	364.08
3.	Shri Markand Bhatt	#
4.	Shri Shailesh Haribhakti	7.77
5.	Shri Haigreve Khaitan	5.34
6.	Shri Pradeep Bhargava	7.28
7.	Smt Renu Challu	8.01
8.	Prof. Ashish Nanda	3.40
9.	Dr. Chaitanya Dutt$	126.28

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

No remuneration has been paid during the year 2016-17 and hence ratio has not been calculated.

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	(25)	
2.	Shri Samir Mehta#	Executive Chairman	Nil	
3.	Shri Shailesh Haribhakti$	Independent Director	(33.33)	(a)
4.	Shri Haigreve Khaitan$	Independent Director	22.22	(a)
5.	Shri Pradeep Bhargava$	Independent Director	(31.82)	(a)
6	Smt Renu Challu$	Independent Director	10.00	(a)
7.	Prof. Ashish Nanda$	Independent Director	(30.00)	(a)
8.	Dr. Chaitanya Dutt#	Whole-time Director	16.39	(b)
9.	Shri Ashok Modi#	Chief Financial Officer	14.69	(c)
10.	Shri Mahesh Agrawal#	Company Secretary	15.12	(c)

No remuneration has been paid in 2015-16 and 2016-17 to Shri Markand Bhatt and hence % increase has not been calculated.

(a) The % change in remuneration after considering the payment of one time additional commission paid during the last year to the Independent Directors namely Shri Shailesh Haribhakti, Shri Haigreve Khaitan, Shri Pradeep Bhargava, Smt. Renu Challu and Prof. Ashish Nanda is (67.35%), (67.65%), (68.09%), (58.75%), and (80.00%) respectively.

(b) The percentage change in remuneration for the year after considering onetime commission paid during the last year is (4.84%).

(c) The percentage change in remuneration is excluding onetime reward and performance pay.

$ Remuneration of INEDs is based on their membership in the board committees and their attendance in the meeting of the committees and the board.

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 21.65%. The unionized employees whose remuneration is determined based on negotiations have been excluded for this purpose.

4. The Company has 11,781 employees on the rolls of Company as on 31st March, 2017.

5. The increase already made in the salaries of employees other than managerial personal in the last financial year, based on the performance of the Company for 2015-16, was 18.53%. There was no rise in salary of Shri Samir Mehta and rise of 16.39% in the salary of Dr. Chaitanya Dutt (without considering the onetime reward paid during the year 2015-16).

   The year 2016-17 was a watershed year in the momentous journey of the Company, after the boost from significant growth from low competition products in the US market and post the major overhauling of domestic business practices relating to institutional and discounted business, free goods, etc., during the previous year. The subdued growth in both domestic and international markets and the enhanced outlay on research and development, critical to ensure survival in ever changing market conditions, has resulted in a moderate bottom-line growth for the year. To overcome the issues like pricing pressures on generic products across the globe, uncertain currency fluctuations and aggressive regulatory scrutiny, there is a need for the businesses to pause to regroup and ring fence itself to be able to survive this pressure and outpace the market.

6. 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-D**. 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' particulars 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

Deloitte Haskins & Sells, Ahmedabad (Firm Registration No. 117365W), Statutory Auditors of the Company along with their network of firms of Chartered Accountants has completed more than 10 years as Statutory Auditors of your Company. Considering the requirements of Section 139(2) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company at their meeting held on 26th May, 2017, based on the recommendation of the Audit and Risk Management Committee, have made its recommendation for appointment of M/s. B S R & Co. LLP, (Firm Registration No 101248W/W - 100022), as the Statutory Auditors of the Company by the Members at the 44th Annual General Meeting of the Company for a term of five consecutive years i.e. from the conclusion of 44th Annual General Meeting till the conclusion of 49th Annual General Meeting of the Company, subject to ratification of appointment for each year by shareholders at Annual General Meeting pursuant to Section 139 of the Companies Act, 2013. Accordingly, a resolution, proposing to the aforesaid appointment of M/s. B S R & Co. LLP, as the Statutory Auditors of the Company forms part of the Notice of the 44th Annual General Meeting of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

(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, 2017. Further, the Cost Audit Report to the Central Government for the financial year ended 31st March, 2016 was filed on 24th August, 2016, within the statutory timeline. The Board of Directors has, on recommendation of the Audit and Risk Management Committee, at its meeting held on 26th May, 2017 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 FY 2017-18 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 2016-17 (Apr-16 to Mar-17).

M/s. M. C. Gupta & Co., Company Secretaries have carried out the Secretarial Audit of the Company for FY 2016-17 and the Report of Secretarial Auditors in Form MR-3, is annexed with this Report as **Annexure-E**. There were no qualification / observations in the report.

CORPORATE GOVERNANCE

As required by Regulation 34 read with Schedule V of the Listing Regulations, a separate Report on Corporate Governance forms part of the Annual Report. The report on Corporate Governance also contains certain disclosures required under the Companies Act, 2013. A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause E of Schedule V of the Listing Regulations forms part of this report as **Annexure - F**.

EXTRACT OF ANNUAL RETURN

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

A statement containing the necessary information on Conservation of energy, Technology absorption and Foreign exchange earnings and Outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure-H**.

APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors appreciate the trust reposed by the medical fraternity and patients in the Company and look forward to their continued patronage. The Directors are also grateful and pleased to place on record their appreciation for the excellent support, guidance and cooperation extended by the Government of India, Governments of Gujarat, Himachal Pradesh, Sikkim, Madhya Pradesh and Andhra Pradesh, Central and State Government Bodies and Authorities, Financial Institutions and Banks. The Board also expresses its appreciation of the understanding and support extended by the shareholders and the commitment shown by the employees of the Company.

For and on behalf of the Board

Ahmedabad
26th May, 2017

Samir Mehta
Executive Chairman

DIVIDEND DISTRIBUTION POLICY

BACKGROUND:

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

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

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

OBJECTIVE:

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

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

The Board in its meeting held on 26th October, 2016, have approved this Policy with immediate effect. Any subsequent amendment / modification in the applicable statues in this regards shall automatically apply to this Policy.

This policy shall be put up on the website of the Company.

DEFINITION:

In the Policy, unless the context otherwise requires:

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Applicable Laws" shall mean the Act, Listing Regulations and such other acts, rules or regulations which govern the distribution of Dividend; as amended from time to time.

"Board" or **"Board of Directors"** means the collective body of the Directors of the Company.

"Company" means Torrent Pharmaceuticals Limited.

"Dividend" means dividend on equity shares of the Company and includes interim dividend.

"Listing Regulations" means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time or any re-enactment thereof.

"Policy" means this Dividend Distribution Policy of the Company.

All the words and expression used in this Policy, unless defined in the Policy, shall have the same meaning respectively assigned to them under the Applicable Laws.

DIVIDEND POLICY:

Subject to the compliance with Applicable Laws, the Company shall endeavor to distribute approximately 30% of its annual Consolidated Net Profit after tax as dividend (including all applicable taxes on distribution of such dividend) subject to sufficiency of Standalone profits available for distribution of dividend in the relevant year. The distribution of dividend can be by way of Interim (in one or more tranches) and / or Final Dividend.

In case of exceptional circumstances such as:

a) Inadequacy of profits in any year;

b) Absence of profit in any year;

c) Any special circumstance or event, including those which are significantly impacting or likely to significantly impact the operations, working and profits of the Company - both, positively and negatively;

d) Any exceptional event requiring large investment or commitment by the Company,

the Board may deviate from the aforesaid criteria, subject to compliance with the provisions of the Applicable Laws and shall disclose such changes along with the rationale for the same in its annual report and on its website.

The retained earnings shall be utilised for funding the Company's business and operations, meeting with investment requirement for organic and inorganic growth and such other purposes as may be deemed fit from time to time.

The payment of dividend for all other classes of shares shall be based on the respective rights attached to each class of shares as per the terms and conditions of their issue, subject to the Applicable Laws.

REVIEW OF THE POLICY

The Chairman of the Company is authorised to give appropriate directions and / or make changes in the policy for the purpose of resolving any doubts or difficulty that may arise in the implementation of the said Policy.

The Policy may be reviewed and revised from time to time by the Board.

*****

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:

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

    ii. Liaison Support Agreement - Valid from 1st April, 2009 till 31st March, 2017.

    (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 USA 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 2016-17, the net value of the transactions with TPI is ₹ 1263.77 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 contracts / transactions has been considered based on the definition of material transaction as mentioned under Explanation to Sub Regulation (1) of Regulation 23 of the Listing Regulations.

For and on behalf of the Board

Ahmedabad
26th May, 2017

Samir Mehta
Executive Chairman

ANNUAL REPORT FOR FY 2016-17 ON CSR ACTIVITIES:

The Company strongly believes that 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 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

The Board of Directors at their meeting held on 9th May, 2014 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 in the Thrust Areas identified.

The Company, in every financial year shall endeavor 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 2016-17:

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
5. Supporting the establishment of a Cancer Care Centre

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-Plan-2016-17.pdf respectively.

CSR Expenditure for FY 2016-17

(₹ in crores)

Average net profit of the Company for last three Financial Years	1371.00
Prescribed CSR Expenditure (2% of the above amount)	27.42
Total amount spent for the Financial Year 2016-17	27.55
Amount unspent, if any	Not Applicable

Manner in which the CSR amount was spent during the financial year 2016-17 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 2016-17**	**Amount spent on the projects or programs Subheads:** **(1) Direct expenditure on projects or programs,** **(2) Overheads FY 2016-17**	**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) 64 Villages in Taluka Kamrej, Dist. Surat, Gujarat (2) 1 Village in Taluka Valod, Dist. Surat, Gujarat (3) 2 Villages in Taluka Mangrol, Dist. Surat, Gujarat (4) 2 Villages in Taluka Madvi, Dist. Surat, Gujarat	21.61	21.61	41.61	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 2016-17**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2016-17**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
			(5) 65 Villages in Taluka Vagra, Dist. Bharuch, Gujarat (6) 46 Villages in Taluka Kadi, Dist. Mehsana, Gujarat (7) 7 Villages in Taluka Mehsana, Dist. Mehsana, Gujarat (8) 8 Villages in Taluka Kalol, Dist. Gandhinagar, Gujarat (9) 1 Village in Taluka Gandhinagar, Dist. Gandhinagar, Gujarat (10) 19 Villages in Taluka Kheda, Dist. Nadiad, Gujarat				
2	**Preventive Health Care Programme**	Community Healthcare, Sanitation and Hygiene (Promoting healthcare including preventive healthcare)	Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat	0.50	0.50	0.51	Directly through UNM Foundation (Section 8 company of the group) CIN: U85110GJ2015NPL083340 dated: 27-05-2015

(₹ 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 2016-17**	**Amount spent on the projects or programs Subheads:** **(1) Direct expenditure on projects or programs,** **(2) Overheads FY 2016-17**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
3	**Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area)$**	Education and Knowledge Enhancement (Promoting education)	(1) Sabarmati Urban Slum, Sabarmati, Dist. Ahmedabad, Gujarat (2) At Villages: Akhakhol, Karjan, Navipardi, Dhoranpardi (Tribal Area), Taluka Kamrej, Dist. Surat, Gujarat (3) At Villages: Chhapi, Memadpur, Bharkawada, Kodrali (Rural Area), Taluka Vadgam, Dist. Banaskantha, Gujarat (4) At Villages: Indrad, Irana, Ankhol, Acharasan (Rural Areas), Taluka Kadi, Dist. Mehsana, Gujarat (12 Govt. schools and 1 Grant in Aid schools)	3.35	3.35	5.35	Directly through UNM Foundation (Section 8 company of the group) CIN: U85110GJ2015NPL083340 dated 27-05-2015
4	**Primary School Education**	Education and Knowledge Enhancement (Promoting education)	At Villages : Bhud, (Rural Area, Baddi) Makhnu Majra, Ta Nalagarh, Dist Solan, Himachal Pradesh	0.06	0.06	0.16	Directly 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 2016-17**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs, (2) Overheads FY 2016-17**	**Cumulative expenditure upto the reporting period***	**Amount Spent : Direct or through implementing agency**
5	**Supporting the establishment of a Cancer Care Centre**	Promoting healthcare including preventive healthcare	Dist. Nagpur, Maharashtra	1.50	1.50	1.50	Indirectly through Implementing Agency: Dr. Abaji Thatte Seva Aur Anusandhan Sanstha Trust Regi. No. F-13603(A) Nagpur dated 08-11-1996
6	**Others**						
	CSR capacity building cost including Administrative overhead			0.49	0.49	2.04	Directly by Company
	Miscellaneous			0.04	0.04	0.15	
	Total			**27.55**	**27.55**	**51.32**	

* Starting from 1st April, 2014.

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

Figures are rounded off to nearest lacs

In terms of Section 134(1)(o) of the Companies Act, 2013, in relation to the CSR Policy for FY 2016-17, the CSR Committee states that:

(a) the identification of the CSR Projects, with estimated expenditure and phase wise implementation schedules, has been done as per the approved CSR Policy;

(b) the CSR Projects were undertaken and monitored in compliance with the CSR Policy;

(c) 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

(d) the implementation and monitoring of the CSR Policy were in compliance with CSR objectives and Policy of the Company.

Ahmedabad
26th May, 2017

Samir Mehta
Executive Chairman

Pradeep Bhargava
Chairperson, CSR Committee

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9
of the Companies (Appointment and Remuneration of Managerial 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, 2017 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, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made 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 (Buyback 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.

(ii) Provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that

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

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

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
26th May, 2017

Note: This Report is to be read with our letter of even date which is annexed as Annexure "I" and forms an integral part of this report.

Annexure: "I" to Secretarial Audit Report

To,
The Members,
Torrent Pharmaceuticals Limited,
Torrent House,
Off Ashram Road,
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 not 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
26th May, 2017

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
TORRENT PHARMACEUTICALS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 26th August, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Torrent Pharmaceuticals Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining 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.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this Certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2017.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Hemendra L. Shah
Partner
Membership No. 33590

Ahmedabad
26th May, 2017

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS :

i)	CIN	:	L24230GJ1972PLC002126
ii)	Registration Date	:	15th July, 1972
iii)	Name of the Company	:	Torrent Pharmaceuticals Limited
iv)	Category / Sub-Category of the Company	:	Public Company limited by shares
v)	Address of the Registered Office and contact details	:	Torrent House, Off Ashram Road, Ahmedabad 380 009 Phone: +91 79 26599000 Fax: +91 79 26582100
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	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

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.	U67120GJ1985PTC007573	Holding	71.25%	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, Novocheremyshkinskaya, Russian Fed.	NA	Subsidiary	100%	Section 2(87)
4	Torrent Do Brasil Ltda, Av. Doctor Chucri Zaidan 1240; Morumbi Corporate Towers - Golden Tower - 24th Floor, Santo Amaro, Sao Paulo - SP 04711-130, Brazil.	NA	Subsidiary	100%	Section 2(87)
5	Torrent Pharma GmbH, Germany, Südwestpark 50, 90449 Nürnberg, 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 3 & 4, 34th Floor, Zuellig Building, Makati Ave, Cor Paseo De Roxas, Makati City 1225, Phillippines.	NA	Subsidiary	100%	Section 2(87)
8	Laboratorios Torrent, S.A. de C.V., Mexico, AV Insurgentes Sur No. 2453, Piso 8, Oficina 805, Col. Tizapan C.P. 01090, Ciuded de Mexico.	NA	Subsidiary	100%	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, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100%	Section 2(87)
11	Norispharm GmbH, Germany, Südwestpark 50, 90449 Nürnberg, Germany.	NA	Subsidiary	100%	Section 2(87)
12	Torrent Pharma (Thailand) Co. Ltd., Thailand 4th 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, 1st District, 36, Stirbei Voda Street, 2nd 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) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85100GJ20 15NPL082291	Associate	50%	Section 2(6)
19	UNM Foundation (Section 8 company) "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad - 380015, Gujarat, India.	U85110GJ20 15NPL083340	Associate	50%	Section 2(6)

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 01/04/2016				No. of shares held at the end of the year 31/03/2017				% 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	900	0	900	0.00	-20.36
Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	86115472	0	86115472	50.89	120563720	0	120563720	71.25	20.36
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**	**120564620**	**0**	**120564620**	**71.25**	**0.00**

Category of Shareholder	No. of the shares held at the beginning of the year 01/04/2016				No. of shares held at the end of the year 31/03/2017				% 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	100	0	100	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
Financial Institutions / Banks	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**	**100**	**0**	**100**	**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	12155662	800	12156462	7.18	12876991	800	12877791	7.61	0.43
Financial Institutions / Banks / AIFs	248518	0	248518	0.15	516743	0	516743	0.31	0.16
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	36763	0	36763	0.02	0.02
Foreign Institutional Investors	17758962	0	17758962	10.49	16361534	0	16361534	9.67	-0.83
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):	**30163142**	**800**	**30163942**	**17.82**	**29792031**	**800**	**29792831**	**17.61**	**-0.22**
NON-INSTITUTIONS									
Bodies Corporate	3671674	9610	3681284	2.18	4440235	9560	4449795	2.63	0.45
Individuals									
(i) Individuals holding nominal share capital upto ₹1 lac	7318017	879879	8197896	4.84	7284704	821464	8106168	4.79	-0.05
(ii) Individuals holding nominal share capital in excess of ₹1 lac	1197325	0	1197325	0.71	2227452	0	2227452	1.32	0.61
Others									
CLEARING MEMBERS	164360	0	164360	0.10	181753	0	181753	0.11	0.01
DIRECTORS AND THEIR RELATIVES	4489290	0	4489290	2.65	3129162	0	3129162	1.85	-0.80
HUF	338751	0	338751	0.20	247400	0	247400	0.15	-0.05
NON RESIDENT INDIANS	413313	0	413313	0.24	511592	0	511592	0.30	0.06
TRUSTS	11839	0	11839	0.01	11847	0	11847	0.01	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub - Total B(2):	**17604569**	**889489**	**18494058**	**10.93**	**18034145**	**831024**	**18865169**	**11.15**	**0.22**
Total B = B(1) + B(2):	**47767711**	**890289**	**48658000**	**28.75**	**47826176**	**831824**	**48658000**	**28.75**	**0.00**
Total (A+B):	**168332431**	**890289**	**169222720**	**100.00**	**168390896**	**831824**	**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):	**168332431**	**890289**	**169222720**	**100.00**	**168390896**	**831824**	**169222720**	**100.00**	**0.00**

(ii) **Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2016			Share holding at the end of the year 31/03/2017			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Samir U Mehta	6283960	3.71	0.00	100	0.00	0.00	-3.71
2	Sudhir U Mehta	5885376	3.48	0.00	100	0.00	0.00	-3.48
3	Sapna S Mehta	5359164	3.17	0.00	100	0.00	0.00	-3.17
4	Anita S Mehta	6120268	3.62	0.00	100	0.00	0.00	-3.62
5	Varun S Mehta	1750000	1.03	0.00	100	0.00	0.00	-1.03
6	Samir Uttamlal Mehta (HUF)	2080000	1.23	0.00	100	0.00	0.00	-1.23
7	Jinal S Mehta	1750000	1.03	0.00	100	0.00	0.00	-1.03
8	Jinal S Mehta	3000	0.00	0.00	0	0.00	0.00	0.00
9	Sudhir Uttamlal Mehta (HUF)	1717480	1.01	0.00	100	0.00	0.00	-1.01
10	Aman Mehta	1750000	1.03	0.00	100	0.00	0.00	-1.03
11	Shaan Mehta	1750000	1.03	0.00	100	0.00	0.00	-1.03
12	Torrent Private Ltd	86115472	50.89	0.00	120563720	71.25	0.00	20.36
	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 01/04/2016		Increase / Decrease in Shareholding during the year		Cumulative Shareholding during the year / Shareholding at the end of the year 31/03/2017	
		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

(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 01/04/2016		Increase / Decrease in Shareholding during the year*		Cumulative Sharehoding during the year		Shareholding at the end of the year 31/03/2017	
		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	HDFC Trustee Company Ltd - A/c HDFC MID - Cap Opportunities Fund	1618800	0.96	24-02-2017	185100	1803900	1.07	2256900	1.33
				03-03-2017	236000	2039900	1.21		
				10-03-2017	70000	2109900	1.25		
				17-03-2017	120000	2229900	1.32		
				31-03-2017	27000	2256900	1.33		
2	Lavender Investments Limited	3033563	1.79	16-09-2016	(99450)	2934113	1.73	2234120	1.32
				23-09-2016	(250000)	2684113	1.59		
				30-09-2016	(238993)	2445120	1.44		
				07-10-2016	(211000)	2234120	1.32		
3	HDFC Standard Life Insurance Company Limited	850372	0.50	08-04-2016	45000	895372	0.53	1298329	0.77
				29-04-2016	(6557)	888815	0.53		
				06-05-2016	281	889096	0.53		
				20-05-2016	2019	891115	0.53		
				27-05-2016	5709	896824	0.53		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2016		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2017	
		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
				03-06-2016	11623	908447	0.54		
				17-06-2016	910	909357	0.54		
				24-06-2016	1827	911184	0.54		
				30-06-2016	25810	936994	0.55		
				01-07-2016	56405	993399	0.59		
				08-07-2016	864	994263	0.59		
				15-07-2016	2490	996753	0.59		
				22-07-2016	16163	1012916	0.60		
				26-08-2016	(13449)	999467	0.59		
				09-09-2016	10000	1009467	0.60		
				16-09-2016	(1269)	1008198	0.60		
				30-09-2016	26070	1034268	0.61		
				04-11-2016	163449	1197717	0.71		
				11-11-2016	45013	1242730	0.73		
				02-12-2016	8000	1250730	0.74		
				09-12-2016	(4201)	1246529	0.74		
				16-12-2016	3950	1250479	0.74		
				30-12-2016	174	1250653	0.74		
				17-02-2017	50000	1300653	0.77		
				10-03-2017	(2774)	1297879	0.77		
				24-03-2017	1000	1298879	0.77		
				31-03-2017	(550)	1298329	0.77		
4	Franklin Templeton Mutual Fund A/c Franklin India Prima Plus	900000	0.53	04-11-2016	70000	970000	0.57	1230062	0.73
				18-11-2016	60000	1030000	0.61		
				02-12-2016	40000	1070000	0.63		
				06-01-2017	66222	1136222	0.67		
				13-01-2017	9455	1145677	0.68		
				20-01-2017	4323	1150000	0.68		
				27-01-2017	50000	1200000	0.71		
				17-02-2017	29095	1229095	0.73		
				24-02-2017	967	1230062	0.73		
5	Pictet Country (Mauritius) Limited	563919	0.33	26-08-2016	(54307)	509612	0.30	809283	0.48
				28-10-2016	60245	569857	0.34		
				11-11-2016	20457	590314	0.35		
				18-11-2016	49489	639803	0.38		
				09-12-2016	16967	656770	0.39		
				16-12-2016	13163	669933	0.40		
				27-01-2017	18051	687984	0.41		
				10-02-2017	73970	761954	0.45		
				10-03-2017	24743	786697	0.46		
				24-03-2017	10958	797655	0.47		
				31-03-2017	11628	809283	0.48		
6	Government Pension Fund Global	91811	0.05	26-08-2016	36779	128590	0.08	748790	0.44
				02-09-2016	27005	155595	0.09		
				09-09-2016	34873	190468	0.11		
				16-09-2016	69681	260149	0.15		

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year 01/04/2016		Increase / Decrease in Shareholding during the year*		Cumulative Shareholding during the year		Shareholding at the end of the year 31/03/2017	
		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
				23-09-2016	10856	271005	0.16		
				07-10-2016	40364	311369	0.18		
				23-12-2016	88498	399867	0.24		
				30-12-2016	102100	501967	0.30		
				06-01-2017	2401	504368	0.30		
				13-01-2017	244422	748790	0.44		
7	UTI - Equity Fund	741290	0.44	13-05-2016	13000	754290	0.45	739809	0.44
				26-08-2016	(14481)	739809	0.44		
8	Franklin Templeton Mutual Fund A/c Franklin India Prima Fund	549461	0.32	25-11-2016	45000	594461	0.35	724492	0.43
				02-12-2016	40000	634461	0.37		
				09-12-2016	20000	654461	0.39		
				16-12-2016	20000	674461	0.40		
				23-12-2016	12046	686507	0.41		
				30-12-2016	22954	709461	0.42		
				17-02-2017	14547	724008	0.43		
				24-02-2017	484	724492	0.43		
9	Abu Dhabi Investment Authority - Behave	-	-	23-09-2016	15000	15000	0.01	675000	0.40
				30-09-2016	719500	734500	0.43		
				18-11-2016	33250	767750	0.45		
				25-11-2016	14360	782110	0.46		
				10-03-2017	(6672)	775438	0.46		
				17-03-2017	(100438)	675000	0.40		
10	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Inde X Fund	581843	0.34	08-04-2016	2576	584419	0.35	661101	0.39
				22-04-2016	1900	586319	0.35		
				10-06-2016	1817	588136	0.35		
				24-06-2016	6512	594648	0.35		
				22-07-2016	1332	595980	0.35		
				29-07-2016	3876	599856	0.35		
				05-08-2016	2801	602657	0.36		
				12-08-2016	3375	606032	0.36		
				19-08-2016	4800	610832	0.36		
				09-09-2016	2190	613022	0.36		
				07-10-2016	2336	615358	0.36		
				14-10-2016	1606	616964	0.36		
				21-10-2016	5475	622439	0.37		
				28-10-2016	2190	624629	0.37		
				11-11-2016	4745	629374	0.37		
				25-11-2016	5767	635141	0.38		
				02-12-2016	3285	638426	0.38		
				06-01-2017	1968	640394	0.38		
				13-01-2017	4182	644576	0.38		
				20-01-2017	1968	646544	0.38		
				03-02-2017	5904	652448	0.39		
				17-02-2017	1640	654088	0.39		
				24-03-2017	3600	657688	0.39		
				31-03-2017	3413	661101	0.39		

* 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 01/04/2016		Increase / (Decrease) in Shareholding during the year		Cumulative Shareholding during / at the end of the year 31/03/2017	
		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	28-03-2017	(7602656)	200	0.00
	Shri Samir Mehta**	8363960	4.94	28-03-2017	(8363760)	200	0.00
	Shri Markand Bhatt***	10200	0.01	08-09-2016	(10200)	0	0.00
	Shri Shailesh Haribhakti	6000	0.00	-	0	6000	0.00
	Dr. Chaitanya Dutt	800	0.00	-	0	800	0.00
	KMP:						
	Shri Ashok Modi, Chief Financial Officer	960	0.00	-	0	960	0.00
	Shri Mahesh Agrawal, Company Secretary	0	0.00	07-10-2016	10	10	0.00

* Including 100 shares in the name of Sudhir Mehta (HUF)

** Including 100 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 begining of the financial year				
(i) Principal Amount#	2,236.15	13.23	**Nil**	2,249.38
(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)	**2,282.86**	**13.61**		**2,296.47**
Change in Indebtedness during the financial year				
- Addition	1,368.10	3.53		1,371.63
- Reduction	1,172.37	3.01		1,175.38
Net Change	**195.73**	**0.53**		**196.25**
Indebtedness at the end of the financial year				
(i) Principal Amount	2,431.88	13.75		2,445.63
(ii) Interest due but not paid	0.00	0.00		0.00
(iii) Interest accrued but not due	61.24	0.36		61.60
Total (i+ii+iii)	**2,493.12**	**14.11**		**2,507.23**

\# Opening Balance restated as per Ind-AS

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	483.60	483.60
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961$	2.82	0.40	3.22
	(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	0.00	1500.00
5	Others, please specify			
	Provident Fund	0.00	36.27	36.27
	Superannuation	0.00	0.00	0.00
	Total (A)	1502.82	520.27	2023.09
	Ceiling as per the Act (5% of the Net Profit)	5079.73	5079.73	
	Cumulative Ceiling as per the Act (10% of the Net Profit)	10159.46		

* 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	
	Independent Directors								
1	- Fee for attending Board / Committee meetings	15.00	10.00	14.00	16.00	5.00	0.00	0.00	60.00
2	- Commission	17.00	12.00	16.00	17.00	9.00	0.00	0.00	71.00
	Total (1)	32.00	22.00	30.00	33.00	14.00	0.00	0.00	131.00
	Other Non-Executive Directors								
	- Fee for attending Board / Committee meetings								
2	- Commission	0.00	0.00	0.00	0.00	0.00	750.00	0.00	750.00
	- Others, please specify	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00	0.00	0.00	750.00	0.00	750.00
	Total (B)=(1+2)	32.00	22.00	30.00	33.00	14.00	750.00	0.00	881.00
	Total Managerial Remuneration	2904.09							
	Overall Ceiling as per the Act (11% of the Net Profit, excluding sitting fees)	11175.41							

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	328.47	75.33	403.80
	(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	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
	Commission			
4	- as % of profit	0.00	0.00	0.00
	- others specify (Note - 1)	0.00	2.50	2.50
5	Others, please specify			
	Provident Fund	27.41	6.18	33.59
	Superannuation	1.00	1.00	2.00
	Total	357.17	85.45	442.62

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.

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

- Certification of ISO - 50001 - 2011 - energy management systems, obtained in August & October 2016.
- Power factor maintained nearer to Unity at various Plants and received annual rebate of ₹ 71 lacs.
- LED lights replaced in placed of convectional florescent lights at various locations; Annual saving is 800000 kWh units and ₹ 64 lacs.
- Automatic tube brushing system installed in chiller condenser to reduce the fouling by 5%. This has resulted into cumulative savings of 600000 kWh worth ₹ 36 lacs / annum.
- Automation of 14 nos. of dehumidifiers was done at Baddi plant to optimize the consumption of steam. Annual Savings of ₹ 14 lacs.
- Water treatment process improved at RO plant, Operation Between Regeneration (OBR) increased from 1200 m3 to 1800 m3. (i.e. Regeneration reduced by 33%); Annual saving of approx. ₹ 13 lacs.

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

- It is proposed to install 1 MW solar rooftop power plant as a Green initiative each at Indrad & Dahej.

c) The capital investment on energy conservation equipment's

- 1 MW each solar roof top power plant will be commissioned at Indrad & Dahej plant at an investment of approx. ₹ 11 crores.

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), development of new processes for known Active Pharmaceutical Ingredients (APIs) and development of 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

- During the year, the Company received 3 ANDA approvals and till date have filed 91 ANDAs and 31 DMFs in US and 63 new product Dossiers & 29 DMF submitted in the EU.
- 912 patents have been filed for NDDS technology and drug discovery projects and innovative processes of API & formulations for various geographies and 361 patents have been granted so far.
- A New Discovery program, in therapeutic area of Psoriasis has been initiated. Another program in Atopic dermatitis has progressed to early pre-clinical stage and a program in COPD has progressed to late pre-clinical phase.
- An Inflammatory Bowel Disease program has advanced to early clinical phase and the Company plans to initiate advance clinical trials with two programs one each in cardio-vascular risk reduction and heart failure.

3. **Future plan of action**

   1. R&D has been working towards developing several value added and differentiated formulations through utilization of several proprietary technologies for developing long acting injectable, nasal sprays and foams which improves efficacy and therapeutic outcomes.

   2. The Development team is focusing on developing cost effective and eco-friendly routes utilizing Green Chemistry for APIs. The Company is also investing in capabilities for developing High Potent APIs.

   3. The Company has initiated investment in the areas of Oncology, Dermatology, Ophthalmic, and Bio-similars. The Company is planning to invest 8 - 10% of sales in R&D activities in order to develop diversified dosage forms with high level of complexity.

4. **Expenditure on R&D**

Particulars	2016-17 (₹ in crores)
Total R&D expenditure including Capital expenses	435.74
Total R&D expenditure as a percentage of turnover	9.77%

Technology absorption, adaptation and innovation

1. **Efforts made towards technology absorption;**

   The Company has developed certain technologies in-house in relation to development of Pharmaceutical Formulations, which resulted into development of new formulations for existing and new active drug substances. The Company has developed new processes / products for both local and international markets. Some of the new tools procured have already been implemented in the current operations, for e.g. Process Analytical Tools for measuring droplet size has been implemented for characterizing spray pattern in Fluid bed processors, Pan Coaters as well as for performing Quality checks for actuators used in Nasal sprays.

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

   The equipment's that have been introduced have helped us to develop robust quality products for e.g. The implementation of Process Analysis Techniques (PAT) tools has helped us build robust processes that helps us to reduce the number of trials and the time taken to complete the development process and 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
Continuous Manufacturing System This is an Integrated Manufacturing System enabled to perform dispensing and mixing of raw materials, high and low shear granulation, drying, milling, compression and coating in a continuous manner with real time release through online Process Analytical Tools (PAT) for consistent product quality with improved productivity, operational flexibility and high degree of safety though self-containment.	2016-17	Yes
Tablet Processing Work Station This instrument performs fully automated sample preparation and analysis for the most common pharmaceutical tests in the development and quality functions. Assay workstations will increase laboratory productivity and analytical quality.	2016-17	Yes
Microniser with classifier This instrument is useful to handle processes such as wet grinding & dry grinding (size reduction), classifying and mixing for ultra-small scale batches.	2016-17	Yes

Technology Imported	Year of Import	Whether fully absorbed
Micro Dissolution Profiler The Micro Dissolution Profiler used for solubility assessment and evaluates the various effects on solubility, intrinsic disc dissolution rate, dissolution profiles, super-saturation, precipitation profiles. The apparatus uses fibre optics, which enable direct concentration measurement of the compound in solution which avoids taking physical samples.	2016-17	Yes
Extruder & Spheroniser This technology is used for Pelletization process and requires less process time then routine Pelletization process and with the desired size and shaped spheres for further uniform functional coating.	2016-17	Yes
Online NIR analyzer for blending end point determination NIR analyzer is used as an on-line, real-time, blend monitoring system designed for measurement of dry powder blends to confirm blend uniformity.	2016-17	Yes
Insitu Particle Monitor This instrument is used for online particle and globule size monitoring of semi solid formulations like ointment, suspension, emulsion, etc. Automation and online monitoring will allow to get real time data without error which will give higher quality product within shorter duration of time viz. robust process development.	2016-17	Yes
Flash chromatography with Online Mass Spectrophotometer Used for fast and accurate separation of process impurities, diastereoisomers and purification of compounds along with the mass spectrum of all the compounds. The unique design of the system with TLC image reader and mass spectrometer allows for quick and versatile separation of the target compound.	2016-17	Yes
Sonocrystallization System The complete ultrasound system used for sonocrystallization, sonomilling and sonochemistry. The unique design of the ultrasound system with novel transducer based design and sonotrodes allows reproducible control of crystallizations and milling enabling selection of wide number of parameters like temperature etc.	2016-17	Yes
Surface Dissolution Imaging This instrument provides the ability to look directly at the solid-liquid interface as the dissolution process is happening. Used to accelerate pre-formulations development, the SDI enables intrinsic dissolution rates to be obtained in a fraction of time compared with conventional dissolution systems.	2016-17	Yes
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

Technology Imported	Year of Import	Whether fully absorbed
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
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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company used foreign exchange amounting to ₹ 530.41 crores and earned foreign exchange amounting to ₹ 2006.64 crores during the year ended 31st March, 2017 as compared to ₹ 364.97 crores and ₹ 2918.54 crores respectively for previous year.

For and on behalf of the Board

Samir Mehta
Executive Chairman

Ahmedabad
26th May, 2017

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 2016 is estimated at 3.1% down from 3.4% in 2015 with advanced economies decline from 2.1% in 2015 to 1.7% in 2016 and emerging economies from 4.2% in 2015 to 4.1% in 2016. However, from second half of 2016, global economy gained some momentum especially in advanced economies due to recovery in investment, manufacturing and trade. These include resumption in global demand, strengthening of commodity prices lifting global inflation, reducing deflationary pressures and positive developments in financial markets. Stronger than expected pickup in growth in advanced economies in latter part of 2016 reflects projected cyclical recovery in global manufacturing and uptick in business confidence especially after the United States elections. In the United Kingdom too, the growth remained strong where spending proved resilient in the aftermath of June, 2016 referendum in favor of leaving the European Union (BREXIT). Activity surprised on the upside in Japan due to strong net exports, as well as in euro market countries, such as Germany and Spain, as a result of strong domestic demand. Economic performance across emerging markets and developing economies has remained mixed. Whereas China's growth remained strong, reflecting continued policy support, economic activity has slowed in India because of the impact of demonetization as well as in Brazil, which has been mired in deep recession. With the rebound in activity in advanced economies, stabilization of commodity prices and sustainable pattern of growth in developing economies, the overall global economy is projected to grow at 3.5% in 2017[1].

Global Pharma Market:

Although the life sciences sector operates around the issues relating to cost and pricing, clinical and operational innovation, customer and consumer engagement and regulatory compliance, it is expected to have sales growth for the next several years due to favorable demographic trends and significant unmet medical needs. The global pharmaceutical sales grew by around 7% in the year 2016 compared to 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. During 2016, share of United States, Europe and Emerging markets in global pharmaceutical sales remained relatively static compared to 2015.

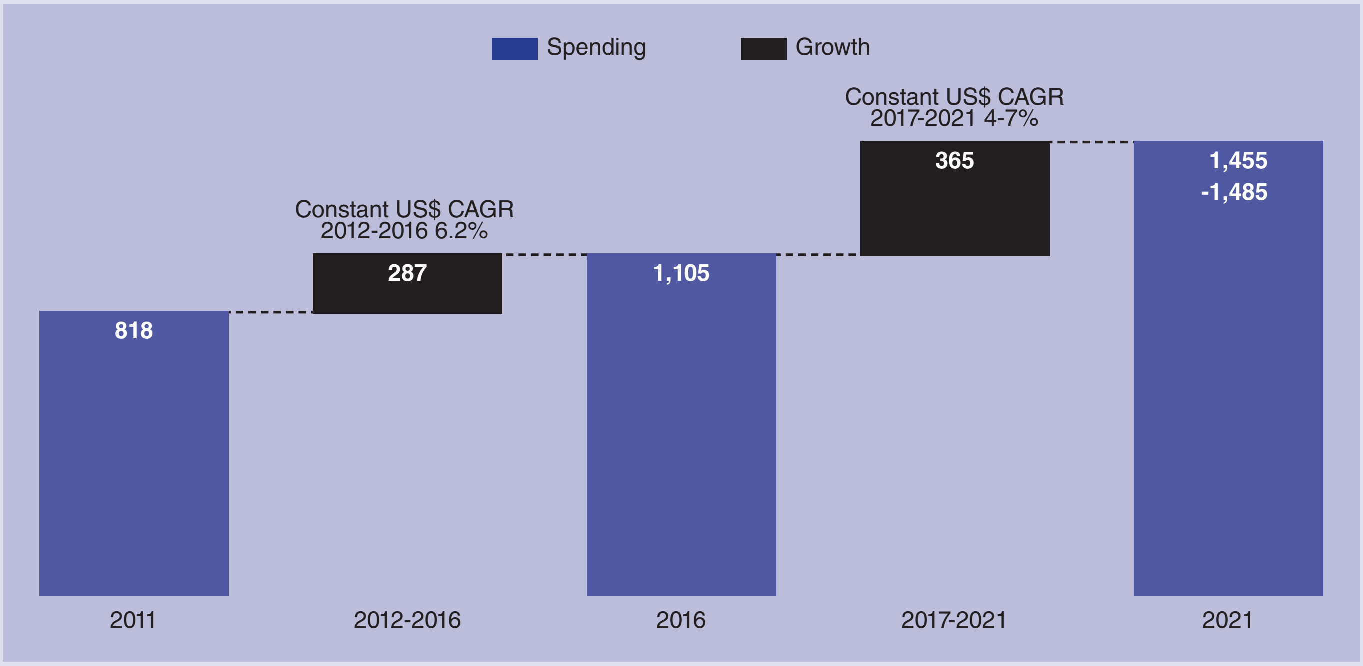
The largest pharmaceutical market, US is estimated to be approximately US$ 462 Bn in 2016 registering a growth of around 6 to 7% (from 12% in 2015). The removal of historic impact of breakthrough cures for Hepatitis C treatment, along with the increased level of patent expiry impact have combined to reduce the growth rate by half. The market is expected to grow at a CAGR of 7 to 8% through 2021 due to fewer patent expiries and launches of more innovative medicines which is a reflection of 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$ 152 Bn with a negligible growth of around 1% in 2016. Relatively weak economic growth in the region, budget concerns arising from adopting and paying for innovative medicines and mechanisms to control healthcare spending will lead to a slower CAGR of around 1 to 4% through 2021.

The Pharmerging markets mainly led by China, Brazil, India and Russia are estimated to be US$ 243 Bn and expected to grow slow at a CAGR of 6 to 9% through 2021, as compared to CAGR of around 10% of last five years. Pharmerging markets will grow more slowly than in last five years as China, the largest Pharmerging market slows to 5 to 8% growth from an average of 12% in last five years. Slowing macroeconomic growth along with delay in healthcare access expansion programs is impacting medicine usage in pharmerging markets. Over 90% of the medicines used in Pharmerging markets are off patent generic products. Volume usage growth is projected to slow to 3 to 6% from 2017-2021 compared to 6.6% from 2012-2016.

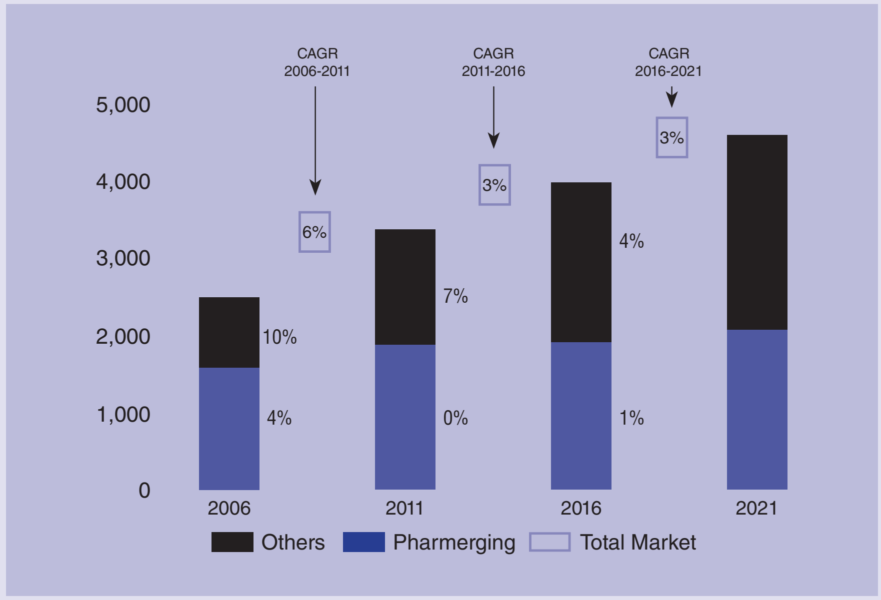
The global spending on medicines is forecasted to reach close to US$ 1.5 trillion by 2021, an increase of about 33% over the 2016 level, growing at 4 to 7% only slightly slower than 6.2% growth over prior five years. Developed market spending growth will be driven by original brands and innovation in specialty medicines while Pharmerging markets will continue to be driven by off patent generic products. Innovation in specialty medicines will continue lifting the share of global spending from 30% in 2016 to 35% in 2021 driven by the adoption of new breakthrough medicines[2].

Global Spending and Growth, 2011-2021 US$Bn[3]



The volumes are projected to increase by 3% CAGR globally in the next five years compared to 6% from 2006-2011 and 3% from 2011-2016. The global volume increased from nearly 2.5 trillion doses of medicines (standard units) in 2006 to almost 4 trillion doses in 2016 with ¾ of that growth from pharmerging markets. People in pharmerging countries will consume more than half of the medicines used globally, consistent with the more than half of the world's population who live there[2].

Global Medicine Volume Growth 2006-2021, Standard Units Bn[3]



Growth Drivers:

Key Growth Drivers

Demand Drivers
- Ageing Population and life expectancy
- Rising income and changes in lifestyle
- Accessibility and affordability
- Growing chronic diseases

Supply Drivers
- Innovations in medicines
- Improvement in medical infrastructure

Policy Support
- Faster regulatory approvals

Ageing population and life expectancy: Populations across large parts of the world are ageing. The number of older people (representing aged 65 and older) is projected to increase from 8.5% in 2015 to 12% in 2030 and 16.7% in 2050. Global life expectancy is expected to improve from 68.6 years in 2015 to 76.2 years in 2050 due to declining infant mortality, enhanced living conditions, improved sanitation, better prevention of communicable diseases and growing access to medicines. These scenarios are expected to bolster healthcare spending[4].

Rising income and changes in lifestyle: In emerging markets, long-term economic growth will lead to rising wealth and simultaneous changes in diets and lifestyles. This will create increased demand for healthcare products.

Accessibility and affordability: The trend towards the adoption of universal healthcare continues, with more countries expanding public or private health care system coverage or deepening it to reduce out-of pocket spending. In perhaps the most visible example of expanding health care coverage, the US federal and state governments continue to implement health insurance exchanges under the Patent Protection and Affordable Act of 2010 (ACA).

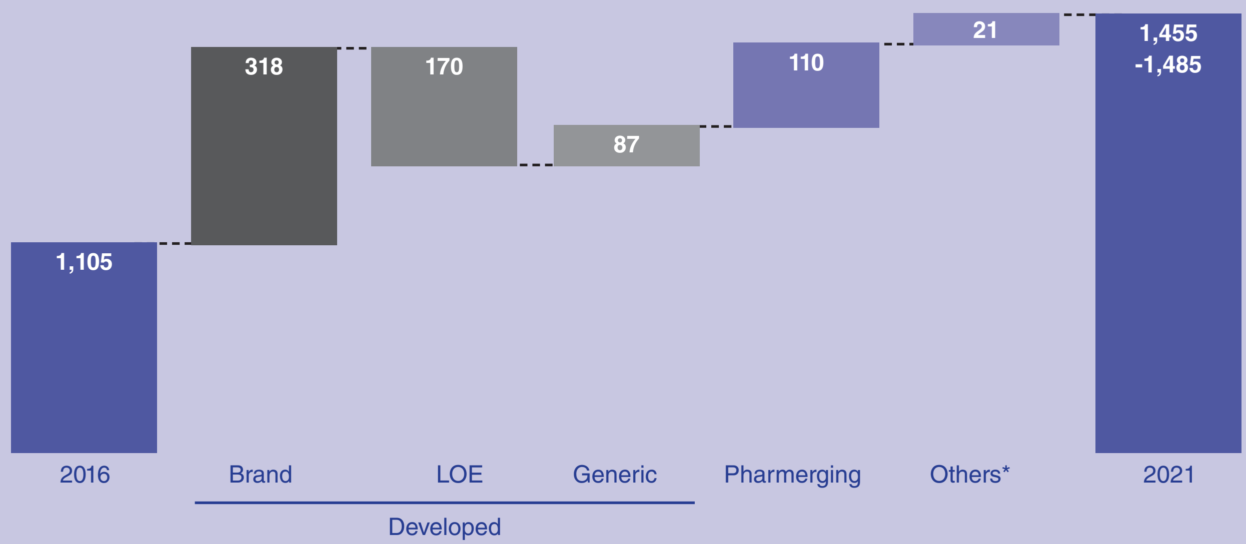
Growing chronic diseases: The proliferation of chronic diseases is having serious repercussions in both developed and emerging countries. Obesity, cardiovascular diseases, hypertension, and diabetes are now persistent. Widespread health problems will challenge public health systems to meet increasing demand for drugs and treatments.

Innovations in medicines: Innovation is critical to addressing unmet medical need. The new medicines will address significant unmet needs in cancer, autoimmune diseases of metabolism, nervous system and others. 45 new active substances are forecasted to be launched on an average per year from 2017 to 2021. In addition to the continued research of mechanism in use in existing drugs, there will be an ongoing flow of new mechanisms that will see their first human uses in areas such as genome-editing, microbiome as well as regenerative cell technologies that include stem cells harvested from one part of the body to use against a disease in another.

Improvement in medical infrastructure: In pharmerging economies, health/medical infrastructure enhancement is expected to give healthcare providers the tools and resources necessary to treat their patients. This includes renovating/setting up hospitals and health care centers, procurement of medical equipment and devices and improvement in medical education.

Faster regulatory approvals: Speeding the availability of drugs that treat serious diseases are in everyone's interest, especially when the drugs are the first available treatment or if the drug has advantages over existing treatments. Regulatory agencies are defining approval process of such breakthrough therapies, which aid rapid drug availability to the target segment.

Drivers of Spending Growth 2016-2021 US$Bn[3]



Note: Growth is shown in constant US$ with an exchange rate adjustment in the Other category as the aggregate difference between constant and forecast exchange rates. Brands lower spending due to loss of exclusivity (LOE) is shown for developed markets only. Brand spending in 2021 will be $148Bn greater than 2016 including $318Bn of growth and offset by $170Bn of LOE. Spending is shown at list and invoice price levels and does not reflect off-invoice discounts and rebates. * Others includes Rest of World +$18Bn and exchange rate effects +$3Bn.

Future of Generics:

For several years now, the generic market has grown at a faster rate than the total pharmaceutical market. This recent growth was driven by the "Patent cliff," whereby many blockbuster molecules lost patent protection, support for generics from governments, new complex generics coming into the market and industry consolidation. This has compelled generic drug manufacturers to strengthen the new product pipeline by increasing research and development spend and partnering with contract research and manufacturing organizations (CROs and CMOs). Global generic drug market accounted for around USD 200 billion in 2015 and is expected to reach approximately USD 381 billion by 2021, with a CAGR of around 10.8% between 2016 and 2021.

New emerging markets of developing countries and low cost of generic drugs are majorly responsible for thickening the growth of generic drugs market. In these markets where affordability and access to medicines are key influencers, legacy generic medicines for treatment of infection, pain, respiratory, cardiovascular and mental diseases continue to offer growth. Whereas in developed markets, specialty therapies such as oncology, autoimmune and hepatitis therapies show a continued focus. Generics market is affected by high competition within the globe. In future, new developing and uncovered markets may be responsible for generation of new opportunities.

US represents the world's largest market for generic drugs by revenue. With 90% medicines dispensed being generics, the transformation of US generic drug industry has been catalyzed by continuous expiration of drug patents, rising ageing population, increasing prevalence of chronic diseases, continuous efforts by Government and health care service providers to control their healthcare expenditures. In the US, the number of generic drug approvals hit a record high in 2015, due to a new program that aimed to speed up approvals. Japan is also becoming a significant user of generic medicines and the Government is targeting 80% generic penetration by 2021. Emerging economies including Brazil, Russia, India, China and Mexico are expected to exhibit a significant increase in generic volume growth. This will be driven by expansion of universal healthcare and growing incidence of lifestyle diseases such as obesity and diabetes, brought about by increases in disposable income and the expansion of the middle class.

Opportunities for generics therefore exist across the globe with an increasing demand for affordable, safe, and effective medicines. Each region has specific needs and opportunities that will reflect the particular, and sometimes peculiar requirements at a country level.

Regulatory:

The life sciences sector operates in one of the world's most regulated environments. A highly regulated industry reflects public demand for safe, effective and high-quality medicines. There is a global trend towards greater transparency of, and public access to, the regulatory submissions that support the approvals of new medicines. Faster approval processes are making health product, drug developers and investors less risk averse. To deal with highly complex technology regulations and data management, regulatory focus areas include drug and device safety, counterfeit drugs, intellectual property protection, cybersecurity and corruption. Common technical standards have been established across the globe to ensure drug quality, reduce redundant manufacturing plant inspections and help companies manage increasingly long supply chains. The pharmaceutical industry have invested heavily in large teams to manage regulatory compliance. To manage the rising costs of compliance for operating internationally, pharmaceutical companies increasingly seek to centralize these activities.

Mergers & Acquisitions (M&A):

M&A continues to be one of the life sciences companies principal growth strategies. Most transactions focus on factors such as consolidating in the face of pricing pressure, strengthening existing product portfolios, replenishing pipelines depleted by patent expiry, deepening capabilities in priority areas, entering new and/or emerging markets and acquiring innovative technologies to leverage current assets or generate cost saving synergies. The sentiment and outlook for M & A activity remains quite favorable. Companies are venturing abroad for targets sensing bargains and opportunities to expand their global footprints. Pressure to reduce costs and boost shareholder value is prompting companies to divest low growth assets and presenting other companies with opportunities to invest in high-value niche product lines. Additionally, the ever-changing market is ripe for sector convergence with technology as well as consolidation within certain sectors.

PERFORMANCE SNAPSHOT

Torrent is one of the front-runners in the Indian pharmaceuticals industry having presence in Domestic as well as International markets. The Company has subsidiaries across the globe as under. The Company also has major commercial presence in Sri Lanka, Nepal and Myanmar.

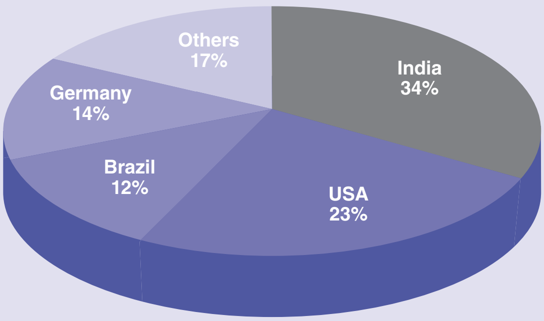
During the financial year 2016-17, the Company reported revenues of ₹ 5,857 crores, de-growth of 12% compared with ₹ 6,687 crores in the previous financial year. Previous period include exceptional revenues, primarily on account of the launch of a new product, which had limited competition.

The breakup of Revenues under key territories is as under:

Revenue (₹ in Crores)	2016-17		2015-16		Growth
	Amount	Share	Amount	Share	%
India	1,976	34%	1,834	27%	**8%**
USA	1,346	23%	2,671	40%	**-50%**
Germany	811	14%	649	10%	**25%**
Brazil	700	12%	506	8%	**38%**
Other countries	478	8%	427	6%	**12%**
CRAMs / Others	545	9%	600	9%	**-9%**
Total	**5,857**	**100%**	**6,687**	**100%**	**-12%**

Torrent Pharma: Core Competencies

Torrent's major pharma markets are India, US, Germany and Brazil. The Company's strategic priorities in India and Brazil remains continuous focus on specialties, field force productivity and new product development. These markets remain a key priority for the Company and such markets offer higher visibility and sustainability to the business. In US and Germany, the Company focuses on strengthening new product pipeline through product innovation and developing complex products.

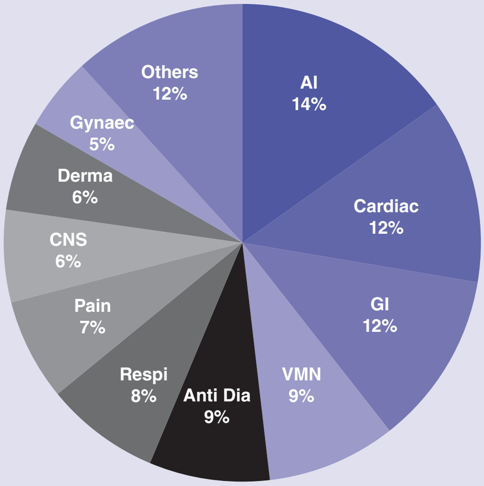


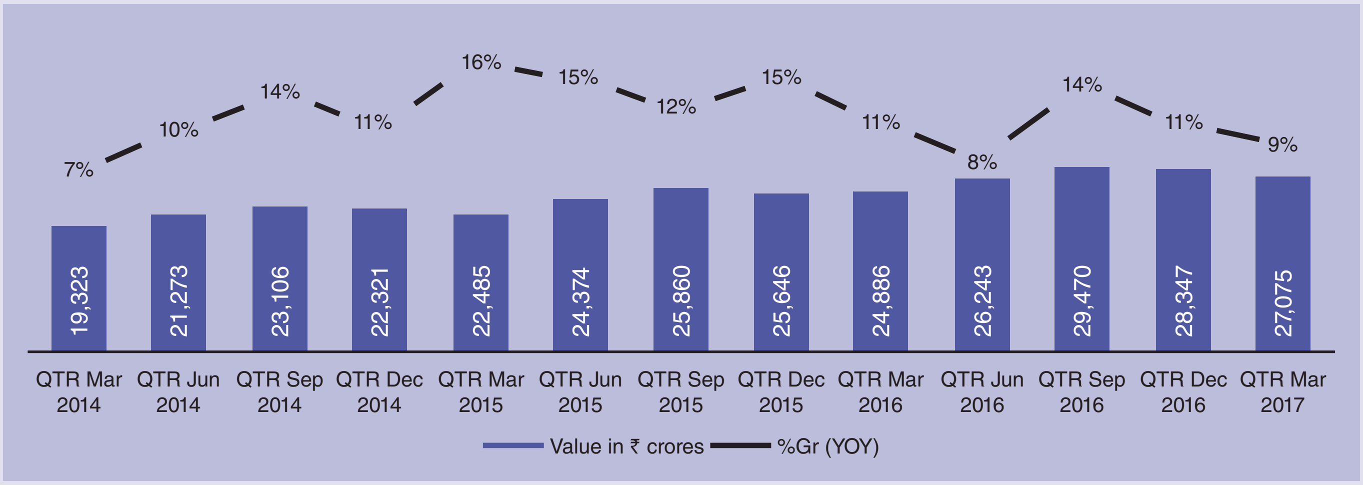
INDIA:

India is the largest provider of generic drugs globally with the Indian generics accounting for 20% of the global exports in terms of volume. Branded generics dominate the Indian pharmaceuticals market, constituting nearly 70 to 80% of the market. Of late, consolidation has become an important characteristic of the Indian Pharmaceutical Market (IPM) as the industry is highly fragmented. By 2021, India is likely to be the 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 ₹ 1,11,134 crores in March 17 MAT (Moving Annual Total) by All India Organisation of Chemists and Druggists (AIOCD) with growth of 10% over the same period last year. The key therapies are chronic and sub-chronic segments like Cardiac, CNS, Gastro-intestinal, VMN, Anti-diabetic, Respiratory, Pain and Dermatology, which will continue to contribute in growth[5].

Indian Pharma Market Therapy Contribution





The Company's growth in financial year 2016-17 has been better than IPM. The Company is ranked 16th in the IPM with significant presence in Cardiac, CNS, VMN, GI, Anti-Diabetic and Pain therapies. The Company's 13 brands are in top 500 brands of Indian pharmaceuticals market. The India formulations business registered growth of 13% over the previous year. Brands like Shelcal, Chymoral, Nikoran, Dilzem, Nebicard, Nexpro, etc. have been contributing significantly to the India sales and strengthening the Company's stand in therapies like Cardiology, Diabetes, Gastrointestinal, Nutraceuticals, Pain and Women Healthcare.

The Company continues to focus on specialties, science, MR productivity for India business. During the year, the Company has continued to consolidate its position on the key therapeutic areas like Cardiac, Anti-Diabetic, CNS, VMN, GI, Derma and Pain Management. The thrust on building big brands was sustained. Three of the brands have a market of over 100 crores and 10 brands are over 50 crores.

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. The Company has a strong pipeline of molecules, which will further augment its growth in the next five years. Many of these molecules will be launched first time in India and also in the World, which will give a competitive edge across its key therapeutic areas. The launches will also help the Company to consolidate its position within the therapies.

The Company on 8th May, 2017 has completed the acquisition of Regestrone and Pregachieve brands for India from global pharma player Novartis AG, Switzerland. These brands are widely prescribed by gynecologists for the management of abnormal uterine bleeding, peri & post-menopausal symptoms and infertility. This acquisition would reaffirm Torrent's commitment towards the key important therapy of Women Healthcare.

The Government of India is continuously bringing in policies to shift the market towards generic products. In this respect, Medical Council of India (MCI) has issued directives emphasizing that the doctors should prescribe medicines in the generic name and ensure rational prescription of drugs to the patients. This is in consonance with the Hon'ble Prime Minister's intent to provide medicines to the poor at affordable prices. The Company firmly supports the Prime Minister's vision. The implementation of this process requires action by all the stakeholders including Government authorities, medical professionals, manufacturing companies, distribution channels, etc. The action plan would cover issues like quality of medicines, complexity of the chemical names of medicines, etc. The industry has appraised the concerned people in the Government of its concerns and awaits further clarity and directions in the matter.

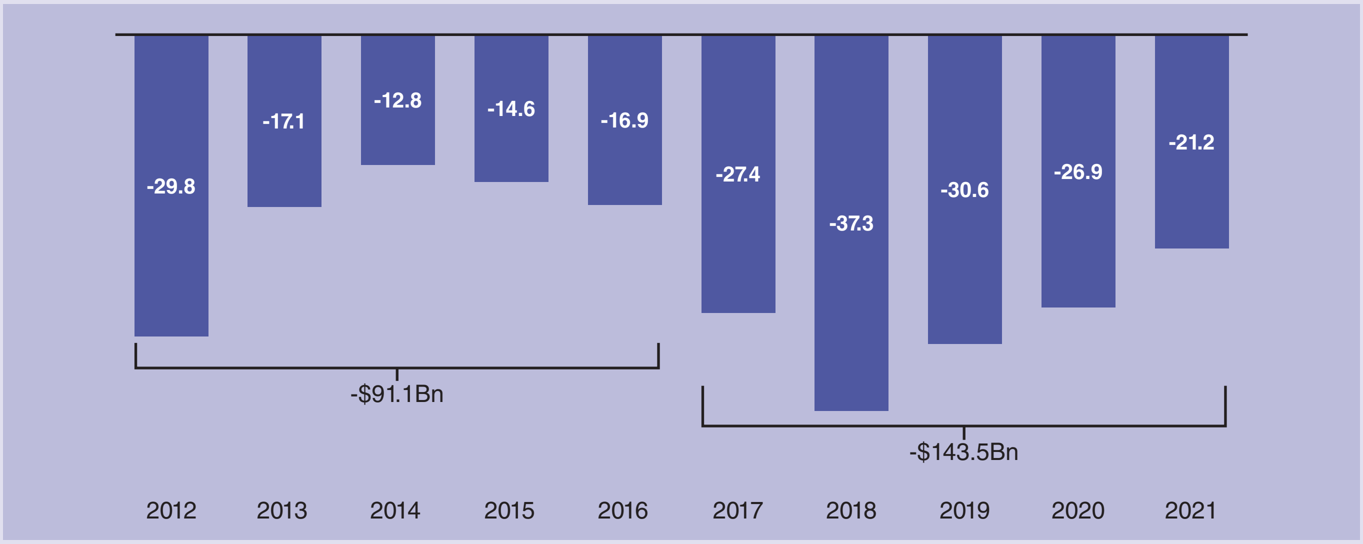
USA:

The US pharmaceutical market remains the world's largest market. US market growth in 2016 is estimated at 6 to 7% from 12% in 2015. Medicine spending growth rate has reduced to half in 2016 due to removal of impact of breakthrough cures for Hepatitis C and increased level of patent expiries. US spending on medicines will reach from $462 Bn in 2016 to $ 645 to 675 Bn in 2021, a 43% increase in spending over 2016 and a CAGR of 7 to 8%[2].

While medicine spending is rising, patient out-of-pocket costs for prescription drugs at pharmacies are expected to decline in next 5 years. This is driven by range of factors including that patients receive some form of copay assistance, declining out-of-pocket cost due to greater generic availability, expansion of Medicaid eligibility and protection from rising cost of some specialty medicines when they reach an out-of-pocket maximum.

Generic drugs now account for nearly 90% of prescriptions and it is projected to rise to 92% by 2021 as more medicines lose patent protection and rapidly shift to generics. Brand losses of exclusivity in the next 5 years are expected to have a 58% greater impact on spending as compared to the last 5 years. Lower brand spending due to patent expiries is expected to reduce overall spending by $143.5 Bn in the next five years. This includes the expected impact of biosimilars between $27 and $58 Bn.

Impact of US Losses of Exclusivity on Brand Spending US$Bn[3]



The consolidation amongst the generic purchasers from different class of trade has enhanced the 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.

The USFDA is on track to meet its objectives as outlined in the Generic Drug User Fee Act I. This will result in a larger number of generic approvals in a shorter duration thus further accentuating the competitive pressures in the US generic market.

Torrent, despite being a late entrant in the US pharma market is ranked No. 10 amongst the US generic Indian companies and has a market share of around 10% in its covered market. Revenues from US operations were ₹ 1,346 crores (US$ 201 Mn) during the financial year 2016-17 as compared to ₹ 2,671 crores (US$ 399 Mn) during the previous financial year showing a de-growth of 50% due to exceptional revenues in previous year on account of launch of a new product in the 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, Specialty Oral solids (Oncology).

The Company received 5 ANDA approvals in 2016-17. The Company has 65 ANDA approvals (including 4 tentative approvals) and its pipeline consists of 28 pending approvals and 150 products under development. The US business is expected to contribute to the growth of international business in a significant way.

BRAZIL:

Brazil is the largest pharmaceutical market in the Latin America and the 8th largest in the World which is expected to become the 5th largest market by 2021. The Brazilian pharma market is estimated to be around US$ 27 Bn & it is forecasted to grow at 7 to 10% year on year until 2021 with improving macro-economic parameters[2].

In spite of positive outlook regarding the GDP growth, the job scenario continues to be grim with unemployment at historically highest levels with economic pressure and the government spending on health care is expected to slow down which will help retail demand for cheaper drugs in private market.

On the regulatory front, the Brazilian government is taking measures for anti-counterfeiting by bringing in batch traceability regulation. Although the initial deadline for implementation was Dec 2016, the regulation has been deferred as of now considering preparedness of various stakeholders.

The Government has also issued guideline to reduce the dossier approval timelines and approvals of Clones to expedite entry of more Similar (BGx) and Generics have also gained pace. With these changes, outlook on approvals seem optimistic and more predictable.

The new Government, which has assumed office in 2016 has taken actions for recovery of the economy after two years of recession. Current outlook shows GDP growth of 1% and 4% by Dec'17 and Dec'18 respectively.

In March 2017, Moody's has changed its outlook for Brazil's term sovereign credit rating to "stable" from "negative" and affirmed the country's long-term foreign credit rating at Ba2, as economy is showing signs of recovery. Brazilian Reais has appreciated during the year from a low of USD/BRL 3.61 to 3.13 by end of Mar'17. The currency outlook based on improvement in economic parameters is likely to remain stable.

During the year, Brazilian operations registered revenue of ₹ 700 crores (Reais 344 Mn) with the growth of 38% (constant currency growth of 25%) 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 (Close-up dataset). The Company has 9 products under approval and has a development basket of 38 products.

The Company has been building its portfolio in the generics with parallel filings of branded generic products. It has approvals of 22 generic products and 26 branded generics.

GERMANY:

Medicine spending in Europe will increase from $151.8 billion in 2016 to $170 - $200 billion in 2021. Relatively weak economic growth in the region combined with focus on controlling healthcare spending by the European governments is expected to limit growth with a CAGR of 1% to 4% from 2016 to 2021. Policies to contain overall medicine spend include controlling price and access to specific innovative drugs, spending or growth caps or payback schemes, price negotiation collaborations with manufacturers and focus on evidence based assessment of the value of medicines which then influence their price and/or patient access to the medicines. These approaches are intended to balance desirable medical progress with a nation's ability to pay on a sustainable basis[2].

Top 5 European markets are UK, Germany, France, Italy and Spain. The Company's European business is mainly in Germany, 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 43 Bn and is expected to grow at a CAGR of 2-5% till 2021. Majority of the market is tender driven and the share of tenders is expected to grow in foreseeable future putting pressure on the margins of the industry.

Among the generic players, Torrent holds 5th position with a market share of around 7% and is ranked No. 1 among Indian players in the market.

Revenues from Germany operations during 2016-17 were ₹ 811 crores (~Euro 110 Mn) with a growth of 25% (constant currency 23%).

CONTRACT MANUFACTURING:

This mainly includes manufacturing of human insulins for Novo Nordisk, for their India market and revenues from dossier out licensing business. It registered revenues of ₹ 531 crores during the year showing a de-growth of 9% over previous 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. Since April 2016, upon receipt of Establishment Inspection Report (EIR), the Company has commenced commercial dispatches from its formulation manufacturing facility at Dahej SEZ in Gujarat. The Company has received regulatory approvals from various regulatory authorities viz. USFDA, EU-Germany, ANVISA - Brazil, etc. Phase I of the Dahej facility has an installed capacity of about 750 crore tablets / capsules. Construction of Phase II will commence soon and once commissioned, the total capacity will increase to about 1400 crore tablets / capsules and 80 MT API per year.

Sikkim:

Sikkim facility caters for domestic market. An additional capacity of 400 crore tablets is being set up by expansion of existing unit and creation of new facilities. During March 17, the Company has commenced commercial dispatches from both these additional facilities at Sikkim plant.

NEW CAPITAL INVESTMENTS

Oncology: Bileshwarpura

The Company has initiated work on a green field integrated manufacturing facility for drug substances and drug products (API and formulations) in Oncology. The Phase I has installed capacity of Onco Oral solid dosage facility of 20 million tablets, 7 million capsules and Ophthalmic dosage (3 pieces) 10 million bottles / annum. The Onco API facility is initially for a capacity of 1 MT/year. The facility shall conform to the latest international regulatory requirements of USFDA and EU-Germany.

Vizag Acquisition:

During the year, the Company has acquired API manufacturing unit located at Vizag. The API unit is approved by the USFDA and the European regulatory authorities is a multi-product facility with a capacity to manufacture Advance Intermediates and Active Pharmaceutical Ingredients (APIs). This will be beneficial in the Company's growth trajectory. The acquisition will help the Company in vertically integrating its Abbreviated New Drug Application (ANDA) filings in the future.

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, gastrointestinal and respiratory disorders. The Company has cumulatively filed 552 patents for NCEs from these and earlier projects in all major markets of which, 245 patents have been granted / accepted so far.

The most advanced discovery program of the Company is the NCE for the reduction of cardio vascular risk. The Phase II clinical trial results have been encouraging and filing for regulatory approval in key markets where the Company has presence to advance it to the next phase of clinical development are planned later this year. The Company believes that this program is uniquely positioned to address the consequences of relative chronic over-nutrition, which is assuming alarming proportions of health hazard in India and other emerging economies besides developed countries.

The next advanced discovery program 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. Currently a bridging pharmacokinetic study is being planned with a new optimized formulation, before the Company embark on the pivotal clinical trial next year.

Phase Ib study for the Company's third NCE being developed for inflammatory bowel disease is nearing completion and Phase II filing is planned later this year.

There have been several changes in the regulations with respect to conduct of clinical trials in India. Many of these changes facilitating clinical development include putting a rational framework for clinical investigators as well as sponsors, which will help in reducing timelines for clinical development.

NDDS & Pipeline Augmentation:

A new era of science and technology has evolved in the pharmaceutical research area focused on development and repositioning of existing medication available in the market place with Novel Drug Delivery Systems (NDDS). The evolution of an existing drug from its traditional form to a novel delivery system may considerably improve its performance with respect to efficacy, safety and patient compliance through enhanced bio-availability and by reducing the dose and frequency of administration. In recent years, considerable advances in drug delivery systems have enabled more effective routes of administration, which has resulted in the medication to be utilized for new indications.

Company's pipeline includes several novel drug delivery systems projects for existing medications, which will give the Company an edge over its competitors through differentiation in a tough marketplace. Company is currently focusing its R&D efforts on several innovative projects in the area of complex generics with respect to oral solids, ointments/creams and injectables.

One of the program that the Company is currently working on is for the indication of acute pain management through nasal route of delivery. This program has advanced in to Phase I clinical development. The Company is also working on several programs based on long acting injectable, liquid implant technologies and topical foam formulations, which are currently awaiting regulatory approvals to undergo clinical development.

THREATS, RISKS AND CONCERNS

Drug Price Control:

The Health Ministry revised the National List of Essential Medicines (NLEM) to include 376 drugs in the new NLEM list 2015. 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 (MoH) 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. Delhi High Court in Dec 16 has quashed the above mentioned order citing reasons that proper process was not followed whilst issuing the order banning FDC. The MoH has approached the Supreme Court against order of the Delhi High Court.

Generics:

The Government of India is continuously bringing in policies to shift the market towards generic products. The implementation of this process requires action by all stakeholders. This may have impact on future business strategies of the Company.

New product risk:

New product development and launch involves substantial expenditure, which may not be recovered due to several factors including development uncertainties, increased competition, regulatory delays lower than anticipated price realizations, delay in market launch and marketing failure.

In highly regulated business, the requirement to obtain regulatory approval based on a product's safety, efficacy and quality before it can be marketed for an indication in a particular country, as well as to maintain and comply with licenses and other regulations relating to its manufacture and marketing, are particularly important. The submission of an application to regulatory authorities (which vary, with different requirements, in each region or country) may or may not lead to the grant of marketing approval. Regulators can refuse to grant approval or may require additional data before approval is given, even though the medicine may already be launched in other countries. In some instances, regulatory authorities require the Company to develop plans to ensure safe use of a marketed product before a product is approved, or after approval, if a new and significant safety issue is established. The Industry is also subject to strict controls on the commercialization processes for products including their development, manufacture, distribution and marketing.

The Company manages the above risks related to the launch of new products and their regulatory approvals through careful market research for selection of new products, detailed project planning and continuous monitoring.

Product liability risks:

The business is exposed to potential claims for product liability. These risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance system. The Company also has an insurance cover for product liability.

Litigation risks:

The Company may launch a generic product based on legal and commercial factors, even though patent litigation is pending. The outcome of such patent litigation could affect the Company's business adversely in case it is established by the court of law that there has been a patent infringement. In addition to the substantial liabilities for patent infringement, the Company may also incur high costs of litigation for defending against the infringement. This risk is sought to be managed by a careful patent analysis prior to development & launch of the generic products and strategy of early settlement with the patent holders on case-to-case basis, particularly in the US market.

Future Acquisition proposals:

The Company continuously looks for opportunities in order to expand its product line either through complimentary or strategic acquisitions of other companies, asset acquisition, licensing agreements or any other arrangement. Any such acquisitions, may involve significant challenges in terms of integration with existing operations, which may lead to requiring considerable amount of time, resources and effort. This may lead to temporary disruption of ongoing business, affect relations with the employees and customers with whom the Company has been dealing.

Manufacturing & Supplying Risk:

Although a major portion of the Company's finished formulations are being manufactured at in-house facilities, the Company also depend on third party suppliers for sourcing for some of the markets. Any significant disruption at in-house facilities or any third party manufacturing locations due to economic, political & social factors or any other event may impair the Company's ability to produce, procure and ship products to the markets on a timely basis and could expose the Company to penalty and claims from customers.

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that it use in its 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 the Company has listed only one supplier in its application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, the Company's manufacturing capabilities could be impacted by quality deficiencies in the products, which its suppliers provide, leading to impact on its financial performance.

New capital investments:

The Company has commenced building a new formulation and API manufacturing facility for Oncology. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of under-utilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Overseas markets:

The development of the business in overseas markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including volatile economic conditions, IP issues, developed market compliance standards, inadvertent breaches of local and international law and interventions by national governments or regulators restricting access to market and/or introducing adverse price controls. However, the Company carefully monitors the business scenarios of these markets, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

In US, there is a continuing trend towards consolidation of certain customer groups such as wholesale drug distribution and retail pharmacies as well as emergence of large buying groups. The consolidation may result into these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures. Additionally, the emergence of large buying groups representing independent retail pharmacies, prevalence and influence of managed care organizations and similar institutions potentially enable those groups to attempt to extract price discounts on the Company's products. The result of such developments could affect the sales volumes and price realizations of the Company's products on an overall basis.

In Brazil, where the Company sells branded generics, the pure generic competition could adversely affect development of branded business. Price erosion continues in the German generic market leading to shrinking operating margins. The insurance companies have been empowered to enter into rebate contracts and float tenders. Aggressive bidding by competitors could lead to unsuccessful bids in tenders exposing the Company to loss of existing sales. Likewise in other European markets, regulatory changes could affect price realizations. The risks are sought to be mitigated through careful market analysis, improved management bandwidth, marketing alliances and corporate management oversight.

A significant portion of the revenue in various markets would be derived from sales to limited number of customers. In case of experiencing loss of business from one such customer or difficulties experienced by the customer in paying us on timely basis, it may impact the business performance.

Currency fluctuation risks:

Currency risks mainly arise out of overseas operations and financing activities. Exchange rate fluctuations could significantly impact earnings and net equity because of invoicing in foreign currencies, expenditure in foreign currencies, foreign currency borrowings and translation of financial statements of overseas subsidiaries into Indian rupees. The Company has a defined foreign exchange risk management framework to manage these risks excluding translation risks.

International Taxation:

The Company has potential tax exposure resulting from application of varying laws and interpretations, which include intercompany transactions with subsidiaries in relation to various aspects of business. Although the Company believes its cross border transactions between affiliates are based on internationally accepted practices, tax authorities in various jurisdictions may have different views or interpretations and subsequently challenge the amount of profits taxed in their jurisdiction resulting into increase in tax liability including interest and penalties causing the tax expenses to increase.

Finance Bill 2016 has mandated Base Erosion Profit Shifting (BEPS) action plan and reporting formulated by the OECD (Organization of Economic Co-operation and Development) which is effective from 1st April 2016. BEPS Action plan provides for revised standards for transfer pricing documentation and country-by-country reporting of income, earnings, taxes paid and certain measure of economic activities. Accordingly, this will be the first year for implementation of BEPS guidelines for the Company, there may be issues with respect to the resolution of disputes arising due to interpretation by different tax jurisdictions in different countries. The Company has taken adequate measures to ensure compliances of these guidelines.

Goods and Services Tax (GST):

The Government of India has finalized the framework for GST making it effective from 01st July, 2017. This would merge all significant taxes currently applicable to the Company's business operations (except taxes relating to profit/income) into a single tax. While this is expected to bring in greater transparency across all the economic activities and reduce multiple tax levies and administration, there is likely to be a significant short-term impact on the operations of the Company, on account of lack of clarity and differences in interpretations by various stakeholders. The proposal is to do away with any manual filings, however, the large IT frame work set up for this purpose by the Government and necessary changes being made in the Company's IT systems are in a state of flux and any mismatch or initial hiccups can lead to some transitional disruptions.

Discovery research:

The key risks are high rate of failure and long gestation period of a discovery project coupled with significant upfront costs to be incurred before results are known. The Company today may not have resources to carry through a discovery project to final commercial stage for global markets. These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project while continuing to develop the NCE's for India. The Company is also evaluating the feasibility to extend the market outside India where it has a reasonable understanding of the branded products space.

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

Dependence on information technology:

The Company is highly dependent on information technology systems and related infrastructure. Any breakdown, destruction or interruptions of this system could impact the day to day operations. There is also a risk of theft of information, reputational damage resulting from infiltration of a data center and data leakage of confidential information either internally or otherwise. The Company keeps on investing appropriately on the protection of data and information technology to reduce these risks.

HUMAN RESOURCES

The total employee strength of the Company at the end of financial year 2016-17 was 12,562 against 11,668 as at the end of financial year 2015-16, an increase of 894 employees. The field force decreased by 255 employees from 4,463 at the end of financial year 2015-16 to 4,208 at the end of financial year 2016-17. The R&D centre had 1,164 employees (of which 965 were scientists) at the end of financial year 2016-17 compared with 1,081 (of which 868 were scientists) as at the end of financial year 2015-16, an increase of 83 employees. The worker strength at plant was 2,224 at the end of financial year 2016-17 compared with 2,085 at the end of financial year 2015-16. The remaining employee strength comprising mainly of head office personnel, non-worker employees at Chhatral and Baddi Plant, Sikkim Plant, Dahej Plant, Pithampur Plant, Vizag Plant, branch & overseas offices employees increased to 4,966 at the end of financial year 2016-17 from 4,039 at the end of financial year 2015-16.

INTERNAL CONTROL SYSTEM

The Company has a reasonable system of internal controls comprising authority levels and powers, supervision, checks and balances, policies and procedures. The system is reviewed and updated on an on-going basis. The Company continuously upgrades its internal control systems by measures such as strengthening of IT infrastructure and use of external management assurance services. The Company has in place a well-defined internal audit system whereby the internal audit is performed across locations of the Company and the results of the audit findings are reviewed by the Audit Committee.

RESULTS OF OPERATIONS FOR FINANCIAL YEAR 2016-17 COMPARED WITH FINANCIAL YEAR 2015-16

Summary Financial Information:

Particulars	2016-17		2015-16		%
	₹ crores	% to Revenues	₹ crores	% to Revenues	Increase / (Decrease)
Sales	5,713		6,540		(13%)
Operating Income	144		147		(2%)
Sales and Operating Income (Revenues)	**5,857**	**100%**	**6,687**	**100%**	**(12%)**
Gross Profit	**4,036**	**69%**	**5,099**	**76%**	**(21%)**
Selling, General and Admin expenses (SG&A)	2,152	37%	2,012	30%	7%
Research and development spend	432	7%	246	4%	76%
Forex Gain / (Loss)	144	2%	112	2%	29%
EBITDA	**1,596**	**27%**	**2,953**	**44%**	**(46%)**
Depreciation/Amortization	307	5%	238	4%	29%
Net Interest expense/(Income)	201	3%	178	3%	13%
Profit before tax (PBT)	**1,088**	**19%**	**2,537**	**38%**	**(57%)**
Exceptional Items	-		194	3%	
Profit before tax (PBT)	**1,088**	**19%**	**2,343**	**35%**	**(54%)**
Income Tax	154	3%	610	9%	(75%)
Profit after Tax (PAT)	**934**	**16%**	**1,733**	**26%**	**(46%)**

Net Sales and other operating income

Consolidated sales fell by 13% to ₹ 5,713 crores from ₹ 6,540 crores in the previous year while the operating income was ₹ 144 crores compared to ₹ 147 crores in previous financial year.

EBIDTA

EBIDTA during the year stood at 27% compared to 44% in the previous showing a de-growth by 17%. A major part of the EBIDTA de-growth during the year is on account of revenue from new product launch in previous year in the US market which had limited competition. The SG&A and R&D expenses during the year have increased by 14% compared to the previous year.

During the year, the Company's expenses on discovery research cost amounted to ₹ 61 crores compared to ₹ 48 crores in the previous year.

Depreciation and amortization

Depreciation and amortization charge during the financial year 2016-17 was ₹ 307 crores as compared with ₹ 238 crores during the previous year.

Net interest expense

Net Interest Expenses amounted to ₹ 201 crores compared to ₹ 178 crores during the previous financial year.

Income Tax

The income tax charge for the financial year 2016-17 stood at ₹ 154 crores compared to ₹ 610 crores in financial year 2015-16. Average income tax rate as a percentage of profit before tax is 14% for the year 2016-17 as compared to 26% for the year 2015-16.

Net profit after taxes

The net profit after taxes for the financial year 2016-17 was ₹ 934 crores compared with ₹ 1,733 crores during the previous financial year, a decline of 46%, primarily on account of launch of a new product in the US market with limited competition in previous year.

CAPITAL & DEBT

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

Out of the divisible profits of ₹ 934 crores (previous year ₹ 1,733 crores), a sum of ₹ 400 crores (previous year ₹ 700 crores) was transferred to General Reserve Account. During the year, the Company distributed interim dividend of ₹ 10 per share and have recommended final dividend (subject to shareholders approval) of ₹ 4 per share, aggregating to ₹ 236.91 crores. The total dividend distribution of ₹ 14 per equity share, against ₹ 35 per equity share during 2015-16. The distribution, including the tax thereon, amounts to 30.54% of annual consolidated net profit after tax for the year, in line with the Company's policy of distribution of 30% of annual consolidated Net profit after tax as dividend. The net long-term borrowing increased by ₹ 162 crores during the year, to ₹ 2,510 crores at the end of financial year 2016-17 from ₹ 2,348 crores at the end of financial year 2015-16. Outstanding working capital loans were Nil (previous year ₹ 3.32 crores). The total debt to net worth (including deferred tax liability) ratio as at the end of financial year 2016-17 was 0.56 (previous year 0.64).

FIXED ASSETS

The net addition in fixed assets during the year was ₹ 273 crores comprising of addition in gross assets of ₹ 560 crores reduced by increase in accumulated depreciation of ₹ 287 crores. Addition to fixed assets includes intangibles acquired during the year amounting to ₹ 43 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, derivative financial instruments and accruals for health insurance contracts in Germany increased by ₹ 285 crores from ₹ 1,214 crores at the end of financial year 2015-16 to ₹ 1,499 crores at the end of financial year 2016-17. The number of days of net trade working capital has increased from 68 days in 2015-16 to 96 days in 2016-17.

The liquidity of the Company as reflected by cash and bank balances and current investments increased by ₹ 21 crores to ₹ 1,071 crores from ₹ 1,050 crores at the end of financial year 2015-16. The Company generated net cash of ₹ 1,013 crores from operations (after working capital changes) during financial year 2016-17 while it spent a net amount of ₹ 787 crores in investing activities mainly on purchase of fixed assets. Net cash flow used in financing activities comprising dividend, interest and loan repayments was ₹ 192 crores during financial year 2016-17.

For and on behalf of the Board

Ahmedabad
26th May, 2017

Samir Mehta
Executive Chairman

References

1. International Monetary Fund - World Economic Outlook, April 2017
2. IMS Outlook for Global Medicines through 2021
3. IMS Market Prognosis, Sept 2016, Quintiles IMS Institute, Oct 2016
4. United States Census Bureau - An Aging World, 2015
5. AIOCD March 2017 MAT, Q1: Jan-Mar, Q2: Apr-Jun, Q3: Jul-Sep, Q4: Oct-Dec

BUSINESS RESPONSIBILTY REPORT FOR THE FINANCIAL YEAR 2016-17

Pursuant to Regulation 34(2)(f) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	**Corporate Identity Number (CIN) of the Company:**	L24230GJ1972PLC002126
2	**Name of the Company:**	Torrent Pharmaceuticals Limited
3	**Registered address:**	Torrent House, Off Ashram Road, Ahmedabad - 380 009
4	**Website:**	www.torrentpharma.com
5	**E-mail id:**	investorservices@torrentpharma.com
6	**Financial Year reported:**	2016-17
7	**Sector(s) that the Company is engaged in (industrial activity code-wise):**	Pharma Sector under Group 210, Class 2100 as per the National Industrial Classification 2008
8	**List three key products / services that the Company manufactures / provides (as in balance sheet):**	Calcium Carbonate along with Vitamin D3, Aripiprazole and Esomeprazole Magnesium
9	**Total number of locations where business activity is undertaken by the Company:**	
	i. Number of International Locations (Provide details of major 5):	The Company has its presence throughout the globe through its sixteen subsidiaries and three representative offices.
	ii. Number of National Locations:	There are Six Manufacturing Units, One R&D Unit, One Project Site and Twenty Three C&F Agents in India.
10	**Markets served by the Company Local / State / National / International:**	In addition to pan India, more than sixty markets served across Asia, North America, Brazil, European Union & rest of world

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	**Paid up Capital (INR):**	₹ 84.62 Crores as on 31st March, 2017
2	**Total Turnover (INR) (Consolidated):**	₹ 5857 Crores
3	**Total profit after taxes (INR) (Consolidated):**	₹ 934 Crores
4	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (Consolidated):**	2.95% Additionally, the Company also made donations for CSR activities.
5	**List of activities in which expenditure in 4 above has been incurred:**	The Company has undertaken the following CSR Projects / Programmes during FY 2016-17: 1. Paediatric Healthcare Programme - Reach Each Child ("REACH") 2. Preventive Healthcare Programme 3. Shiksha Setu – A quality education programme 4. Supporting Primary and Secondary school for urban slum children 5. Supporting the establishment of a cancer care center The detailed list of activities in which CSR expenditure has been incurred is part of Directors' Report which forms part of Annual Report.

SECTION C: OTHER DETAILS

1	**Does the Company have any Subsidiary Companies?**	Yes. The Company has 16 subsidiaries.
2	**Do the Subsidiary Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies.**	All policies/ practices to the extent relevant are also applicable to the subsidiaries in conformity with the applicable laws.
3	**Do any other entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entities? [Less than 30%, 30-60% More than 60%]**	The Company's contractors and suppliers do participate in the BR initiatives of the Company in terms of compliance with "Suppliers Code of Conduct" and "Conviction for Safety Policy".

SECTION D: BR INFORMATION

1. **Details of Director / Directors responsible for BR**

   a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

      1) DIN Number : 00061903

      2) Name : Shri Samir Mehta

      3) Designation : Executive Chairman

   b) Details of the BR Head:

Sr. No.	Particulars	Details	
1	DIN Number (if applicable)	00110312	-
2	Name	Dr. Chaitanya Dutt	Shri Jinesh Shah
3	Designation	Director (R&D)	Executive Director
4	Telephone number	079-26599000	
5	e-mail id	investorservice@torrentpharma.com	

2. **Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y / N)**

   SEBI has now mandated to include Business Responsibility Report on the following principles as stated in the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

2 a. **Details of Compliances:**

<table>
<tr><th>Sr. No.</th><th>Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7*</th><th>P8</th><th>P9</th></tr>
<tr><td>1</td><td>Do you have a policy / policies for....</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td rowspan="3">NA</td><td>Y</td><td>Y</td></tr>
<tr><td>2</td><td>Has the policy being formulated in consultation with the relevant stakeholders?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>3</td><td>Does the policy conform to any national / international standards? If yes, specify? (50 words)</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>4</td><td>Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?</td><td colspan="9">The policies have been either approved by the Board or senior functional head authorised by the Board in this respect.</td></tr>
<tr><td>5</td><td>Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>NA</td><td>Y</td><td>Y</td></tr>
<tr><td>6</td><td>Indicate the link for the policy to be viewed online?</td><td colspan="9">Policies are available on the website of the Company www.torrentpharma.com and the policies which are internal to the Company are available on the intranet of the Company.</td></tr>
<tr><td>7</td><td>Has the policy been formally communicated to all relevant internal and external stakeholders?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td rowspan="4">NA</td><td>Y</td><td>Y</td></tr>
<tr><td>8</td><td>Does the company have in-house structure to implement the policy/ policies.</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>9</td><td>Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
<tr><td>10</td><td>Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td></tr>
</table>

* To be read with Principle wise performance stated under Section E

b. **If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Not applicable

3. **Governance related to BR**

a) **Indicate the frequency with which the Board of Directors, Committees of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Board of Directors / its Committees / Chairman or any authorised officials of the Company, as the case may be, assesses the BR Performance on quarterly, half yearly or annual basis depending upon the type of BR activities.

b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Company's Annual Report includes Business Responsibility Report. The copy of the same is available on the website of the Company www.torrentpharma.com

SECTION E: PRINCIPLE – WISE PERFORMANCE

Principle 1: ETHICS, TRANSPARENCY & ACCOUNTABILITY

The Company has always believed that highest levels of Corporate Governance practices are pre-requisite for growing sustainable and successful business. This has helped the Company to gain the trust and confidence of all its stakeholders. The Company has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY and ACCOUNTABILTY.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company firmly believes and adheres to transparent, fair and ethical governance practices to foster professionalism, honesty, integrity and ethical behaviour. The Board of Directors has formulated the Code of Business Conduct, which is applicable to all the employees and Board Members of the Company, and which lays down the important corporate and organisational values that shape the Company's value system and business practices and represents cherished values of the Company. The core values embedded in our functioning are Constant Learning, Customer and Family First, Excellence, Integrity, Responsibility and Teamwork.

   The Company has in place Whistle Blower Policy providing the mechanism for the Stakeholders to disclose their concerns and grievances on Unethical Behaviour and Improper / Illegal Practices and Wrongful Conduct for appropriate action by the Company.

   In order to protect investors' interest, the Company has adopted a Code of Conduct to regulate, monitor and report trading by the employees, insiders and connected person(s).

   The Related Party Transactions Policy of the Company provides the process for the approval of various types of Related Party Transactions (RPTs) and general principles governing RPTs. This brings the necessary transparency in the RPTs and the transactions are fair and in compliance with the applicable laws and regulations.

   The Policy on Materiality of Events or Information brings a consistency in the disclosure of various events or information in accordance with the thresholds determined disclosure to Stock Exchange.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 15 complaints from various stakeholders during FY 2016-17, which were promptly resolved except two complaints, one of which was resolved during 1st week of April, 2017 and the other is under investigation.

Principle 2: PRODUCTS LIFE CYCLE SUSTAINABILITY

Drug Product quality and patient safety are the fundamental principles for Torrent.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. –**

   Company's following products help to address social or environmental concerns in their design :

   a) Esomeprazole Magnesium is a proton-pump inhibitor used as an anti-ulcerative drug.

      The Esomeprazole magnesium process earlier involved a 5-Stage synthesis in which many raw materials were used in the manufacturing process resulting in lower yields and large environmental load due to resolution process. A new 3-stage process of Asymmetric oxidation was developed, which resulted in higher yields with desired quality and less environmental waste.

   b) Duloxetine Hydrochloride is a serotonin–norepinephrine reuptake inhibitors used to treat depression and anxiety.

      The Duloxetine hydrochloride manufacturing process involved a 3-Stage synthesis, using-highly pyrophoric reagents in condensation reaction, which were hazardous at plant scale and generated high environmental load. The process was optimized, eliminating these hazardous reagents. The process was fine-tuned to minimize the impurities formation and environmental load through lower environmental waste.

   c) Rabeprazole Sodium is a proton-pump inhibitor used as an anti-ulcerative drug.

      The Rabeprazole Sodium process involving 3-Stage synthesis, including Oxidation with m-CPBA reagent was resulting in more nos. of washing during manufacturing resulting in environmental load. The new 2 – stage process was developed by changing Oxidizing agent, which was resulted in higher yields with desired quality and less environmental load due to minimizing number of washing and operations.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   (a) **Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?**

   The Company follows sustainable sourcing, production and distribution practices ensuring quality and safety of raw materials, API, intermediates and packaging materials procured from suppliers as well as of products manufactured, stored and distributed throughout the value chain. The Company has laid down a robust process for vendor evaluation and selection mechanism and prefer local suppliers wherever possible. The Company also emphasis on safe transportation, optimization of logistics and reduction of vehicular air emissions.

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

   The Company strives to improve the energy and water footprints by reducing the power and fuel consumption and has been able to reduce related costs. On the environment front, Company has adopted principles of natural resource conservation, reuse, reduce, recycle, and waste minimization.

   Most of the Company's facilities have achieved various recognitions / certifications such as ISO-14001 & OHSAS-18001.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Sustainability in the operations is critically important if the Company is to deliver continued innovation. In the best interests of the patient, the Company endeavour to work with responsible suppliers who adhere to the same quality, social and environmental standards as Torrent.

   The Company has standard operating procedures for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for key raw material, intermediates and APIs.

   The Company has system of identifying or developing alternate vendors where single vendor is considered critical for business continuity.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   (a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company consciously endeavours to sources its procurement of the goods and services from medium and small vendors from the local areas where feasible. It improves operational efficiency and saves on transportation cost and inventory management. Further, the Company fulfills its manpower requirement by employing the people from the nearby location where it has its business operation to the possible extent.

   The Company provides detailed specifications as well as technical knowhow to improve capacity and capability of local and small vendors.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company promotes recycling and use of alternate materials. The waste generated in the Company's operation is either recycled or disposed off safely. Important raw materials and solvents are recovered and recycled. Every manufacturing facility has effluent treatment plant, which ensures zero discharge of waste. The Company has installed an organic waste composter to convert the organic kitchen waste into compost manure.

More than 10% waste is recycled through recovery system (Solvent recovery system / waste sale for reprocessing and reuse by external approved agency). The waste is also supplied to the cement plant for the purpose of generating alternate energy.

Principle 3: EMPLOYEES WELL-BEING*

At Torrent, we value our employees and believe that Torrent's success is a result of the cumulative contribution of all our employees.

To re-inforce its core value "Fairness with Care" and the belief in the concept of "Family First", various policies have been laid down for employees' empowerment so as to enrich their professional, personal & social life. As part of the gender diversity initiatives, the Company continues to encourage employment of women as well as create a positive and safe working environment for them.

1. **Please indicate the Total number of employees.**

   The total number of employees is 11,781 as on 31st March, 2017.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   The total number of employees hired on temporary/contractual/casual basis is 1,950 as on 31st March, 2017.

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

   The total number of permanent women employees is 1,005 as on 31st March, 2017.

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

   The total number of permanent employees with disabilities is 28 as on 31st March, 2017.

5. **Do you have an employee association that is recognized by management?**

   Yes. The Company do have the employees associations at certain manufacturing locations, which encourage the employees to participate freely in constructive dialogue with the management.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   5.61% of permanent employees at manufacturing locations are the members of the employees association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

   The Company does not employ any child labour or forced / involuntary labour. One case of sexual harassment at work place was reported during FY 2016-17 and was resolved.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   We continue to devote resources and efforts in encouraging people to upgrade their skills in general and safe working practices in particular. The details of such trainings are as follows:

Sr. No.	Particulars	Percentage
a.	Permanent Employees	84%
b.	Permanent Women Employees	87%
c.	Casual/Temporary/Contractual Employees	99%
d.	Employees with Disabilities	82%

* All the figures are on standalone basis.

Principle 4: STAKEHOLDER ENGAGEMENT

At Torrent, we believe that Stakeholders plays a pivotal role in the growth of our Company.

Transparency, one of the Core Values of the Company, lead to more informed decision making and helps in creating enduring trust among all stakeholders.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Our key stakeholders include our Suppliers and Customers including Stockiest and Distributors, Healthcare professionals, Employees, Investors & Shareholders, Local communities and Government & Regulatory authorities.

   Stakeholder's engagement helps in better understanding of the perspectives on key issues and builds a strong relationship with them. Many of the engagements take place during the routine course of business, in day to day interactions with the stakeholders. In addition, we also have formal engagements with the stakeholders takes place in the various manner:

Stakeholders	Medium of Engagement
Suppliers and Customers including Stockiest and Distributors	Regular business meetings, Personal and electronic interactions etc.
Healthcare professionals	Sales representative meetings, Interactions during conferences etc.
Employees	Intranet, Meetings, trainings, various Company-wide celebrations and events.
Investors & Shareholders	Investor's meets, Roadshows, Quarterly results, Annual Reports, Annual General Meetings, Press releases etc.
Local communities	Conducting medical camps, setting up/ running/ supporting hospitals, schools, particularly in the areas where Torrent Head Quarters is situated and at locations in and around its operations.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes. The Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company works actively to enhance the employment opportunities in the nearby locations whereby it operates, leading to income generation and economic empowerment in the marginalized sections of the communities.

   Various initiatives have been taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders at locations in and around its operations in the areas of: (i) Community Health Care, Sanitation and Hygiene, (ii) Education and Knowledge Enhancement and (iii) Social Care and Concern.

   For details of projects undertaken during the FY 2016-17, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

Principle 5: HUMAN RIGHTS

HUMAN RIGHTS are fundamental in nature and applicable universally. Torrent respects the Human Rights Principle and has developed its policies which are aligned to such principles in all its day-to-day operations.

Infact, this principle is recognized in one of the Core Values of the Company i.e. Fairness with Care. According to this Core Value, the Company besides being fair towards all fellow members, treats them with care. Weaving the threads of equality, irrespective of caste, creed, religion and gender, into the day to day fabric, ensures fairness for each and every individual.

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   The Company is committed to promotion of human rights, in spirit and deed. The Company strives to provide a non-discriminatory and harassment-free work place for all its employees and contractual staff.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaints were received during the year in this regard.

Principle 6: ENVIRONMENT

At Torrent, we believe that Environment, Health & Safety are crucial and paramount pillars for sustainable growth of our business.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

   The Company has health, safety and environment policy covering all its India operations currently. The Company has a conviction for safety policy providing for compensation in case of accidents suffered by its employees and also other people working in the Company premises for Company's work.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   The Company is committed towards contributing to manage climate change. Two 1 MW Solar Rooftop power plants are being set-up to help to use renewable energy and reduce carbon footprints. The plants would be commissioned by FY 2017-18 and would generate 28 lac units per annum. The Company has also taken up several other steps directed towards conservation of energy. Please refer to Annexure H to the Directors' Report.

3. **Does the company identify and assess potential environmental risks? Y/N**

   As a policy, the Company designs its processes in an environment friendly manner by assessing the potential environmental risks and avoid / limit the usage of toxic and hazardous substances.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Yes, Company has taken various actions to minimize GHG (Greenhouse Gases) like usage of energy efficient equipments, switching over to usage of natural gas instead of FO/HSD, Conversion of HVAC system to available lowest ozone depleting substance, use of hazardous waste into cement kiln as alternate fuel and usage of natural lights and solar power.

   Yearly environment audits are conducted, wherever applicable, through schedule I auditor allotted by State Pollution Control Board.

5. **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Company has taken several initiatives on clean technology, energy efficiency and renewable energy. Please refer to Annexure H to the Directors' Report.

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

   Yes.

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

   The Company has not received any such notices from CPCB/SPCB during FY 2016-17.

Principle 7: POLICY ADVOCACY

As a responsible organization, Torrent shares its views through the relevant Industries Associations on the policies related to its business for the benefit of its various stakeholders.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is a member of various trade/ Industry associations like Indian Pharmaceutical Alliance (IPA), Indian Drug Manufacturing Association (IDMA), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Gujarat Chamber of Commerce and Industry (GCCI), etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

   Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

   The Company provides inputs to key decision makers in framing and implementing policies for availability of quality medicines at affordable prices. It also learns from experience of others to educate the relevant people for initiating procedures for improvement in healthcare.

Principle 8: EQUITABLE DEVELOPMENT

The Company channelizes its CSR activities in light of its guiding principle as enumerated by its founder - ***Shri U. N. Mehta: "Giving back to the society, for all the years of care, support and nurturance that is being bestowed upon the organization".***

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes, the Company has identified specified programmes / projects in the pursuit of the policy related to Principle 8.

   For details of projects undertaken during the FY 2016-17, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

   The identified programmes/projects are carried out directly by the Company itself including through two of its Section 8 companies namely Tornacent Care Institute and UNM Foundation which have been promoted by the Company (together with one of its Group Company).

   Besides the above, it is also supplementing the efforts of the local institutions / NGOs / local Government / implementing agencies in the field of Education, Healthcare, Sanitation and Hygiene etc. to meet priority needs of the underserved communities with the aim to help them to become self-reliant.

   For details of such programmes / projects been implemented either on its own or through an external agency, please refer the 'Annual Report on CSR Activities' attached as Annexure C to Directors Report.

3. **Have you done any impact assessment of your initiative?**

   Yes, the Company undertakes timely impact assessments of projects under implementation for ensuring their desired impact and continued sustenance. The impact assessment is also presented to the CSR committee.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

   During the year under review the Company had contributed ₹ 27.55 crore to various community development programmes / projects as part of its CSR initiatives. The details of projects undertaken are mentioned elsewhere in the Business Responsibility Report.

Over and above this, the Company also made donations of ₹ 5.62 crores to various organisations involved in activities related to education, health, socio-economic development, culture, integrated development of tribes, relief to disaster victims, promotion of social welfare etc.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The Company undertakes needs assessment surveys in villages and community before undertaking CSR initiatives.

   Community needs are understood and evaluated and their views are taken before project plans are finalized and executed. Community members are continuously consulted with during implementation of initiatives. Further, the Company, ensures that community members participate in the initiatives being undertaken / implemented and that they take responsibility for maintenance and sustenance of projects in future.

Principle 9: CUSTOMER VALUE

Torrent's commitment towards its Customers are enunciated in its Core Values, which are timeless and well founded and ensures its longevity. The Company being in the business of healthcare, the nature of its business requires the utmost attention on the quality of its products. The Company has in place strong Pharmaco vigilance system through which all the stakeholders can access the adverse event / product complaint reporting form on the website of the Company or dedicated phone line and a dedicated mailbox.

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year?**

   11.91% of the complaints are pending as on the end of the financial year.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**

   The Company displays all the product information on the product label, which are mandatory. Besides, the Company also displays general information for patients in order to guide them with respect to usage of the certain products. We adhere to national and international standards with respect to product safety and code

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   Madhya Pradesh Chemist and Distributors Federation has alleged contravention of Section 3 of the Competition Act, 2002 (Act) against Madhya Pradesh Chemist and Druggist Association, two other associations and seven pharmaceutical companies including Torrent before the Competition Commission of India in the year 2014. The Director General (DG), as a part of further investigation, issued a notice to the Company to furnish certain information which has been submitted.

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**

   The marketing team of the Company regularly interacts with the Doctors and other Healthcare professionals and takes their feedback on the Company's products.

*****

MAXIMUM GOVERNANCE – THE TORRENT WAY

The Securities and Exchange Board of India (SEBI) has been continuously fine tuning and upgrading the standards of Corporate Governance applicable to Indian Companies. Torrent has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY (comprehensive all round disclosure plus financial controls) and ACCOUNTABILTY. This report sets out the governance systems and processes of the Company, as set out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the financial year ended 31st March, 2017. 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, 2017 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 four times on 23rd May, 2016, 27th July, 2016, 26th October, 2016 and 3rd February, 2017. Time elapsed between any two consecutive meetings never exceeded 120 days. Two of the meetings were held at manufacturing facilities, one each at Indrad and Dahej, where the Directors visited the facilities and reviewed the evolution of campus, the underlying philosophy and processes, manufacturing facility, infrastructure, quality systems, HR practices etc.

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

torrent PHARMA

Notes:

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

2 These numbers exclude the Directorship / Committee Membership held in the Company and in private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013. Further, it includes only the Chairmanship / Membership of the Audit Committee and Stakeholders' Relationship Committee. All Directors have informed the Company about the committee positions they occupy in other companies as per Regulation 26 of Listing Regulations, which were placed before the Board.

Except Shri Sudhir Mehta and Shri Samir Mehta, who are related to each other as brothers, none of the other Directors are related to any other Director on the Board in term of definition of 'relative' as per the Companies Act, 2013.

Dr. Chaitanya Dutt 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 Dr. Chaitanya Dutt are provided in the notice of the AGM.

All IDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. These were placed before the Board.

The IDs of the Company met on 2nd February, 2017 and 1st May, 2017 under the chairmanship of Shri Shailesh Haribhakti without the presence of Non-Independent Directors or management personnel to review the performance of Non-Independent Directors, the Board, Committees and the Chairperson. The meeting also reviewed the quality, quantity and timeliness of flow of information between the Company and the Board.

The terms and conditions of appointment of Independent Directors have been placed on the website of the Company www.torrentpharma.com. The details of familiarization programmes for Independent Directors have been provided in the Directors' Report and posted on the website of the Company and can be accessed at the web link: http://www.torrentpharma.com/pdf/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.

During the year under review, five meetings of the Committee were held on 23rd May, 2016, 27th July, 2016, 6th September, 2016, 25th October, 2016 and 2nd February, 2017. 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.	5	5
Shri Pradeep Bhargava	ID	B. Sc. (Honours), B.E. (EC), MBA (IIMA)	5	4
Shri Haigreve Khaitan	ID	LL. B.	5	3
Smt. Renu Challu	ID	MA Economics	5	5

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 and Vice President (Finance). The Statutory Auditors, Internal Auditors, Cost Auditors and other related functional executives of the Company also attended the meeting when required.

The Committee holds meetings with Statutory Auditors and Internal Auditors on one to one basis 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 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 four times on 23rd May, 2016, 27th July, 2016, 25th October, 2016 and 2nd February, 2017.

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
Smt. Renu Challu, Chairperson	ID	4	4
Shri Shailesh Haribhakti	ID	4	4
Shri Haigreve Khaitan	ID	4	2

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

99.51% of the equity shares of the Company are held in dematerialised form & the handling of physical transfer of shares are minimal. No transfer of equity shares is pending as on 31st March, 2017.

During the year, the Company has received seven (7) complaints from shareholders which were attended within a reasonable period of time. One (1) complaint was pending as on 31st March, 2017 which was resolved on 1st April, 2017.

4. APPOINTMENT & REMUNERATION OF DIRECTORS

Nomination and Remuneration Committee

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

During the year, two meetings of the Committee were held on 23rd May, 2016 and 27th July, 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	2	2
Shri Markand Bhatt	NED	2	2
Shri Pradeep Bhargava	ID	2	2

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:

1. To evaluate and recommend the composition of the Board of Directors and sub-committees thereof.
2. To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal.
3. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
4. To formulate a criteria for performance evaluation of Directors and the Board and to carry out evaluation of every Director's performance.
5. Devising a Policy on Board Diversity
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
7. To recommend a Policy to the Board relating to the remuneration for the Directors, KMPs and other employees, for its approval.
8. The Committee shall, while formulating the policy, ensure the following:
   (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
   (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   (c) Remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

   Senior Management for the above purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.
9. To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.
10. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.
11. 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.
12. 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;

- Guidance / support to Management outside Board / Committee meetings;
- Fulfilment of functions;
- Independent views and judgement.

Remuneration Policy, details of remuneration and other terms of appointment of Directors

The Remuneration Policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Company endeavours to attract, retain, develop and motivate the high-caliber executives and to incentivize them to develop and implement strategy, thereby enhancing the business value and maintaining a high performance workforce. The policy ensures that the level and composition of remuneration of the Whole-time Directors / Executive Directors are optimum. Remuneration package for Executive Directors are designed with optimum combination of fixed component and / or performance linked pay reflecting the physical (quantitative and qualitative) and financial performance of the Company. The salient features of the Remuneration Policy form a part of the Director's Report.

Appointment & 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.

Re-appointment and fixation of 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 1st January, 2015 for a period of three years up to 31st December, 2017. Dr. Dutt being a director liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

Dr. Dutt has been re-appointed as a Whole time Director for a period of 3 (three) years effective from 1st January, 2018, subject to approval of the shareholders.

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, subject to such approval as may be necessary.

3. The commission for any financial year shall be paid on its approval by the Board.

Details of remuneration of Directors for the year ended 31st March, 2017 are as under:

(₹ in lacs)

Name & Designation of Director$	Salary & Perquisites	Commission##	Sitting Fees++	Total
Shri Sudhir Mehta, Chairman Emeritus	Nil	750.00	Nil	750.00
Shri Samir Mehta, Executive Chairman	2.82**	1500.00	Nil	1502.82
Shri Markand Bhatt$$	Nil	Nil	Nil	Nil
Shri Shailesh Haribhakti	Nil	17.00	15.00	32.00
Shri Haigreve Khaitan	Nil	12.00	10.00	22.00
Shri Pradeep Bhargava	Nil	16.00	14.00	30.00
Prof. Ashish Nanda	Nil	9.00	5.00	14.00
Smt. Renu Challu	Nil	17.00	16.00	33.00
Dr. Chaitanya Dutt, Director (Research & Development)	520.27#**	Nil	Nil	520.27
Total	**523.09**	**2321.00**	**60.00**	**2904.09**

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.

Includes house rent allowance, contribution to provident fund & 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.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Shri Haigreve Khaitan, an Independent Director, is a partner, were paid ₹ 1.21 crores as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Independent Directors vis-à-vis the Company.

Shareholding of Non-Executive Directors

Details of the equity shares held by Non-Executive Directors as on 31st March, 2017 are as under:

Name of the Director	Nos. of Equity shares
Shri Sudhir Mehta	200*
Shri Shailesh Haribhakti	6,000

* Including shares held as Karta of HUF.

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 23rd May, 2016 and 26th October, 2016. The members had a full day visit for a direct exposure to CSR Programmes being carried out by the Company near Surat. They visited a health checkup camp under the aegis of Project "REACH" being held at a school near Shardashish, township for the employees of the SUGEN Generation Plant of Torrent Power Limited. The members interacted with school officials, medical staff, Torrent volunteers and the parents of the children being examined. The members also visited the location where Paediatric Primary Health Centre and Path Laboratory is coming up.

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 Pradeep Bhargava, Chairman	ID	2	2
Smt. Renu Challu	ID	2	2
Dr. Chaitanya Dutt	WTD	2	2

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
41st AGM	30th July, 2014	09.30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	-
42nd AGM	27th July, 2015	09.30 AM		2
43rd AGM	27th July, 2016	09.30 AM		-

During March, 2016, 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
23rd 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 (Code) adopted by the Company has been posted on the website of the Company. The members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the Code for the effective period. The declaration by the Executive Chairman to that effect forms part of this report as Annexure 1.

c. Prevention of Insider Trading

In compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has in place the Code of Conduct to Regulate, Monitor and Report Trading by Insiders to avoid any insider trading and it is applicable to all the Directors, officers and connected persons who are expected to have access to the unpublished price sensitive information relating to the Company. The Company lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing in shares of the Company.

d. Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations and applicable provisions of the Companies Act, 2013, the Company has formulated Related Party Transaction Policy for dealing with related party transactions. All the related party transactions are entered in compliance to the provisions of the law and the Related Party Transactions Policy. A copy of the Related Party Transactions Policy for dealing with related party transactions is available on the website http://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 this policy 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.

e. CEO / CFO Certification

The Executive Chairman and Chief Financial Officer (CFO) of the Company give an annual certificate on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Executive Chairman and CFO also give quarterly certificate on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

f. Reconciliation of Share Capital Audit

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) (collectively Depositories) and held in physical form, with the total issued and listed capital. The Auditor's Certificate confirming the same is submitted to BSE Limited and the National Stock Exchange of India Limited on a quarterly basis and is also placed before the Board of Directors.

g. Details of unclaimed shares as per Listing Regulations

In terms of Regulation 39(4) of the Listing Regulations, the Company reports the following details in respect of equity shares transferred from the "Torrent Pharmaceuticals Limited - Unclaimed Suspense Account" during the year and the balance in the same at the beginning and at the end of the year:

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 1st April, 2016	193	1,06,240
Number of shareholders who approached the Company / Registrars and Transfer Agents (RTA) for transfer of shares from unclaimed suspense account during the year ended 31st March, 2017	3	2,000
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2017	3	2,000
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. as on 31st March, 2017	190	1,04,240

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

h. Whistle Blower Policy

The Company is committed to the high standard of integrity, honesty and openness in all its operations. The Company's Whistle Blower policy allows its employees and stakeholders to report any unethical, inappropriate and unjust happenings or behavior, which does not go with the Company's Code of Business Conduct, without any apprehension. The Policy was also extended to various external stakeholders including Company's stockiest who can also reveal and report malpractices and wrong doing, if any.

During the year, the Company reinforced the importance of Whistle Blower Policy amongst the employees through awareness campaigns. The employees were motivated to use their rights. Implementation of the policy has helped the Company 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 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 cases where the Protected Disclosure involves the CFO or CEO or any Director of the Company, such disclosures are to be made directly to the Chairman of the Audit and Risk Management Committee. Protected Disclosures can be made through a phone call, email or in writing.

i. 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, renegotiating 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 on export by way of forward exchange contracts.

j. Policy on Protection of Women against Sexual Harassment at Workplace

The Company believes in providing a safe and harassment free work place to all its employees. The endeavour of the Company is to create and provide a safe environment for the women employees, so that they can pursue their career without any fear of prejudice, gender bias and sexual harassment and / or any such orientation in implicit or explicit form. For this, the Company has in place 'Policy of Protection of Women against Sexual Harassment at Work place' and 'Complaint Redressal Committees' at all the administrative units / offices.

During the financial year 2016-17, the Company received 1 complaint of sexual harassment, which was resolved by taking necessary disciplinary action.

k. Policies adopted during the year:

During the year, the Company had adopted the Dividend Distribution Policy. A copy of the Dividend Distribution Policy is available on the website http://www.torrentpharma.com/pdf/Dividend_Policy.pdf.

l. 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 2016-17 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", of the Ministry of Corporate Affairs.

9. GENERAL SHAREHOLDER INFORMATION

a. 44th AGM

Date & Time	Monday, 31st July, 2017 at 04:00 PM
Venue	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad

b. Tentative Financial Calendar for the year 2017-18

Financial year	1st April to 31st March
First Quarter results	Fourth week of July 2017
Half Yearly results	First week of November 2017
Third Quarter results	Fourth week of January 2018
Results for year-end	Second week of May 2018

c. Date of Book Closure

21st June 2017 to 23rd June, 2017 (both days inclusive)

d. Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed on or around 4th August 2017.

e. 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 2017-18 to both the above stock exchanges.

f. Market Price Data

The closing market price of equity share on 31st March, 2017 (last trading day of the year) was ₹ 1549.25 on BSE & ₹ 1552.60 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, 2017 at BSE & NSE

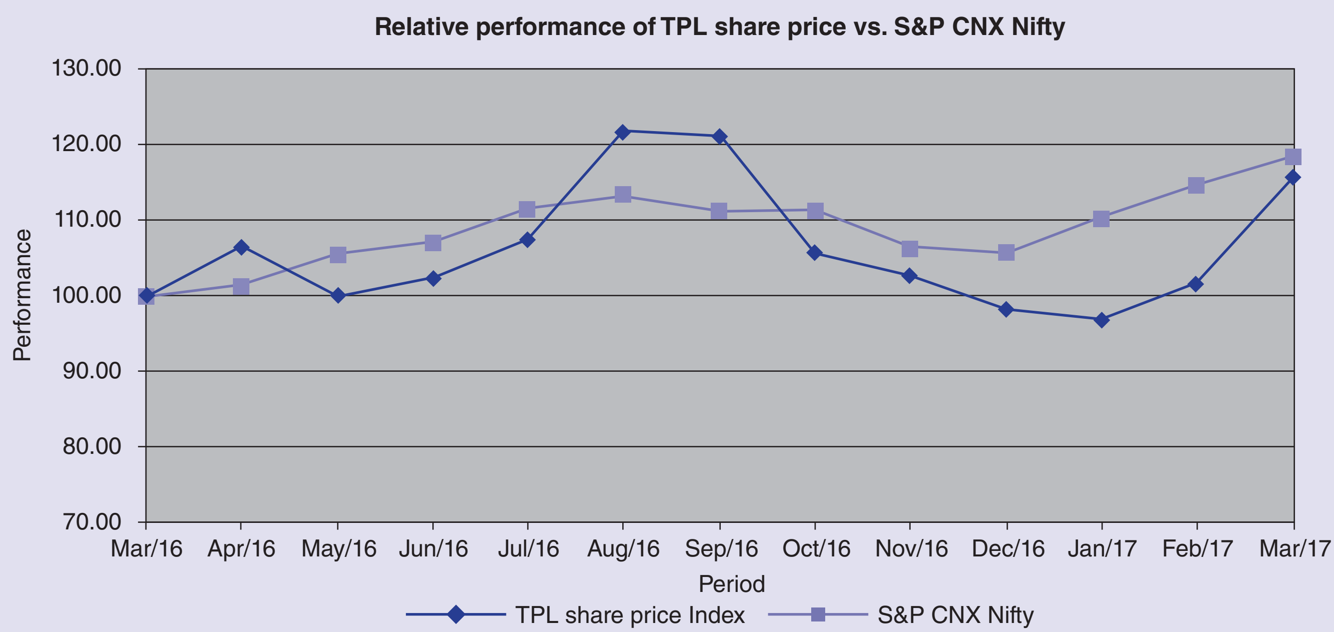
(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-16	1,485.00	1,346.60	155,726	1,487.00	1,343.25	2,351,196
May-16	1,460.00	1,250.85	306,473	1,459.95	1,250.00	2,319,647
Jun-16	1,420.20	1,294.50	255,837	1,420.00	1,287.55	2,711,469
Jul-16	1,506.40	1,362.10	424,049	1,505.00	1,363.15	3,345,996
Aug-16	1,767.80	1,417.40	547,763	1,769.50	1,416.00	5,432,583
Sep-16	1,712.00	1,584.20	290,412	1,710.20	1,582.25	3,932,184
Oct-16	1,699.50	1,400.20	242,739	1,699.00	1,393.30	3,666,592
Nov-16	1,465.00	1,185.60	357,191	1,465.95	1,194.10	4,783,521
Dec-16	1,420.00	1,254.35	273,620	1,406.25	1,257.15	2,529,759
Jan-17	1,383.55	1,273.75	121,236	1,384.95	1,274.00	2,197,253
Feb-17	1,377.20	1,208.00	443,531	1,376.45	1,205.30	4,972,037
Mar-17	1,572.10	1,322.75	20,064,377	1,575.25	1,320.00	18,671,758
Total			**23,482,954**			**56,913,995**
% of volume traded to outstanding shares			**13.88%**			**33.63%**

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-16	1,340.25	7,738.40	100.00	100.00
Apr-16	1,430.25	7,849.80	106.72	101.44
May-16	1,341.75	8,160.10	100.11	105.45
Jun-16	1,372.85	8,287.75	102.43	107.10
Jul-16	1,440.45	8,638.50	107.48	111.63
Aug-16	1,631.95	8,786.20	121.76	113.54
Sep-16	1,623.55	8,611.15	121.14	111.28
Oct-16	1,416.60	8,625.70	105.70	111.47
Nov-16	1,377.15	8,224.50	102.75	106.28
Dec-16	1,317.15	8,185.80	98.28	105.78
Jan-17	1,299.95	8,561.30	96.99	110.63
Feb-17	1,361.95	8,879.60	101.62	114.75
Mar-17	1,552.60	9,173.75	115.84	118.55

**data as on closing of the month



g. Distribution of shareholding as at 31st March, 2017

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% to Equity	No. of Holders	% to Holders
1 - 1,000	Electronic	5,334,548	3.15	48,016	94.27
	Physical	675,824	0.40	1,417	2.78
1,001 - 2,000	Electronic	1,053,901	0.62	702	1.38
	Physical	91,200	0.05	57	0.11
2,001 - 10,000	Electronic	2,015,963	1.19	459	0.90
	Physical	64,800	0.04	17	0.03
10,001 - 20,000	Electronic	1,021,061	0.60	74	0.15
	Physical	0	0.00	0	0.00
Above 20,000	Electronic	158,965,423	93.94	194	0.38
	Physical	0	0.00	0	0.00
	Electronic	**168,390,896**	**99.51**	**49,445**	**97.07**
	Physical	**831,824**	**0.49**	**1,491**	**2.93**
	Total:	**169,222,720**	**100.00**	**50,936**	**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	12,876,991	800	12,877,791	7.61
Bank, FIs, AIFs & Insurance Companies	553,506	0	553,506	0.33
Foreign Institutional Investors / QFIs / NRIs	16,873,126	0	16,873,126	9.97
Other Bodies Corporate	4,440,235	9,560	4,449,795	2.63
Indian Public	13,082,318	821,464	13,903,782	8.22
Total	**168,390,896**	**831,824**	**169,222,720**	**100.00**

h. 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 99.51% 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.

i. 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 RTA and 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 / transmission approved by the delegatees 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 and files a copy of the certificate with the Stock Exchanges.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited & Central Depository Services (India) Limited. The transfer of shares in electronic mode need not be approved by the Company.

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

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

k. Registered Office

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

l. Plant Locations

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-31A, East District, Gangtok (Sikkim) – Unit I & Unit II
4. Plot No 810, Sector III, Industrial area, Pithampur, Dist- Dhar, (Madhya Pradesh)
5. Plot No. 77, J N Pharma City, Thanam Village, Parawada Mandal, Vizag (Andhra Pradesh)
6. Dahej SEZ, Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat).

m. Project Site

Bileshwarpura, Taluka Kalol, District, Gandhinagar (Gujarat).

n. Research & Development Facility

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

o. Compliance Officer

Shri Mahesh Agrawal
VP (Legal) & Company Secretary
Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India
Phone: + 91 79 26599000 Fax: + 91 79 26582100
Email Id: maheshagrawal@torrentpharma.com

p. Investor services

Email Id: investorservices@torrentpharma.com

q. 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 40 23001153
Contact person: K. S. Reddy
E-mail: einward.ris@karvy.com

r. **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: +91-22-4080-7001
Mob: +91-98203-43679
Fax: +91-22-6631-1776

For and on behalf of the Board

Ahmedabad
26th May, 2017

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, 2016 or the date of their joining the Company, whichever is later, to 31st March, 2017 from all Members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a Member of the Board), Vice Presidents and General Managers.

Ahmedabad
26th May, 2017

Samir Mehta
Executive Chairman

Standalone Financial Statements 2016-17

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

TORRENT PHARMACEUTICALS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **TORRENT PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS 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 Ind AS financial statements based on our audit.

In conducting 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.

We conducted our audit of the standalone Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit on the separate financial statements, 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.

    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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, as amended, 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 standalone Ind AS financial statements – Refer Note 41 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.

        iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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
26th May, 2017

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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 31st March, 2017 in conjunction with our audit of the standalone IND AS 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 31st March, 2017, 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
26th May, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

Report of even date on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanation 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 whose title deeds have 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 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 to which directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014, as amended, would apply. Accordingly, paragraph 3(v) of the order is not applicable to the Company.

(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 31st March, 2017 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 31st March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved and Unpaid (₹ in crores)
The E.S.I. Act, 1948	E.S.I. Contribution	Gujarat High Court	1993-94 to 2016-17	10.44
Kerala Value Added Tax Act, 2003	Demand of Tax	Deputy Commissioner Appeals	2005-06 to 2007-08	0.69
Maharashtra Value Added Tax Act, 2002	Demand of Tax	Deputy Commissioner Appeals	2006-07	0.53
Orissa Value Added Tax Act, 2004	Demand of Tax	Additional Commissioner of Sales Tax, Orissa	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
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41
Uttar Pradesh Trade Tax Act, 2008	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2012-13	1.12
West Bengal Value Added Tax Act, 2003	Demand of Tax	Additional Commissioner of Commercial Tax, West Bengal	2005-06, 2007-08 and 2008-09	1.31
West Bengal Value Added Tax Act, 2003	Demand of Tax	Joint Commissioner Commercial Tax, West Bengal	2010-11	0.47
Madhya Pradesh Value Added Tax Act, 2002	Demand of Tax	Taxation Tribunal, Madhya Pradesh	2002-03 to 2003-04	0.26
Central Sales Tax Act, 1956	Demand of Tax	Deputy Commissioner (Appeals), Madhya Pradesh	2010-11 to 2014-15	0.29
The Income Tax Act, 1961	Demand of Tax and Interest	Commissioner (Appeals), Income Tax	A.Y. 2013-14 to 2014-15	64.07
The Income Tax Act, 1961	Demand of Tax	Supreme Court of India	A.Y.1994-95 to 1996-97 and 1999-2000	3.31
The Income Tax Act, 1961	Demand of Tax	Gujarat High Court	A.Y. 2003-04	0.07
The Income Tax Act, 1961	Demand of Tax	Commissioner (Appeals), Income Tax	A.Y. 2008-09	0.01
The Finance Act, 1994	Demand of Tax and Penalty	Supreme Court of India	2007-08 to 2012-13	50.14
The Finance Act, 1994	Demand of Penalty	CESTAT-Ahmedabad	2006-07 to 2011-12	0.31
The Finance Act, 1994	Demand of tax & penalty	Assistant Commissioner Of Service tax, Ahmedabad	2011-12 to 2014-15	0.74
The Finance Act, 1994	Demand of tax & penalty	Principal Commissioner of service tax, Ahmedabad	2012-13 to 2014-15	8.65
The Finance Act, 1994	Demand of tax & penalty	Commissioner of service tax -Audit, Ahmedabad	2013-14	4.17
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	CESTAT-Ahmedabad	2005-06 to 2011-12	0.25
The Central Excise Act, 1944	Cenvat Credit	Indore High Court	2007-08 to 2011-12	1.19
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	CESTAT-Kolkata	2011-12	2.10
The Central Excise Act, 1944	Cenvat Credit	Deputy Commissioner Of Central Excise, Kalol	2006-07 to 2008-09 and 2013-14 to 2014-15	0.29
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Assistant Commissioner. Central Excise and Service Tax, Pithampur	2016-17	0.01

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved and Unpaid (₹ in crores)
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Commissioner (Appeals) Central Excise and Service Tax, Bhopal	2005-06 to 2015-16	0.38
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Commissioner of Central Excise, Siliguri	2012-13 to 2013-14	4.59
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Commissioner(Appeals) of Central Excise and Service Tax, Siliguri	2012-13	0.05
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Commissioner(Appeals) of Central Excise and Service Tax, Ahmedabad	2006-07	0.02
The Central Excise Act, 1944	Cenvat Credit / Input Service Tax / Demand of Duty and penalty	Deputy Commissioner of Central Excise and Service tax, Siliguri	2012-13 to 2015-16	0.48
The Central Excise Act, 1944	Cenvat Credit	Superintendent of Excise, Baddi	2016-17	0.16

(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, financial institutions 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 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 no fraud 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 paid 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 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 the Order 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-IA of the Reserve Bank of India Act, 1934.

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

Hemendra Shah
Partner
Membership No. 33590

Ahmedabad
26th May, 2017

BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
ASSETS				
Non-current assets				
Property, plant and equipment	6	**1,832.87**	943.76	866.33
Capital work-in-progress		**473.07**	983.69	627.78
Goodwill	7	**143.63**	109.01	109.01
Other intangible assets	8	**1,546.99**	1,628.62	1,749.18
Financial assets				
Investments	9	**148.41**	153.91	150.35
Loans	10	**108.82**	151.71	0.99
Other financial assets	11	**94.55**	65.05	60.25
		351.78	370.67	211.59
Other non-current assets	12	**115.62**	114.99	65.86
		4,463.96	4,150.74	3,629.75
Current assets				
Inventories	13	**1,032.29**	970.13	781.15
Financial assets				
Investments	9	**787.43**	764.24	284.19
Trade receivables	14	**1,018.47**	911.50	1,194.00
Cash and cash equivalents	15	**78.21**	82.36	69.64
Bank deposits other than cash and cash equivalents		**0.01**	0.01	0.03
Loans	10	**42.69**	40.19	18.40
Other financial assets	11	**296.20**	69.73	194.50
		2,223.01	1,868.03	1,760.76
Assets for current tax (net)		**41.37**	8.27	14.02
Other current assets	12	**319.79**	290.55	188.98
		3,616.46	3,136.98	2,744.91
Non-current assets classified as held for sale		**0.09**	0.82	0.19
TOTAL ASSETS		**8,080.51**	7,288.54	6,374.85
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	**84.62**	84.62	84.62
Other equity	17	**4,369.09**	3,622.69	2,722.31
		4,453.71	3,707.31	2,806.93
Non-current liabilities				
Financial liabilities				
Borrowings	18	**2,208.74**	1,784.27	2,172.87
Other financial liabilities	22	**6.87**	8.98	6.99
		2,215.61	1,793.25	2,179.86
Long-term provisions	19	**126.34**	114.69	97.12
Deferred tax liabilities (net)	20	**100.73**	171.30	91.75
Other non-current liabilities	23	**0.01**	0.04	0.07
		2,442.69	2,079.28	2,368.80
Current liabilities				
Financial liabilities				
Borrowings	18	**-**	-	100.00
Trade payables	21	**595.06**	665.17	630.23
Other financial liabilities	22	**495.45**	674.35	358.25
		1,090.51	1,339.52	1,088.48
Short-term provisions	19	**55.40**	46.95	42.35
Other current liabilities	23	**38.20**	115.48	68.29
		1,184.11	1,501.95	1,199.12
TOTAL EQUITY AND LIABILITIES		**8,080.51**	7,288.54	6,374.85
Notes forming part of the Standalone Financial Statements	1-43			

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
26th May, 2017

Ahmedabad
26th May, 2017

STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2017	Year ended 31-Mar-2016
REVENUE			
Revenue from operations	24	**4,592.68**	5,439.48
Other income	25	**299.60**	293.14
Total Revenue		**4,892.28**	5,732.62
EXPENSES			
Cost of materials consumed	26	**1,176.40**	1,040.97
Purchases of stock-in-trade		**220.99**	192.15
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	**(10.95)**	(50.36)
Employee benefits expense	28	**699.04**	572.10
Finance costs	29	**202.38**	179.83
Depreciation and amortisation expense	30	**269.36**	213.41
Other expenses	31	**1,380.05**	1,043.35
Total Expenses		**3,937.27**	3,191.45
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**955.01**	2,541.17
Exceptional items	36	**-**	192.82
PROFIT BEFORE TAX		**955.01**	2,348.35
TAX EXPENSE			
Current tax		**222.08**	495.52
Deferred tax (credit) / charge		**(121.29)**	109.84
		100.79	605.36
PROFIT FOR THE YEAR		**854.22**	1,742.99
Other comprehensive income, net of taxes			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(11.10)**	(15.63)
Equity instruments through other comprehensive income		**0.07**	53.34
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**3.84**	5.41
Equity instruments through other comprehensive income		**(0.02)**	-
Items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**157.60**	(69.70)
Income tax relating to items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**(54.54)**	24.12
		95.85	(2.46)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**950.07**	1,740.53
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	33	**50.48**	102.99
Notes forming part of the Standalone Financial Statements	1-43		

In terms of our report attached

Signatures to the 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
26th May, 2017

Ahmedabad
26th May, 2017

STATEMENT OF CHANGES IN EQUITY

(A) EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**84.62**	84.62
Changes during the year	**-**	-
Balance at the end of the year	**84.62**	84.62

(B) OTHER EQUITY

(₹ in crores)

	Reserves and surplus				Other comprehensive income		Total
	Retained earnings	General reserve	Debenture redemption reserve	Securities premium account	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	
Balance as at 01-Apr-2016	1,620.00	1,852.52	122.50	4.34	-	23.33	3,622.69
Profit for the year	854.22	-	-	-	-	-	854.22
Other comprehensive income	(7.26)	-	-	-	0.05	103.06	95.85
Dividends	(169.22)	-	-	-	-	-	(169.22)
Tax on dividend	(34.45)	-	-	-	-	-	(34.45)
Transfer to/(from) retained earnings	(650.00)	400.00	250.00	-	-	-	-
Balance as at 31-Mar-2017	**1,613.29**	**2,252.52**	**372.50**	**4.34**	**0.05**	**126.39**	**4,369.09**
Balance as at 01-Apr-2015	1,496.54	1,152.52	-	4.34	-	68.91	2,722.31
Profit for the year	1,742.99	-	-	-	-	-	1,742.99
Other comprehensive income	(10.22)	-	-	-	53.34	(45.58)	(2.46)
Dividends	(698.04)	-	-	-	-	-	(698.04)
Tax on dividend	(142.11)	-	-	-	-	-	(142.11)
Transfer on sale of equity instruments	53.34	-	-	-	(53.34)	-	-
Transfer to/(from) retained earnings	(822.50)	700.00	122.50	-	-	-	-
Balance as at 31-Mar-2016	**1,620.00**	**1,852.52**	**122.50**	**4.34**	**-**	**23.33**	**3,622.69**

In terms of our report attached

Signatures to the Statement of Changes in Equity

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
26th May, 2017

Ahmedabad
26th May, 2017

(₹ in crores)

		Notes	Year ended 31-Mar-2017	Year ended 31-Mar-2016
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAX		**955.01**	2,348.35
	Adjustments for :			
	Depreciation and amortisation		**269.36**	213.41
	Provision no longer required written back		**-**	(35.48)
	Allowance for doubtful trade receivables (net of bad debts)		**61.87**	(0.35)
	Exceptional items	36	**-**	192.82
	Provision for impairment of investment in subsidiary		**(6.36)**	-
	Allowance for doubtful loan and interest		**18.77**	-
	Share of profit from partnership firm		**(0.86)**	(1.19)
	Loss / (Gain) on sale / discard / write-off of property, plant & equipments		**0.80**	(3.81)
	Net gain on sale of investments		**(72.83)**	(50.06)
	Finance costs		**202.38**	179.83
	Interest income		**(16.48)**	(14.47)
	Government grant income		**(0.91)**	(0.03)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**1,410.75**	2,829.02
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(305.10)**	111.77
	Inventories		**(53.34)**	(176.38)
	Trade payables, liabilities and provisions		**(121.40)**	128.36
	CASH GENERATED FROM OPERATIONS		**930.91**	2,892.77
	Direct taxes paid		**(255.18)**	(489.77)
	NET CASH FROM OPERATING ACTIVITIES		**675.73**	2,403.00
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Acquisition of business / undertaking	36	**(129.78)**	(231.00)
	Purchase of property, plant and equipments and intangible assets		**(471.78)**	(466.82)
	Proceeds from sale of property, plant and equipments and intangible assets		**0.59**	6.97
	Long-term investment in subsidiary		**-**	0.37
	Proceeds from sale / (purchase) of investments		**-**	53.30
	Net gain on sale of investments		**72.83**	50.06
	Investment in bank deposits other than cash and cash equivalents		**-**	0.02
	Interest received		**1.52**	0.90
	NET CASH USED IN INVESTING ACTIVITIES		**(526.62)**	(586.20)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**1,368.61**	490.00
	Repayment of long-term borrowings		**(1,129.87)**	(674.16)
	Repayment of short term borrowings		**-**	(100.00)
	Proceeds from loan repaid by subsidiary		**21.78**	-
	Government grant received		**0.88**	-
	Dividend paid		**(203.67)**	(839.70)
	Finance cost paid		**(187.87)**	(201.96)
	NET CASH USED IN FINANCING ACTIVITIES		**(130.14)**	(1,325.82)
	NET INCREASE IN CASH AND CASH EQUIVALENTS		**18.97**	490.98
	Amount transferred consequent to amalgamation		**-**	1.78
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**846.59**	353.83
	CASH AND CASH EQUIVALENTS AT END OF YEAR		**865.56**	846.59
	Note: Cash and cash equivalents as at end of year			
	Cash and cash equivalents	15	**78.21**	82.36
	Current investment in mutual funds	9	**787.35**	764.23
			865.56	846.59

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

Hemendra Shah
Partner

Ahmedabad
26th May, 2017

Signatures to the Cash Flow Statement

Samir Mehta
Executive Chairman

Ashok Modi
Executive Director
& Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
26th May, 2017

1. CORPORATE INFORMATION

Torrent Pharmaceuticals Limited ("the Company") is a public limited company incorporated and domiciled in India. The address of its registered office is Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India. The Company is one of the leading Indian Pharmaceutical Company engaged in research, development, manufacturing and marketing of generic pharmaceutical formulations. The Company's research and development facility is located in the state of Gujarat, India, and its manufacturing facilities are located in the states of Gujarat, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh and Sikkim.

2. STATEMENT OF COMPLIANCE

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31st March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 1, 2015. Refer Note 5 for the details of significant exemptions availed by the Company on first-time adoption of Ind AS and for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1. Basis of preparation and presentation

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting except for the following material items which have been measured at fair value.

- Derivative financial instrument
- Investments in mutual funds & equity investments
- Defined benefit plan – plan assets measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2. Functional and presentation currency

The financial statements are presented in Indian Rupees, the currency of the primary economic environment in which the Company operates. All the amounts are stated in rupee crores.

3.3. Use of estimates

The preparation of financial statements are in conformity with the recognition and measurement principles of Ind AS which requires management to make critical judgments, estimates and assumptions that affect the reporting of assets, liabilities, income and expenditure.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to the estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities within the next financial year, is in respect of:

- Useful lives of property, plant and equipment (refer note no. 4.1)
- Impairment of intangible asset (refer note no. 4.8)
- Valuation of deferred tax assets (refer note no. 4.13)
- Valuation of inventories (refer note no. 4.7)
- Provisions & contingent liabilities (refer note no. 4.11)
- Sales returns (refer note no. 4.12)
- Employee benefits (refer note no. 4.9)
- Impairment of investments in subsidiaries (refer note no. 4.5.3)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property, plant and equipment

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

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

Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of the project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in statement of profit and loss.

Freehold land is carried at historical cost and not depreciated. Depreciation on fixed assets is provided using straight line method based on useful life of the assets estimated by the management. The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end and changes in estimates, if any are accounted for on a prospective basis.

The estimated useful lives of assets are as under:

Type of asset	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Laboratory equipment*	5 to 20 years
Electrical equipment*	10 to 20 years
Furniture & Fixtures	10 years
Office equipment*	10 years
Computer equipment	3 years
Vehicles	10 years

*For these classes of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Company and historical usage of assets.

4.2. Business combination and goodwill

4.2.1. Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

4.2.2. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.3. Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Intangible assets are amortized over their respective estimated useful life which reflects the manner in which the economic benefit is expected to be generated. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangibles are as mentioned below:

Type of intangible asset	Useful life
Software	3 to 5 years
Product license	10 to 15 years
Brands	Upto 15 years
Non-compete fees	Upto 3 years
Drug master files	10 years

4.4. Foreign currency transaction and translation

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise. Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing rate. The resultant exchange rate differences are recognized in the statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction.

4.5. Financial instruments

4.5.1. Derivative financial instruments and hedge accounting

The Company enters into derivative financial instruments to manage its foreign exchange rate risk. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and nature of hedged items.

Derivative financial instruments that hedges foreign currency risk associated with highly probable forecasted transactions are designated as cash flow hedges and valued at fair value. The effective portion of such hedges is recorded in cash flow hedge reserve, as a component of equity, and re-classified to the statement of profit and loss as in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such hedges is recorded in statement of profit and loss immediately.

Hedge effectiveness testing is assessed both at the inception of the hedge relationship as well as on an ongoing basis. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting.

4.5.2. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, short demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Short term means investments with original maturities / holding period of three months or less from the date of investments. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

4.5.3. Investments

Investments in mutual funds are primarily held for the Company's temporary cash requirements and can be readily convertible in cash. These investments are initially recorded at fair value and classified as fair value through profit or loss.

The Company measures investment in subsidiaries at cost less provision for impairment, if any.

The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments, not held for trading, in other comprehensive income.

4.5.4. Trade receivables

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognized at its transaction price which is considered to be its fair value and are classified as current assets as it is expected to be received within the normal operating cycle of the business.

4.5.5. Borrowings

Borrowings are initially recorded at fair value and subsequently measured at amortized costs using effective interest method. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

4.5.6. Trade payables

Trade payables are amounts due to vendors for purchase of goods or services acquired in the ordinary course of business and are classified as current liabilities to the extent it is expected to be paid within the normal operating cycle of the business.

4.5.7. Other financial assets and liabilities

Other non-derivative financial instruments are initially recognized at fair value and subsequently measured at amortized costs using the effective interest method.

4.5.8. De-recognition of financial assets and liabilities

The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction which substantially all the risk and rewards of ownership of the financial asset are transferred. If the Company retains substantially all the risk and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired; the difference between the carrying amount of derecognized financial liability and the consideration paid is recognized as profit or loss.

4.6. Leases – Company as lessee

Finance lease

Leases where the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Land acquired on long-term leases

The Company classifies leasehold land as finance lease where:

- Initial amount paid is substantially all of the fair value of land
- The company has option to purchase the land at a price that is sufficiently lower than fair value at the date option is exercisable
- Lessor has agreed to renew lease on expiry of lease term.

Leasehold land is recognized as an asset at the value of the upfront premium / charges paid to acquire lease.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating lease. Operating lease payments are recognized as an expense on a straight line basis over the lease term unless the payments are structured to increase in line with the expected general inflation so as to compensate for the lessor's expected inflationary cost increases.

4.7. Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost incurred in bringing the inventory to their existing location and conditions are determined as follows:

a. Raw material and packing material - Purchase cost of materials on a moving average basis.

b. Finished goods (manufactured) and work in progress - Cost of purchase, conversion cost and other costs on a weighted average cost method.

c. Finished Goods (traded) - Purchase cost on a moving average basis.

The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recovered by the Company from taxing authorities) and transport, handling and other costs directly attributable to bringing the inventory to their existing location and conditions. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Company's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Company considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

4.8. Impairment of assets

Financial assets

At each balance sheet date, the Company assesses whether a financial asset is to be impaired. Ind AS 109 requires expected credit losses to be measured through loss allowance. The Company measures the loss allowance for financial assets at an amount equal to lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for financial assets at an amount equal to 12-month expected credit losses. The Company uses both forward-looking and historical information to determine whether a significant increase in credit risk has occurred.

Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss to such extent. When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, such that the increase in the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4.9. Employee benefits

4.9.1. Short term employee benefits

Short term benefits payable before twelve months after the end of the reporting period in which the employees have rendered service are accounted as expense in statement of profit and loss.

4.9.2. Long term employment benefits

Defined contribution plans

Contributions to defined contribution plans (provident fund, superannuation and other social security schemes) are recognized as expense when employees have rendered services entitling them to such benefits.

Defined benefit plans

The Company's net obligation in respect of an approved gratuity plan, which is defined benefit plan, is calculated using the projected unit credit method and the same is carried out by qualified actuary. The current service cost and interest on the net defined benefit liability / (asset) is recognized in the statement of profit and loss. Past service cost are immediately recognized in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is committed without any possibility of withdrawal of an offer made to either terminate employment before the normal retirement date or as a result of an offer made to encourage voluntary retirement.

Compensated absences and earned leaves

The Company's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

4.10. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions for receiving such grant have been and will be fulfilled.

Government grants related to asset are recognized as deferred income and charged to statement of profit and loss on a systematic basis over expected useful life of the related asset.

Government grants are recognized in statement of profit and loss on a systematic basis over the period in which Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses already incurred are recognised in statement of profit and loss in the period in which they become receivable.

When loans received from the government or related institutions with below-market interest rate, the benefit of below-market interest rate is treated as government grant measured as the difference between the proceeds received and the fair value of loan based on prevailing market interest rate.

4.11. Provisions, contingent liabilities and contingent assets

Contingent liability :

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are disclosed as contingent liability and not provided for. Such liability is not disclosed if the possibility of outflow of resources is remote.

Contingent assets :

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

Provisions :

A provision is recognized when as a result of a past event, the Company has a present obligation whether legal or constructive that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is expected to be settled more than 12 months after the end of reporting date or has no definite settlement date, the provision is recorded as non-current liabilities after giving effect for time value of money, if material. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.12. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods includes excise duty and are net of discounts, applicable taxes, rebates and estimated returns.

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.

The revenue is recognized when the significant risks and rewards of ownership of goods are transferred to the buyer, recoverability of consideration is probable, the amount of revenue and cost incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing managerial involvement over the goods sold.

Income from services is recognized when the services are rendered or when contracted milestones have been achieved.

Revenue from arrangements which includes performance of obligations is recognized in the period in which the Company completes all its performance obligations.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export entitlements are recognised as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

4.13. Income taxes

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

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

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

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

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

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

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

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

4.14. Earnings per share

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

4.15. Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

4.16. Borrowing cost

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

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

4.17. Cenvat credit

Central value added tax (Cenvat) 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-utilizable is charged to the statement of profit and loss for the year.

5 **EXPLANATION OF TRANSITION TO IND AS**

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is April 1, 2015. The transition is carried out from Indian GAAP (previous GAAP) to Ind AS, notified under Section 133 of the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The Company has applied exceptions and exemptions in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards".

Exceptions :

1 **Estimates :**

Ind AS estimates on the date of transition are consistent with the estimates as at the same date made in conformity with previous GAAP.

2 **Derecognition of financial assets & liabilities :**

The Company has applied the de-recognition requirements of Ind AS 109 prospectively from the date of transition to Ind AS.

3 **Hedge accounting :**

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On the date of transition to Ind AS, as per Company's assessment, the same qualify for hedge accounting as per Ind AS 109.

4 **Classification and measurement of financial assets :**

The Company has assessed classification and measurement of financial assets based on facts and circumstances prevalent on the date of transition to Ind AS.

5 **Impairment of financial assets :**

The Company has applied impairment requirements of Ind AS 109 retrospectively to financial instruments and concluded that there is no need to recognize any additional loss allowance on financial assets.

6 **Government loans :**

The Company has prospectively applied requirements of Ind AS 109 and Ind AS 20 in respect of government loans at below-market interest rate. Previous GAAP carrying amount of loan is used as the carrying amount as on the date of transition to Ind AS.

Exemptions :

1 **Business combinations :**

The Company has not applied Ind AS 103 Business Combinations retrospectively for the business combinations consummated before 01-Apr-2015.

2 **Investment in subsidiaries in separate financial statement :**

The Company has measured investment in subsidiaries at previous GAAP carrying amount as deemed cost on transition to Ind AS in the separate financial statements.

3 **Designation of previously recognised financial instruments :**

The Company has classified investment in mutual funds at fair value through profit or loss, investment in equity instruments at fair value through other comprehensive income and financial liability of derivative instruments at fair value through profit or loss.

Reconciliation of equity

(₹ in crores)

	As at 31-Mar-2016	As at 01-Apr-2015	Foot Notes
Total equity (Shareholder's fund) as per previous GAAP	3,685.99	2,705.59	
Proposed dividend including dividend distribution tax	-	126.91	(A)
Derivative financial instruments	0.07	2.68	(B)
Fair valuation of security deposits	(0.56)	(0.53)	(C)
Fair valuation of mutual funds	18.97	0.71	(D)
Long-term borrowings at amortised cost	11.21	9.32	(E)
Government grant recognised as income	(0.07)	(0.10)	(F)
Reversal of goodwill amortisation	7.65	-	(G)
Share of profit from partnership firm	0.23	-	(H)
Deferred tax on cash flow hedge reserve and transitional adjustments	(16.18)	(37.65)	(I)
Total equity under Ind AS	3,707.31	2,806.93	

Reconciliation of total comprehensive income

(₹ in crores)

	Year ended 31-Mar-2016	Foot Notes
Profit after tax as per previous GAAP	1,763.34	
Derivative financial instruments	(2.61)	(B)
Fair valuation of security deposits	(0.03)	(C)
Fair valuation of mutual funds	18.26	(D)
Decrease in finance cost	1.89	(E)
Government grant recognised as income	0.03	(F)
Reversal of goodwill amortisation	7.65	(G)
Share of profit from partnership firm	0.23	(H)
Fair valuation of investment in equity recognised in other comprehensive income	(53.34)	(J)
Remeasurement of gratuity recognised in other comprehensive income	15.63	(K)
Deferred tax on transitional adjustments	(8.06)	(I)
Profit after tax as per Ind AS	1,742.99	
Other comprehensive income (net of tax)	(2.46)	
Total comprehensive income under Ind AS	1,740.53	

Notes to reconciliations between previous GAAP and Ind AS :

(A) Proposed dividend including dividend distribution tax

Under Ind AS, dividend payable and dividend distribution tax is recognised as a liability in the period in which it is declared and approved by the shareholders. Under previous GAAP, dividend payable and dividend distribution tax was recorded as a liability in the period to which it relates. This difference has resulted in increase in equity under Ind AS by ₹ Nil as at March 31, 2016 (₹ 126.91 crores as at April 1, 2015).

(B) Derivative financial instruments

Under Ind AS, derivative financial instruments are measured at fair value. Under previous GAAP, in case of forward contracts covered under AS 11, difference between forward rate and spot rate was recognised in profit or loss over the term of contract. This difference has resulted in increase of equity under Ind AS ₹ 0.07 crores as at March 31, 2016 (₹ 2.68 crores as at April 1, 2015) and decrease of profit by ₹ 2.61 crores for the year ended March 31, 2016.

(C) Fair valuation of security deposits

Under Ind AS, security deposits are carried at fair value. Under previous GAAP, the same were carried at cost. This difference has resulted in decrease in equity under Ind AS ₹ 0.56 crores as at March 31, 2016 (₹ 0.53 crores as at April 1, 2015) and decrease of profit by ₹ 0.03 crores for the year ended March 31, 2016.

(D) Fair valuation of mutual funds

Under Ind AS, Investment in mutual funds are classified at fair value through profit or loss. Under previous GAAP, the same were carried at lower of cost or market value. This difference has resulted in increase in equity under Ind AS ₹ 18.97 crores as at March 31, 2016 (₹ 0.71 crores as at April 1, 2015) and increase of profit by ₹ 18.26 crores for the year ended March 31, 2016.

(E) Long-term borrowings at amortised cost

Under Ind AS, long-term borrowings are carried at amortised cost. Under previous GAAP, the borrowings are carried at their historical cost. This difference has resulted in increase in equity under Ind AS ₹ 11.21 crores as at March 31, 2016 (₹ 9.32 crores as at April 1, 2015) and increase of profit by ₹ 1.89 crores for the year ended March 31, 2016.

(F) Government grant recognised as income

Under Ind AS, government grants related to assets is presented in the balance sheet as deferred income and recognised in profit or loss on a systematic basis over the useful life of the asset. Under previous GAAP, government grant by way of investment subsidy scheme in relation to total investment were credited to capital reserve and treated as part of owner's fund. This difference has resulted in decrease in equity under Ind AS ₹ 0.07 crores as at March 31, 2016 (₹ 0.10 crores as at April 1, 2015) and increase of profit by ₹ 0.03 crores for the year ended March 31, 2016.

(G) Reversal of goodwill amortisation

Under Ind AS, goodwill is not amortised and carried at acquisition cost less impairment loss. Under previous GAAP, goodwill was amortised over the estimated useful life. This difference has resulted in increase in equity under Ind AS by ₹ 7.65 crores as at March 31, 2016 (₹ Nil as at April 1, 2015) and increase of profit by ₹ 7.65 crores for the year ended March 31, 2016.

(H) Share of profit from partnership firm

Profit of partnership firm is increased due to Ind AS adjustments and allocated to the Company. This difference resulted in increase of profit and total equity by ₹ 0.23 crores for the year ended March 31, 2016.

(I) Deferred tax on cash flow hedge reserve and transitional adjustments

Under Ind AS, transitional adjustments and cash flow hedge reserve are recognised net of applicable deferred tax. Under previous GAAP, deferred tax was not recognised on cash flow hedge reserve. This difference has resulted in decrease in equity under Ind AS ₹ 16.18 crores as at March 31, 2016 (₹ 37.65 crores as at April 1, 2015) and decrease of profit by ₹ 8.06 crores for the year ended March 31, 2016.

(J) Fair valuation of investment in equity recognised in other comprehensive income

Under Ind AS, Investment in equity shares is classified for fair value through other comprehensive income. Under previous GAAP, long-term investments are carried at cost less provision for diminution in the value of investment, other than temporary. This difference has resulted in decrease of profit by ₹ 53.34 crores for the year ended March 31, 2016.

(K) Remeasurement of gratuity recognised in other comprehensive income

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset and are recognised in other comprehensive income. Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. This difference has resulted in increase of profit by ₹ 15.63 crores for the year ended March 31, 2016.

Cash Flow Statement

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

NOTE - 6 : PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold land	Leasehold land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Electrical Equipments	Total
Gross carrying amount as at 1-Apr-2016	122.51	7.51	393.67	798.84	40.02	9.36	51.37	111.94	1,535.22
Additions during the year	21.31	-	406.07	451.12	11.56	2.83	20.78	53.07	966.74
Acquisition through business combinations	7.41	-	17.49	23.93	0.38	0.11	0.99	1.16	51.47
Deductions during the year	-	-	0.13	5.00	0.23	0.99	3.33	0.53	10.21
Gross carrying amount as at 31-Mar-2017	151.23	7.51	817.10	1,268.89	51.73	11.31	69.81	165.64	2,543.22
Accumulated depreciation as at 1-Apr-2016	-	-	88.50	384.01	25.40	3.07	37.63	52.85	591.46
Depreciation for the year	-	-	21.70	85.16	4.40	0.97	7.26	8.22	127.71
Deductions during the year	-	-	0.04	4.58	0.22	0.38	3.13	0.47	8.82
Accumulated depreciation as at 31-Mar-2017	-	-	110.16	464.59	29.58	3.66	41.76	60.60	710.35
Net Carrying amount as at 31-Mar-2017	**151.23**	**7.51**	**706.94**	**804.30**	**22.15**	**7.65**	**28.05**	**105.04**	**1,832.87**
Capital work-in-progress									473.07
Total									**2,305.94**
Gross carrying amount as at 1-Apr-2015	116.05	5.23	349.63	717.13	36.76	10.47	43.93	107.29	1,386.49
Additions during the year	6.46	2.28	29.79	77.74	2.86	3.35	7.46	3.71	133.65
Acquisition through business combinations	-	-	14.27	9.96	0.54	0.11	0.09	1.37	26.34
Deductions during the year	-	-	0.02	5.99	0.14	4.57	0.11	0.43	11.26
Gross carrying amount as at 31-Mar-2016	122.51	7.51	393.67	798.84	40.02	9.36	51.37	111.94	1,535.22
Accumulated depreciation as at 1-Apr-2015	-	-	77.27	332.95	22.84	4.64	34.49	47.97	520.16
Depreciation for the year	-	-	11.23	55.88	2.69	1.17	3.23	5.20	79.40
Deductions during the year	-	-	-	4.82	0.13	2.74	0.09	0.32	8.10
Accumulated depreciation as at 31-Mar-2016	-	-	88.50	384.01	25.40	3.07	37.63	52.85	591.46
Net carrying amount as at 31-Mar-2016	**122.51**	**7.51**	**305.17**	**414.83**	**14.62**	**6.29**	**13.74**	**59.09**	**943.76**
Capital work-in-progress									983.69
Total									**1,927.45**

(i) Certain property, plant and equipments hypothecated/mortgaged as security for borrowings as disclosed under note 18.

(ii) Capital work-in-progress includes expenditure of ₹ 40.28 crores as at 31-Mar-2017 (31-Mar-2016 : ₹ 133.29 crores) incurred in the course of construction.

(iii) The amount of capital commitments is disclosed in note 41.

(iv) Depreciation and amortisation for the year includes ₹ Nil (previous year ₹ 0.08 crores) transferred to capital work-in-progress.

(v) Additions include borrowing costs capitalised of ₹ 27.27 crores (previous year: ₹ 55.30 crores). The weighted average rate of interest considered for capitalisation of interest cost is 8.90% (previous year : 9.60%).

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

(₹ in crores)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Buildings	**0.16**	0.76
Plant and equipments [including laboratory equipment]	**49.90**	10.06
Electrical equipments	**1.02**	0.14
Furniture and fixtures	**1.72**	0.34
Office equipments	**0.25**	0.81
Vehicles	**-**	0.68
Intangibles being softwares	**2.53**	0.31
Total	**55.58**	13.10

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

(₹ in crores)

	Proportion of holding	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Freehold Land	50%	**23.79**	23.79	23.79
Freehold Land	30%	**35.69**	35.69	35.69
Buildings	30%	**0.65**	0.65	0.65

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
			(₹ in crores)
NOTE - 7 : GOODWILL			
Cost:			
Balance at beginning of year	**109.01**	109.01	109.01
Goodwill arising on business combinations during the year	**34.62**	-	-
Balance at end of year	**143.63**	109.01	109.01

The Company tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related. Key assumptions are as follows:

a) Projected cash flows for five years based on financial budgets / forecasts in line with the Company's past experience. The perpetuity value is taken based on the long term growth rate depending on macro economic growth factors.

b) Discount rate applied to projected cash flow is 15.60%.

Acquired brands are considered as CGU for testing of impairment of goodwill amounting to ₹ 109.01 crores generated on acquisition of brands.

NOTE - 8 : OTHER INTANGIBLE ASSETS

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	**Product licenses**	**Brands**	**Non - compete fees**	**Drug master files**	**Total**
Gross carrying amount as at 1-Apr-2016	30.87	11.26	1,814.70	30.50	-	1,887.33
Additions during the year	30.54	-	-	-	-	30.54
Acquisition through business combinations	0.02	-	-	-	29.46	29.48
Deductions during the year	0.01	-	-	-	-	0.01
Gross carrying amount as at 31-Mar-2017	61.42	11.26	1,814.70	30.50	29.46	1,947.34
Accumulated amortisation as at 1-Apr-2016	27.83	0.56	212.46	17.86	-	258.71
Amortisation for the year	7.65	1.13	120.98	10.17	1.72	141.65
Deductions during the year	0.01	-	-	-	-	0.01
Accumulated amortisation as at 31-Mar-2017	35.47	1.69	333.44	28.03	1.72	400.35
Net carrying amount as at 31-Mar-2017	**25.95**	**9.57**	**1,481.26**	**2.47**	**27.74**	**1,546.99**
Gross carrying amount as at 1-Apr-2015	28.60	-	1,814.70	30.50	-	1,873.80
Additions during the year	2.27	11.26	-	-	-	13.53
Deductions during the year	-	-	-	-	-	-
Gross carrying amount as at 31-Mar-2016	30.87	11.26	1,814.70	30.50	-	1,887.33
Accumulated amortisation as at 1-Apr-2015	25.45	-	91.48	7.69	-	124.62
Amortisation for the year	2.38	0.56	120.98	10.17	-	134.09
Deductions during the year	-	-	-	-	-	-
Accumulated amortisation as at 31-Mar-2016	27.83	0.56	212.46	17.86	-	258.71
Net carrying amount as at 31-Mar-2016	**3.04**	**10.70**	**1,602.24**	**12.64**	**-**	**1,628.62**

Material intangible assets to the Company's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 1481.26 crores as at 31-Mar-2017 (₹ 1602.24 crores as at 31-Mar-2016)
Remaining amortisation period	12.25 years as at 31-Mar-2017 (13.25 years as at 31-Mar-2016)

	No. of units	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
				(₹ in crores)
NOTE - 9 : INVESTMENTS				
Non-current investments				
At Cost				
Investments in subsidiaries				
Equity instruments of -				
Zao Torrent Pharma (Russia)	23802	**58.80**	58.80	58.80
fully paid-up equity shares of Russian Roubles 100 each				
Less : Provision for impairment		**(23.08)**	(23.08)	(23.08)
		35.72	35.72	35.72
Torrent Do Brasil Ltda. (Brazil)	19144418	**31.11**	31.11	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each				
Torrent Pharma Gmbh (Germany) : equity capital	-	**23.37**	23.37	23.37
Torrent Pharma Inc. (USA)	12000	**4.99**	4.99	4.99
fully paid-up common Stock of USD 100 each				
Torrent Pharma Philippines Inc. (Philippines)	192732	**4.75**	4.75	0.92
fully paid-up equity shares of Philippines Pesos 200 each	[55852]			
Laboratorios Torrent, S.A. De C.V. (Mexico)	74741	**27.99**	27.99	27.99
fully paid-up equity shares of Mexican Pesos 1000 each				
Torrent Australasia Pty Ltd (Australia)	675000	**0.30**	0.30	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each				
Torrent Pharma Canada Inc. (Canada)	[334279]	**-**	-	1.49
fully paid-up equity shares of Canadian Dollar 1 each				
Torrent Pharma S.R.L. (Romania)	97000	**6.27**	6.27	6.27
fully paid-up equity shares of Euro 10 each				
Less : Provision for impairment		**(6.27)**	-	-
		-	6.27	6.27
Torrent Pharma (UK) Ltd (United Kingdom)	225000	**1.68**	1.68	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each				
Torrent Pharma (Thailand) Co., Ltd. (Thailand)	1880000	**1.59**	1.59	1.59
fully paid-up equity shares of 5 Thai baht each				
Torrent Pharma France S.A.S. (France)	1	**0.09**	0.09	0.09
fully paid-up equity share of 1 Euro each				
Less : Provision for impairment		**(0.09)**	-	-
		-	0.09	0.09
Laboratories Torrent (Malaysia) SDN. BHD. (Malaysia)	500000	**0.77**	0.77	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each				
		132.27	138.63	136.29
Investment in partnership firm				
Torrent Pharmaceuticals (Sikkim) (India)		**16.05**	15.19	14.00

(₹ in crores)

	No. of units	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 9 : INVESTMENTS (contd)				
At fair value through other comprehensive income				
Equity instruments of -				
GPC Cayman Investors I Ltd.	[820601]	**-**	-	-
fully paid-up equity shares of USD 10 each				
Shivalik Solid Waste Limited	20000	**0.02**	0.02	0.02
fully paid-up equity shares of ₹ 10 each				
Tornascent Care Institute	25000	**0.03**	0.03	0.03
fully paid-up equity shares of ₹ 10 each				
UNM Foundation	25000	**0.03**	0.03	-
fully paid-up equity shares of ₹ 10 each				
Saraswat Co-Op Bank Ltd.	1000	**0.00**	0.00	-
fully paid-up equity shares of ₹ 10 each				
At amortised cost				
National savings certificates		**0.01**	0.01	0.01
		148.41	153.91	150.35
Current investments				
At fair value through other comprehensive income				
Equity instruments of -				
Corporation Bank	15500	**0.08**	0.01	-
fully paid-up equity shares of ₹ 2 each				
At fair value through profit or loss				
Mutual funds		**787.35**	764.23	284.19
		787.43	764.24	284.19
		935.84	918.15	434.54
(i) Aggregate amount of unquoted investments		**148.41**	153.91	150.35
(ii) Aggregate amount of quoted investments		**0.08**	0.01	-
(iii) Aggregate NAV of investment in mutual funds		**787.35**	764.23	284.19
(iv) Aggregate impairment in value of investment		**29.44**	23.08	23.08

(v) Disclosures in respect of investment in partnership firms:

Name of the Firm	Name of the Partner	Share in partnership	Capital as at 31-Mar-2017	Capital as at 31-Mar-2016
Torrent Pharmaceuticals (Sikkim)	Torrent Pharmaceuticals Limited	97%	**16.05**	15.19
	Torrent Employees Welfare Trust	3%	**0.49**	0.46

(vi) Ownership interest in all subsidiaries is 100% except in case of Torrent Pharma (Sikkim) is 97%.

(vii) Investments in Torrent Pharma S.R.L. and Torrent Pharma France S.A.S. have been impaired as the management has concluded that business is not viable.

(viii) No. of shares in bracket represents shares held as at 01-Apr-2015.

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 10 : LOANS			
[Unsecured and considered good, unless otherwise stated]			
Non-current			
Loans to related parties	**106.66**	150.58	-
Employee loans	**2.16**	1.13	0.99
	108.82	151.71	0.99
Current			
Loans to related parties	**40.52**	38.50	16.46
(As at 31-Mar-2017 - net of impairment of ₹ 16.19 crores)			
Employee loans	**2.17**	1.69	1.94
	42.69	40.19	18.40
	151.51	191.90	19.39
NOTE - 11 : OTHER FINANCIAL ASSETS			
Non-current			
Derivative financial instruments	**87.08**	58.76	52.39
Security deposits	**7.31**	6.26	7.85
Fixed deposit with more than 12 months maturity	**0.16**	0.03	0.01
	94.55	65.05	60.25
Current			
Derivative financial instruments	**271.53**	50.05	191.71
Interest accrued on loans and deposits	**10.10**	14.54	0.97
(As at 31-Mar-2017 - net of impairment of ₹ 2.58 crores)			
Security deposits	**0.55**	0.62	0.58
Other receivables	**14.02**	4.52	1.24
	296.20	69.73	194.50
	390.75	134.78	254.75
NOTE - 12 : OTHER ASSETS			
Non-current			
Capital advances	**80.46**	88.53	22.42
Share application money pending allotment	**-**	-	3.84
Pre-paid expenses	**35.16**	26.46	39.60
	115.62	114.99	65.86
Current			
Export benefits receivable	**103.44**	94.56	37.72
Claims receivable : indirect tax / insurance / others			
Considered good	**60.97**	76.73	70.06
Considered doubtful	**0.11**	0.07	0.02
Less : Allowance for doubtful claims receivable	**0.11**	0.07	0.02
	60.97	76.73	70.06
Employee advances	**4.33**	5.85	4.81
Pre-paid expenses	**13.89**	12.88	9.21
Balance with excise department	**1.53**	0.45	0.25
Advances to supplier	**62.49**	64.48	39.96
Other receivables	**73.14**	35.60	26.97
	319.79	290.55	188.98
	435.41	405.54	254.84

	As at 31-Mar-2017	As at 31-Mar-2016	(₹ in crores) As at 1-Apr-2015
NOTE - 13 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw materials	**552.27**	496.74	364.07
Packing materials	**42.93**	47.25	41.30
Work-in-progress	**137.79**	153.45	135.75
Finished goods	**216.03**	193.46	169.23
Stock-in-trade	**83.27**	79.23	70.80
	1,032.29	970.13	781.15

(i) The Company recorded inventory net off write-down and reversal of write-down charged to statement of profit and loss of ₹ 1.23 crores and ₹ 1.08 crores for the year ended 31-Mar-2017 and 31-Mar-2016 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 18.

	As at 31-Mar-2017	As at 31-Mar-2016	(₹ in crores) As at 1-Apr-2015
NOTE - 14 : TRADE RECEIVABLES			
Considered good	**1,018.47**	911.50	1,194.00
Considered doubtful	**76.12**	16.50	22.53
Less : Allowance for doubtful trade receivables	**76.12**	16.50	22.53
	1,018.47	911.50	1,194.00
(i) Trade receivables are non-interest bearing and are generally on terms of 60-180 Days.			
(ii) Movements in allowance for doubtful trade receivables :			
Opening balance	**16.50**	22.53	
Add / (less) : Provision made / (reversed) during the year	**61.87**	(0.35)	
Less: Provision used during the year	**-**	(5.84)	
Add / (less): Translation exchange difference	**(2.25)**	0.16	
Closing balance	**76.12**	16.50	
NOTE - 15 : CASH AND CASH EQUIVALENTS			
Cash and cash equivalents :			
Cash on hand	**0.20**	0.09	0.06
Balances with banks	**74.54**	80.05	67.84
Fixed deposit	**0.03**	0.03	-
	74.77	80.17	67.90
Balances with banks for unclaimed dividend	**3.44**	2.19	1.74
	78.21	82.36	69.64

Details of Specified Bank Notes (SBN) and Other Denomination Note (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016:

	SBNs	ODNs	(Amount in ₹) Total
Closing cash on hand 08-Nov-2016	1,698,500	901,394	2,599,894
Add : Permitted receipts	-	783,250	783,250
Add : Cash withdrawals from banks	-	3,557,000	3,557,000
Less : Permitted payments	-	(3,383,911)	(3,383,911)
Less : Amount deposited in banks	(1,698,500)	-	(1,698,500)
Closing cash on hand 30-Dec-2016	-	1,857,733	1,857,733

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
			(₹ in crores)
NOTE - 16 : EQUITY SHARE CAPITAL			
Authorised			
200,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	**100.00**	100.00	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	**25.00**	25.00	25.00
	125.00	125.00	125.00
Issued			
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	**84.62**	84.62	84.62
Subscribed and fully paid-up			
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	**84.62**	84.62	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	84.62

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

Particulars	As at 31-Mar-2017		As at 31-Mar-2016	
	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) Torrent Private Limited, the holding Company, holds 120,563,720 (previous year 86,115,472) equity shares of ₹ 5 each, equivalent to 71.25% (previous year 50.89%) of the total number of subscribed and 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-2017	As at 31-Mar-2016	As at 1-Apr-2015
			(₹ in crores)
NOTE - 17 : OTHER EQUITY			
Reserves and Surplus			
Retained earnings	**1,613.29**	1,620.00	1,496.54
General reserve	**2,252.52**	1,852.52	1,152.52
Debenture redemption reserve	**372.50**	122.50	-
Securities premium account	**4.34**	4.34	4.34
	4,242.65	3,599.36	2,653.40
Reserves representing unrealised gains / (losses)			
Equity instruments through other comprehensive income	**0.05**	-	-
Effective portion of cash flow hedges	**126.39**	23.33	68.91
	126.44	23.33	68.91
	4,369.09	3,622.69	2,722.31

Nature and purpose of reserves :

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

Debenture redemption reserve : The company is required to create a debenture redemption reserve out of the profits in accordance with Companies Act, 2013.

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 18 : BORROWINGS			
Long-term borrowings :			
Non-current			
Secured non-convertible debentures	**1,395.24**	487.06	-
Secured term loans from banks	**802.24**	1,286.59	2,159.25
Unsecured term loans from others	**11.26**	10.62	13.62
	2,208.74	1,784.27	2,172.87
Current (Refer note 22)			
Secured non-convertible debentures	**91.20**	-	-
Secured term loans from banks	**143.20**	462.50	233.45
Unsecured term loans from others	**2.49**	2.61	2.61
	236.89	465.11	236.06
Short-term borrowings :			
Secured loans from banks	**-**	-	95.00
Unsecured loans from banks	**-**	-	5.00
	-	-	100.00
	2,445.63	2,249.38	2,508.93

Notes:

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

(a) ₹ 376.14 crores (Previous year ₹ 549.59 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) ₹ 32.42 crores (Previous year ₹ Nil) will be 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. The Company is in the process of creating charge.

(c) ₹ 212.68 crores (Previous year ₹ 999.50 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) ₹ Nil (Previous year ₹ 200 crores) is secured by first pari-passu mortgage/ charge on freehold land located at village Rakanpur and freehold 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.

(e) ₹ 324.20 crores (Previous year ₹ Nil) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(ii) (a) Non-convertible debentures referred above to the extent of ₹ 487.82 crores (Previous year ₹ 487.06 crores) are secured by first pari-passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) Non-convertible debentures referred above to the extent of ₹ 998.62 crores (Previous year ₹ Nil) will be 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. The Company is in the process of creating charge.

(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
2017-18	**234.40**	**2.49**
2018-19	**610.98**	**3.38**
2019-20	**673.64**	**2.68**
2020-21	**614.22**	**2.00**
2021-22	**299.68**	**1.60**
2022-23	**10.40**	**1.60**
	2,443.32	**13.75**
Less : Amortised cost adjustment	**11.44**	**-**
Total	**2,431.88**	**13.75**

(v) Maturity profile and rate of interest of non-convertible debentures are set out as below:

(₹ in crores)

Effective Rate of Interest	2021-22	2020-21	2019-20	2018-19	2017-18	Total repayment	Amortised cost adjustment	Closing balance
7.80% to 9.30%	150.00	399.70	407.25	441.85	91.20	1,490.00	3.56	1486.44

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 19 : PROVISIONS			
Long-term			
Provision for employee benefits			
Post-retirement benefits (Refer note 38)	**18.78**	16.46	4.57
Leave benefits	**61.72**	57.90	52.96
	80.50	74.36	57.53
Provision for sales returns	**45.84**	40.33	39.59
	126.34	114.69	97.12
Short-term			
Provision for employee benefits			
Leave benefits	**9.39**	8.86	7.14
Provision for sales returns	**46.01**	38.09	35.21
	55.40	46.95	42.35
	181.74	161.64	139.47

Provision for sales returns :

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

Opening balance	**78.42**	74.80
Add: Provision made during the year	**52.35**	52.38
Less: Provision used during the year	**38.92**	48.76
Closing balance	**91.85**	78.42
Short-term provision	**45.84**	40.33
Long-term provision	**46.01**	38.09
Total	**91.85**	78.42

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
		(₹ in crores)
NOTE - 20 : INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**222.08**	495.52
Deferred tax:		
Deferred tax (benefit) / expense for current year	**(121.29)**	109.84
	100.79	605.36
(b) Expense / (benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	**3.84**	5.41
Equity instruments through other comprehensive income	**(0.02)**	-
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**(54.54)**	24.12
	(50.72)	29.53
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**955.01**	2,348.35
Enacted tax rate in India	**34.608%**	34.608%
Expected income tax expenses	**330.51**	812.72
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(144.37)**	(88.06)
Effect of expenses not deductible in determining taxable profit	**24.04**	(24.57)
Effect of income exempt from taxation	**(82.86)**	(94.99)
Others (net)	**(26.53)**	0.26
Adjusted income tax expenses	**100.79**	605.36
Effective Tax Rate	**10.55%**	25.78%

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
			(₹ in crores)
(d) Deferred tax relates to:			
Deferred tax liabilities :			
Depreciation and amortisation	**347.07**	270.25	220.67
Fair valuation of derivatives	**-**	0.02	0.93
Fair valuation of investment in mutual funds	**6.89**	6.57	0.25
Fair valuation of investment in equity instruments	**0.02**	-	-
Cash flow hedge reserve	**66.89**	12.35	36.47
	420.87	289.19	258.32
Deferred tax assets :			
Provision for employee benefit expense	**(31.11)**	(34.22)	(23.15)
Valuation of inventories	**(5.19)**	(10.38)	-
Provision for bonus	**-**	(2.57)	(1.58)
Allowance for doubtful trade receivables	**(26.24)**	(5.71)	(7.09)
Allowance for doubtful claim receivables	**(0.10)**	(0.02)	(0.01)
MAT credit entitlement	**(257.50)**	(64.99)	(134.74)
	(320.14)	(117.89)	(166.57)
Deferred tax liabilities / (assets) net	**100.73**	171.30	91.75

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

(₹ in crores)

Year ended 31-Mar-2017	Opening balance 01-Apr-2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Closing balance as at 31-Mar-2017
Deferred tax liabilities / (assets) in relation to:					
Depreciation and amortisation	270.25	76.82	-	-	**347.07**
Fair valuation of derivatives	0.02	(0.02)	-	-	**-**
Fair valuation of investment in mutual funds	6.57	0.32	-	-	**6.89**
Cash flow hedge reserve	12.35	-	54.54	-	**66.89**
Fair valuation of investments in equity instruments	-	-	0.02	-	**0.02**
Provision for employee benefit expense	(34.22)	6.95	(3.84)	-	**(31.11)**
Valuation of inventories	(10.38)	5.19	-	-	**(5.19)**
Provision for bonus	(2.57)	2.57	-	-	**-**
Allowance for doubtful trade receivables	(5.71)	(20.53)	-	-	**(26.24)**
Allowance for doubtful claim receivables	(0.02)	(0.08)	-	-	**(0.10)**
MAT credit entitlement	(64.99)	(192.51)	-	-	**(257.50)**
Deferred tax liabilities / (assets) net	171.30	(121.29)	50.72	-	**100.73**

(₹ in crores)

Year ended 31-Mar-2016	Opening balance 01-Apr-2015	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Closing balance as at 31-Mar-2016
Deferred tax liabilities / (assets) in relation to:					
Depreciation and amortisation	220.67	50.15	-	(0.57)	270.25
Fair valuation of derivatives	0.93	(0.91)	-	-	0.02
Fair valuation of investment in mutual funds	0.25	6.32	-	-	6.57
Cash flow hedge reserve	36.47	-	(24.12)	-	12.35
Provision for employee benefit expense	(23.15)	(5.47)	(5.41)	(0.19)	(34.22)
Valuation of inventories	-	(10.38)	-	-	(10.38)
Provision for bonus	(1.58)	(0.99)	-	-	(2.57)
Allowance for doubtful trade receivables	(7.09)	1.38	-	-	(5.71)
Allowance for doubtful claim receivables	(0.01)	(0.01)	-	-	(0.02)
MAT credit entitlement	(134.74)	69.75	-	-	(64.99)
Deferred tax liabilities / (assets) net	91.75	109.84	(29.53)	(0.76)	171.30

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 21 : TRADE PAYABLES			
Due to micro and small enterprises	**1.43**	1.88	1.18
Due to others	**593.63**	663.29	629.05
	595.06	665.17	630.23
Disclosures required by the Micro, Small and Medium Enterprises Development [MSMED] Act, 2006 are as under :			
(a) (i) The principal amount remaining unpaid at the end of the year	**1.43**	1.88	
(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	**3.69**	0.17	
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.00**	0.00	
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.02**	0.00	
(d) Total interest accrued during the year and remaining unpaid	**0.02**	0.00	
The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company.			
NOTE - 22 : OTHER FINANCIAL LIABILITIES			
Non-Current			
Creditors for capital goods	**5.98**	8.80	5.96
Security deposits	**0.26**	0.18	0.13
Derivative financial instruments	**0.63**	-	0.90
	6.87	8.98	6.99
Current			
Current maturities of long-term debt (Refer note 18)	**236.89**	465.11	236.06
Creditors for capital goods	**76.81**	74.12	32.49
Interest accrued but not due on borrowings	**61.60**	47.09	17.65
Payables for employee benefits	**69.29**	65.45	50.27
Book overdraft	**16.83**	17.56	11.57
Trade deposits	**-**	0.13	0.13
Unclaimed dividend	**3.44**	2.19	1.74
Derivative financial instruments	**25.54**	1.65	1.99
Other payables	**5.05**	1.05	6.35
	495.45	674.35	358.25
	502.32	683.33	365.24
NOTE - 23 : OTHER LIABILITIES			
Non-Current			
Government grant	**0.01**	0.04	0.07
	0.01	0.04	0.07
Current			
Payables to statutory and other authorities	**25.19**	25.36	21.96
Trade advances	**9.80**	16.47	15.14
Government grant	**0.03**	0.03	0.03
Advances from related parties	**3.18**	73.62	31.16
	38.20	115.48	68.29
	38.21	115.52	68.36

(₹ in crores)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
NOTE - 24 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	**2,337.96**	2,226.59
Sales outside India	**2,123.70**	3,075.06
	4,461.66	5,301.65
Operating income		
Export benefits	**82.81**	122.36
Income from product registration dossiers	**6.51**	2.36
Compensation and settlement income	**30.47**	-
License income	**-**	0.33
Government grant income	**0.91**	0.03
Other operating income	**10.32**	12.75
	131.02	137.83
	4,592.68	5,439.48

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
NOTE - 25 : OTHER INCOME		
Interest income	**16.48**	14.47
Net gain on sale of investments	**72.83**	50.06
Share of profit from partnership firms	**0.86**	1.19
Gain on fair valuation of investment in mutual funds	**0.95**	18.26
Net foreign exchange gain	**201.02**	161.37
Provision no longer required, written back	**-**	35.48
Profit on sale of fixed assets	**-**	3.81
Other non-operating income	**7.46**	8.50
	299.60	293.14

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
NOTE - 26 : COST OF MATERIALS CONSUMED		
Raw materials	**1,014.40**	895.83
Packing materials	**162.00**	145.14
	1,176.40	1,040.97

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
NOTE - 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	**193.46**	169.23
Work-in-progress	**153.45**	135.75
Stock-in-trade	**79.23**	70.80
	426.14	375.78
Less : Closing stock		
Finished goods	**216.03**	193.46
Work-in-progress	**137.79**	153.45
Stock-in-trade	**83.27**	79.23
	437.09	426.14
Net (increase) / decrease in stock	**(10.95)**	(50.36)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
		(₹ in crores)
NOTE - 28 : EMPLOYEE BENEFITS EXPENSE		
[Other than those included in pre-operative expenses]		
Salaries, wages and bonus	**617.50**	507.83
Contribution to provident and other funds	**47.96**	37.62
Gratuity cost	**12.12**	8.31
Staff welfare expenses	**21.46**	18.34
	699.04	572.10
NOTE - 29 : FINANCE COSTS		
[Other than those included in pre-operative expenses]		
Interest expenses	**199.91**	179.42
Other borrowing cost	**2.47**	0.41
	202.38	179.83
NOTE - 30 : DEPRECIATION AND AMORTISATION EXPENSE		
[Other than those included in pre-operative expenses]		
Depreciation of tangible assets	**127.71**	79.32
Amortisation of intangible assets	**141.65**	134.09
	269.36	213.41
NOTE - 31 : OTHER EXPENSES		
[Other than those included in pre-operative expenses]		
Selling, publicity and medical literature expenses	**388.99**	366.53
Laboratory goods and testing expenses	**180.92**	96.09
Power and fuel	**107.17**	91.17
Travelling, conveyance and vehicle expenses	**64.22**	78.67
Stores and spares consumed	**96.91**	72.03
Allowance for doubtful trade receivables (net of bad debts written off)	**61.87**	(0.35)
Allowance for doubtful loan and interest	**18.77**	-
Compensation expenses	**29.05**	4.32
Professional and legal fees	**42.63**	20.42
Cost of outsourced manpower	**43.55**	40.33
Excise duties	**41.23**	19.89
Loss on disposal of investment in subsidiaries	**-**	1.12
Auditors remuneration and expenses (Refer note 34)	**1.65**	0.91
Donation	**16.12**	15.43
Corporate social responsibility expenses	**27.06**	16.13
Commission to non-executive directors	**9.11**	15.61
General charges	**250.80**	205.05
	1,380.05	1,043.35

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
		(₹ in crores)
NOTE - 32 : 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	**0.88**	-
Material Cost - Exhibit batches	**52.19**	10.09
Employee benefits expense		
Salaries, wages and bonus	**87.75**	69.26
Contribution to provident and other funds	**8.32**	6.14
Gratuity cost	**4.30**	2.75
Staff welfare expenses	**2.42**	1.97
	102.79	80.12
Other expenses		
Power and fuel	**5.42**	5.14
Stores and spares consumed	**19.33**	13.23
Laboratory goods and testing expenses	**120.78**	53.91
Travelling, conveyance and vehicle expenses	**4.81**	3.24
General charges	**54.12**	43.13
	358.56	208.86
(b) Depreciation and amortisation includes ₹ 13.44 crores (previous year ₹ 9.27 crores) pertaining to research and development fixed assets.		
(c) Capital work in progress and advances for capital expenditure on research and development assets are as under :		
Capital work in progress	**55.91**	42.21
Advances for capital expenditure	**18.40**	10.51
Total	**74.31**	52.72

NOTE - 33 : EARNINGS PER SHARE

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

		Year ended 31-Mar-2017	Year ended 31-Mar-2016
Net profit for the year [a]	(₹ in crores)	**854.22**	1,742.99
Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
EPS (basic and diluted) [a] / [b]	₹	**50.48**	102.99
Nominal value per equity share	₹	**5.00**	5.00

NOTE - 34 : AUDITORS REMUNERATION

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
(a) As audit fees		
Statutory audit fees	**1.00**	0.62
(b) For quarterly limited reviews of subsidiaries financials	**0.24**	0.24
(c) For other services	**0.41***	0.03
(d) For reimbursement of expenses	**-**	0.02
	1.65	0.91

* includes payment towards Ind AS transition and IFC.

	(₹ in crores)	
	Year ended 31-Mar-2017	Year ended 31-Mar-2016
NOTE - 35 : DONATION TO POLITICAL PARTIES		
Donation includes political contributions as under:		
Satya Electoral Trust	**10.50**	10.00
Sikkim Democratic Front	**-**	0.25
	10.50	10.25

NOTE - 36 : BUSINESS COMBINATIONS AND ACQUISITIONS

(a) The Company on 3rd September 2016 acquired API manufacturing unit of Glochem Industries at Vizag on a going concern slump sales basis. The acquisition has been accounted for using the acquisition method of accounting.

Particulars	₹ in crores
Fair value of net assets acquired	65.70
Add : Intangibles identified on acquisition	29.46
	95.16
Less : Purchase consideration	129.78
Goodwill	**34.62**

(b) 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 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 in scheme of amalgamation approved by High Court of Gujarat. The goodwill arising on account of the difference between the investment and the fair value of net assets acquired by the Company of ₹ 192.82 crores has been written off pursuant to the said scheme of amalgamation approved by the Honourable High Court of Gujarat vide its order dated February 11, 2016 and disclosed as exceptional item in statement of profit and loss.

NOTE - 37 : 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**	
	2016-17	2015-16		**31-Mar-2017**	31-Mar-2016
Torrent Pharma France S.A.S	**-**	-	17.71	**-**	17.56
Torrent Do Brasil Ltda	**-**	191.44	176.80	**147.18**	171.14

(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 - 38 : DEFINED BENEFIT PLANS

The accruing liability on account of retirement benefit plans (in the nature of defined benefits plan) is accounted as per Ind-AS 19 "Employee Benefits".

General description of the plan :

The Company operates a defined benefit plan (the gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.

(₹ in crores)

		Year ended 31-Mar-2017	Year ended 31-Mar-2016
(a)	**Reconciliation of opening and closing balances of the present value of the defined benefit obligation :**		
	Obligations at the beginning of the year	**102.96**	79.22
	Current service cost	**11.97**	9.63
	Interest cost	**8.03**	6.32
	Liability transferred in / acquisitions	**0.60**	0.09
	Liability transferred out / divestments	**(0.44)**	-
	Actuarial (gains) / losses	**16.39**	13.09
	Benefits paid directly by the employer	**(0.12)**	(0.05)
	Benefits paid from the fund	**(6.45)**	(5.34)
	Obligations at the end of the year	**132.94**	102.96
(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	**86.50**	74.65
	Assets transferred in / acquisitions	**1.10**	-
	Interest income	**6.72**	5.97
	Return on plan assets, excluding interest income	**5.29**	(2.53)
	Contributions	**21.00**	13.75
	Benefits paid	**(6.45)**	(5.34)
	Plan assets at the end of the year, at fair value	**114.16**	86.50
	Actual return on plan assets	**12.01**	3.44
(c)	**Expense recognised in the statement of profit and loss for the year :**		
	Current service cost	**11.97**	9.63
	Net interest on net defined benefit liability / (asset)	**1.31**	0.35
	Net gratuity cost	**13.28**	9.98
(d)	**Expense recognised in other comprehensive income for the year :**		
	Actuarial (gains) / losses	**16.39**	13.09
	Return on plan assets, excluding interest income	**(5.29)**	2.53
		11.10	15.62
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**		
	Obligations at the end of the year	**132.94**	102.96
	Plan assets at the end of the year, at fair value	**114.16**	86.50
	Liability recognised in balance sheet	**18.78**	16.46

(₹ in crores)

		Year ended 31-Mar-2017	Year ended 31-Mar-2016
(f)	**Remeasurement of net defined benefit liability / (asset) :**		
	Actuarial (gains) / losses from changes in financial assumptions	**5.17**	1.25
	Experience adjustments	**11.22**	11.84
	Remeasurement of defined benefit liability	**16.39**	13.09
	Remeasurement of return on plan assets	**(5.29)**	2.53
	Total	**11.10**	15.62
(g)	**Expected contribution for the next year**	**25.74**	20.85
(h)	**Assumptions:**		
	Discount rate	**7.22%**	7.80%
	Salary escalation rate	**10.00%**	10.00%
	Weighted average duration of defined benefit obligation	**8 years**	8 years

Expected long term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long term salary growth.

Future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(i) Sensitivity Analysis for each significant actuarial assumption:

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crores)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Impact of increase in discount rate by 1%	**(8.68)**	(6.58)
Impact of decrease in discount rate by 1%	**9.90**	7.49
Impact of increase in salary escalation rate by 1%	**9.54**	7.26
Impact of decrease in salary escalation rate by 1%	**(8.54)**	(6.51)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(j) Investment details of plan assets:

The plan assets are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited which has invested the funds substantially as under :

	As at 31-Mar-2017	As at 31-Mar-2016
Equity instruments	**14.58%**	17.36%
Corporate bonds	**53.32%**	42.59%
Government securities	**22.02%**	34.81%
Fixed deposits with banks	**2.45%**	0.39%
Other current assets	**7.63%**	4.85%

(k) Maturity profile:

The defined benefit obligations shall mature after year ended March 31, 2017 as follows:

(₹ in crores)

	Undiscounted values
1st following year	13.21
2nd following year	11.42
3rd following year	11.84
4th following year	15.16
Thereafter	71.00

(l) Asset-liability matching strategies:

The Company contributes to the insurance fund based on estimated liability of the next financial year end. The projected liability statement is obtained from the actuarial valuer.

NOTE - 39 : FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

The carrying value and fair value of financial instruments by category is as follows :

(₹ in crores)

	As at 31-Mar-2017		As at 31-Mar-2016	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial assets :				
Amortised cost :				
Cash and cash equivalents	**78.21**	**78.21**	82.36	82.36
Bank deposits other than cash and cash equivalents	**0.01**	**0.01**	0.01	0.01
Trade receivables	**1,018.47**	**1,018.47**	911.50	911.50
Investments	**0.01**	**0.01**	0.01	0.01
Loans	**151.51**	**151.51**	191.90	191.90
Other financial assets	**32.14**	**32.14**	25.97	25.97
Fair value through other comprehensive income :				
Derivative instruments designated as cash flow hedge	**193.29**	**193.29**	35.68	35.68
Investment in equity instruments (other than investment in subsidiaries)	**0.16**	**0.16**	0.09	0.09
Fair value through profit or loss :				
Investments in mutual funds	**787.35**	**787.35**	764.23	764.23
Derivative instruments	**165.32**	**165.32**	73.13	73.13
Total	**2,426.47**	**2,426.47**	2,084.88	2,084.88
Financial liabilities :				
Amortised cost :				
Borrowings	**2,445.63**	**2,445.63**	2,249.38	2,249.38
Trade payables	**595.06**	**595.06**	665.17	665.17
Other financial liabilities	**239.26**	**239.26**	216.57	216.57
Fair value through profit or loss :				
Derivative instruments	**26.17**	**26.17**	1.65	1.65
Total	**3,306.12**	**3,306.12**	3,132.77	3,132.77

Fair value hierarchy :

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

(₹ in crores)

As at 31-Mar-2017	Level 1	Level 2	Level 3	Total
Financial assets :				
Mutual funds	787.35	-	-	787.35
Equity shares	0.08	-	0.08	0.16
Derivative financial assets	-	358.61	-	358.61
Total	787.43	358.61	0.08	1,146.12
Financial liabilities :				
Derivative financial liabilities	-	26.17	-	26.17
Total	-	26.17	-	26.17
Net assets / (liabilities)	787.43	332.44	0.08	1,119.95

(₹ in crores)

As at 31-Mar-2016	Level 1	Level 2	Level 3	Total
Financial assets :				
Mutual funds	764.23	-	-	764.23
Equity shares	0.01	-	0.08	0.09
Derivative financial assets	-	108.81	-	108.81
Total	764.24	108.81	0.08	873.13
Financial liabilities :				
Derivative financial liabilities	-	1.65	-	1.65
Total	-	1.65	-	1.65
Net assets / (liabilities)	764.24	107.16	0.08	871.48

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds : The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments : Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the expected discounted cash flows from the underlying net assets or current market value of net assets.

Derivative instruments : For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

(ii) Derivative financial instruments

Cash flow hedges :

Derivatives are taken to cover foreign exchange risk of highly probable forecasted sales transactions occurring in foreign currencies and foreign currency borrowings. The following are outstanding derivative contracts designated as cash flow hedges :

Currency	Nature of derivative contracts	Buy / Sell	Net position (Amount in crores)		Fair value gain / (loss) (₹ in crores)	
			31-Mar-2017	31-Mar-2016	**31-Mar-2017**	31-Mar-2016
USD	Forward contracts	Sell	**41.19**	38.97	**182.52**	40.86
EUR	Forward contracts	Sell	**6.29**	5.16	**17.97**	(9.46)
GBP	Forward contracts	Sell	**0.64**	0.63	**2.53**	3.97
MXN	Forward contracts	Sell	**1.54**	2.11	**(0.66)**	0.31
USD	Cross Currency Interest Rate Swaps	Buy	**4.50**	-	**(9.07)**	-
					193.29	35.68
Less : Deferred tax					**66.90**	12.35
Balance in cash flow hedge reserve					**126.39**	23.33

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

(₹ in crores)

Particulars	**Year ended 31-Mar-2017**	Year ended 31-Mar-2016
Balance at the beginning of the year	**23.33**	68.91
(Gain) / losses reclassified to profit or loss	**(187.16)**	(46.22)
Deferred tax on (gains) / losses reclassified to profit or loss	**64.78**	16.00
Change in the fair value of effective portion of cash flow hedges	**344.77**	(23.49)
Deferred tax on fair value of effective portion of cash flow hedges	**(119.33)**	8.13
Balance at the end of the year	**126.39**	23.33

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

	Hedged item / nature of derivative contracts	Buy/Sell	Currency	Net Position under derivative contracts (Amount in crores)	
				31-Mar-2017	31-Mar-2016
1	**Foreign currency loan - payable** Currency cum interest rate swap	Buy	USD	**11.33**	8.33
	Foreign currency interest - payable	Buy	USD	**0.05**	0.05
	Foreign currency loan - receivable Loan to group companies	Sell	USD	**2.27**	2.58
	Foreign currency interest - receivable	Sell	USD	**0.15**	0.19
2	**Foreign currency trade payables**	Buy	EUR	**0.03**	0.04
3	**Foreign currency receivables** Forward exchange contracts	Sell	USD	**11.77**	8.65
		Sell	EUR	**1.02**	1.89
		Sell	RUB	**18.65**	10.00
		Sell	GBP	**0.35**	0.38
		Sell	MXN	**1.53**	0.89

(Iii) Financial risk management

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

a1 Foreign currency exchange rate risk :

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The Company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

As at 31-Mar-2017	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.04	-	0.91	0.95
Loans	147.18	-	-	147.18
Trade receivables	763.38	74.68	63.62	901.68
Other assets	47.01	8.25	6.49	61.75
Total	957.61	82.93	71.02	1,111.56
Liabilities :				
Borrowings	734.84	-	-	734.84
Trade payables	80.92	46.50	7.94	135.36
Other liabilities	9.94	46.66	1.14	57.74
Total	825.70	93.16	9.08	927.94
Net assets / (liabilities)	131.91	(10.23)	61.94	183.62

As at 31-Mar-2016	US Dollar	Euro	Others*	(₹ in crores) Total
Assets :				
Cash and cash equivalents	0.03	-	0.72	0.75
Loans	171.14	17.93	-	189.07
Trade receivables	575.77	159.77	52.01	787.55
Other assets	47.35	9.99	6.10	63.44
Total	794.29	187.69	58.83	1,040.81
Liabilities :				
Borrowings	552.78	-	-	552.78
Trade payables	51.12	48.45	9.86	109.43
Other liabilities	9.15	95.86	0.30	105.31
Total	613.05	144.31	10.16	767.52
Net assets / (liabilities)	181.24	43.38	48.67	273.29

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

With respect to the Company's derivative financial instruments which is in the form of forward contracts, currency swap, a 5% increase / decrease in relation to USD & EUR of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 48.78 crores (₹ 34.58 crores) in the Company's net profit and ₹ 143.18 crores (₹ 153.08 crores) in cash flow hedge reserve from such contracts as at 31-March-2017 and 31-March-2016 respectively.

With respect to the Company's non-derivative financial instruments (as given above), a 5% increase / decrease in relation to USD & EUR on the underlying would have resulted in increase /decrease of ₹ 6.10 crores (₹ 11.23 crores) in the Company's net profit for the year ended 31-March-2017 and 31-March-2016 respectively.

a2 Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is exposed to fluctuations in interest rates in respect of foreign currency loans and rupee loans carrying a floating rate of interest. In respect of foreign currency loans, the Company has outstanding borrowing of USD 113.33 millions. As per the Company's risk management policy to minimize the interest rate cash flow risk exposure on foreign currency long term borrowings, interest rate swaps are taken to convert the variable interest rate risk into rupee fixed interest rate. There is no interest rate risks associated with foreign currency loans. In respect of rupee loans, the outstanding loan with variable rate of interest is not significant as compared to total amount of borrowings and hence interest rate sensitivity has not been performed.

(b) Credit risk :

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of 31-March-2017 and 31-March-2016.

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

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹ 2,426.11 crores and ₹ 2,084.70 crores as at 31-March-2017 and 31-March-2016 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments, and these financial assets are of good credit quality including those that are past due.

(c) Liquidity risk :

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

As at 31-Mar-2017	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	595.06	-	-	-	595.06
Borrowings*	236.89	614.36	1,593.82	12.00	2,457.07
Other financial liabilities	233.02	6.24	-	-	239.26
Derivative financial liabilities	25.54	0.63	-	-	26.17
Total	1,090.51	621.23	1,593.82	12.00	3,317.56

(₹ in crores)

As at 31-Mar-2016	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	665.17	-	-	-	665.17
Borrowings*	465.11	348.74	1,226.99	221.62	2,262.46
Other financial liabilities	207.59	8.98	-	-	216.57
Derivative financial liabilities	1.65	-	-	-	1.65
Total	1,339.52	357.72	1,226.99	221.62	3,145.85

*Excluding amortised cost adjustment.

(iv) Capital management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

NOTE - 40 : 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		Trust set up 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	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16
Sale of finished goods	**1,787.50**	2,752.84	**-**	-	**-**	-	**(0.08)**	0.11	**-**	-	**-**	-	**-**	-	**1,787.42**	2,752.95
Sale of dossiers	**0.06**	0.08	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**0.06**	0.08
Purchase of material, consumables etc	**0.79**	1.01	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	0.68	**0.79**	1.69
Remuneration to key management personnel	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**28.22**	31.35	**-**	-	**28.22**	31.35
Contribution to Gratuity / Superannuation funds	**-**	-	**-**	-	**31.72**	28.22	**-**	-	**-**	-	**-**	-	**-**	-	**31.72**	28.22
Advance given			**-**	-	**1.45**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1.45**	-
Lease rent paid	**-**	-	**-**	-	**-**	-	**1.54**	1.06	**-**	-	**-**	-	**-**	-	**1.54**	1.06
Services received	**15.78**	10.93	**-**	-	**-**	-	**16.54**	21.12	**-**	-	**-**	-	**-**	-	**32.32**	32.05
Commission & interest paid to carrying & forwarding agents	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1.13**	2.16	**1.13**	2.16
CSR expenses	**-**	-	**-**	-	**-**	-	**-**	-	**25.31**	15.00	**-**	-	**-**	1.00	**25.31**	16.00
Interest income	**14.92**	13.43	**-**	-	**-**	-	**0.05**	0.06	**-**	-	**-**	-	**-**	-	**14.97**	13.49
Expenses reimbursement	**27.90**	29.10	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	0.10	**27.90**	29.20
Purchase of fixed assets	**-**	-	**-**	-	**-**	-	**0.07**	0.67	**-**	-	**-**	-	**-**	-	**0.07**	0.67
Equity contribution	**-**	3.83	**-**	-	**-**	-	**-**	-	**-**	0.03	**-**	-	**-**	-	**-**	3.86
Share of profit/(loss) from partnership firm	**-**	-	**0.86**	1.19	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**0.86**	1.19
Loans given	**-**	191.44	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	191.44
Repayment of loan	**21.78**	28.18	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**21.78**	28.18
Allowance for doubtful loan & interest	**18.77**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**18.77**	-
Provision for impairment in value of investment	**6.36**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**6.36**	-
Allowance for doubtful trade receivables / Other receivables	**59.96**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**59.96**	-
Deposits given	**-**	-	**-**	-	**-**	-	**0.17**	-	**-**	-	**-**	-	**-**	-	**0.17**	-
Recovery of expenses	**8.41**	9.02	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	0.01	**8.41**	9.03
Transfer value of employees (net)	**-**	-	**-**	-	**-**	-	**0.34**	-	**-**	-	**-**	-	**-**	-	**0.34**	-
(B) Balances at the end of the year	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16	**31-Mar-17**	31-Mar-16
Trade receivables	**788.45**	677.63	**-**	-	**-**	-	**-**	0.00	**-**	-	**-**	-	**-**	-	**788.45**	677.63
Other receivables	**1.89**	3.84	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1.89**	3.84
Loans	**163.37**	188.70	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**163.37**	188.70
Interest receivable on loan to subsidiary	**12.56**	14.46	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**12.56**	14.46
Advances recoverable	**-**	0.38	**-**	-	**-**	-	**2.22**	2.04	**-**	-	**-**	-	**-**	-	**2.22**	2.42
Trade advances	**4.62**	73.62	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4.62**	73.62
Investments in equities	**161.71**	161.71	**-**	-	**-**	-	**-**	-	**0.06**	0.06	**-**	-	**-**	-	**161.77**	161.77
Investments in partnership firm	**-**	-	**16.05**	15.19	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**16.05**	15.19
Provision for impairment in value of investment	**29.44**	23.08	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**29.44**	23.08
Allowance for doubtful trade receivables / Other receivables	**57.98**	-	**-**	-	**-**	-									**57.98**	-
Allowance for doubtful loan & interest	**18.77**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**18.77**	-
Trade & services payables	**33.08**	20.57	**-**	-	**-**	-	**1.45**	0.82	**-**	-	**-**	-	**-**	0.17	**34.53**	21.56
Other payables	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**23.20**	26.70	**-**	-	**23.20**	26.70
Guarantees given	**351.75**	557.20	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**351.75**	557.20

Names of holding Company, subsidiaries and enterprises controlled by the Company :

1	**Holding Company**	Torrent Private Limited
2	**Subsidiaries and step down subsidiaries**	Zao Torrent Pharma, Torrent Pharma Gmbh, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma Gmbh & Co. Generica KG, Torrent Australasia Pty Ltd, Torrent Pharma S.R.L., Laboratorios Torrent, S.A. De C.V., Heunet Pharma Gmbh, Norispharm Gmbh, Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd, Laboratories Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S., Aptil Pharma Limited.
3	**Enterprises controlled by the Company**	Torrent Pharmaceuticals (Sikkim)

(C) Remuneration to Key Management Personnel :

(₹ In crores)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Salaries and other benefits	**4.88**	4.16
Contribution to defined contribution plan	**0.36**	0.31
Commission	**22.98**	26.88
Total	**28.22**	31.35

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016
NOTE - 41 : COMMITMENTS AND CONTINGENCIES		
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**282.30**	244.56
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)]	**2.92**	2.99
	285.22	247.55
Contingent liabilities:		
Claims against the Company not acknowledged as debts:		
Disputed demand of income tax for which appeals have been preferred	**3.39**	5.21
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**10.44**	9.29
Disputed demand of excise and service tax	**90.05**	74.98
Disputed demand of local sales tax and C.S.T.	**0.99**	0.75
Disputed cases at labour court / industrial court	**3.90**	4.79
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.40**	0.40
	109.17	95.42

Against the claims not acknowledged as debts, the Company has paid ₹ 0.23 crores (previous year ₹ 0.13 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 - 42 : PROPOSED DIVIDEND

The Board of Directors in their meeting held on 26-May-2017, proposed a final equity dividend of ₹ 4.00 per equity share of ₹ 5.00 each fully paid up for the year 2016-17. The aggregate amount of final equity dividend proposed to be distributed is ₹ 81.47 crores including dividend distribution tax of ₹ 13.78 crores.

NOTE - 43

The financial statements for the year ended 31-Mar-2017 were approved for issue by the Board of Directors on 26-May-2017.

In terms of our report attached

Signatures to the notes forming part of Financial Statements 1 to 43

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
26th May, 2017

Ahmedabad
26th May, 2017

Consolidated Financial Statements 2016-17

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

TORRENT PHARMACEUTICALS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **TORRENT PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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.

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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and other auditors on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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 March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

We did not audit the financial statements of seventeen subsidiaries, whose financial statements reflect total assets of ₹3,638.25 crores as at March 31, 2017, total revenues of ₹3,196.91 crores and net cash inflows amounting to ₹22.46 crores for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries.

Our opinion on the consolidated Ind AS financial statements above, 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 of the other auditors.

Report on Other Legal and Regulatory Requirements

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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent, none of the directors of the Parent Company, being the only company in the group to which requirements of Section 164(2) of the act are applicable, is disqualified as on March 31, 2017 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 separate Report in "Annexure A", which is based on the auditors' reports of the Parent 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 Parent 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 40 to the Consolidated Financial Statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent Company, being the only company in the group to which such requirements of the Act are applicable.

   iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Parent Company, being the only Company in the group to which such requirements are applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by the Parent Company for the purpose of preparation of the consolidated Ind AS financial statements.

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

Hemendra Shah
Partner
Membership No. 33590

Ahmedabad
26th May, 2017

(Referred to in paragraph (f) 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 IND AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **TORRENT PHARMACEUTICALS LIMITED** (hereinafter referred to as "the Parent 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 Parent 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 Controls 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 ("the Guidance Note") 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 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 internal financial controls over financial reporting of the Parent Company, which is, based on our audit. We conducted our audit in accordance with 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 internal financial controls system over financial reporting of the Parent Company, 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 Parent 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in said the Guidance Note.

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

Hemendra Shah
Partner
Membership No. 33590

Ahmedabad
26th May, 2017

CONSOLIDATED BALANCE SHEET

(₹ in crores)

	Notes	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
ASSETS				
Non-current assets				
Property, plant and equipment	6	**1,871.41**	975.15	882.63
Capital work-in-progress		**519.49**	1,041.58	678.33
Goodwill	7	**159.50**	124.88	124.88
Other intangible assets	8	**1,657.53**	1,759.05	1,786.17
Financial assets				
Investments	9	**0.09**	0.09	0.06
Loans	10	**2.16**	1.13	0.99
Other financial assets	11	**105.12**	68.53	62.01
		107.37	69.75	63.06
Deferred tax assets (net)	20	**309.88**	283.19	266.74
Other non-current assets	12	**115.62**	115.25	63.81
		4,740.80	4,368.85	3,865.62
Current assets				
Inventories	13	**1,559.15**	1,357.98	1,067.17
Financial assets				
Investments	9	**803.55**	779.59	298.46
Trade receivables	14	**1,344.19**	1,445.09	1,594.54
Cash and cash equivalents	15	**282.57**	284.28	326.92
Bank deposits other than cash and cash equivalents		**611.15**	362.75	239.73
Loans	10	**2.15**	1.69	1.94
Other financial assets	11	**333.71**	66.05	260.62
		3,377.32	2,939.45	2,722.21
Assets for current tax (net)		**81.82**	8.85	35.88
Other current assets	12	**365.81**	381.93	273.07
		5,384.10	4,688.21	4,098.33
Non-current assets classified as held for sale		**0.09**	0.82	0.19
TOTAL ASSETS		**10,124.99**	9,057.88	7,964.14
EQUITY AND LIABILITIES				
Equity				
Equity share capital	16	**84.62**	84.62	84.62
Other equity	17	**4,265.51**	3,409.48	2,558.34
Equity attributable to owners of the Company		**4,350.13**	3,494.10	2,642.96
Non-controlling interests		**0.49**	0.46	0.43
		4,350.62	3,494.56	2,643.39
Non-current liabilities				
Financial liabilities				
Borrowings	18	**2,240.83**	1,850.08	2,172.87
Other financial liabilities	22	**7.92**	9.61	7.56
		2,248.75	1,859.69	2,180.43
Long-term provisions	19	**263.04**	246.36	207.49
Deferred tax liabilities (net)	20	**101.41**	171.75	228.21
Other non-current liabilities	23	**0.01**	0.04	0.07
		2,613.21	2,277.84	2,616.20
Current liabilities				
Financial liabilities				
Borrowings	18	**-**	3.32	319.07
Trade payables	21	**2,297.87**	2,260.22	1,827.72
Other financial liabilities	22	**614.47**	759.18	391.88
		2,912.34	3,022.72	2,538.67
Short-term provisions	19	**130.69**	127.42	80.19
Liabilities for current tax (net)		**62.98**	72.24	23.71
Other current liabilities	23	**55.15**	63.10	61.98
		3,161.16	3,285.48	2,704.55
TOTAL EQUITY AND LIABILITIES		**10,124.99**	9,057.88	7,964.14
Notes forming part of the Consolidated Financial Statements	1-44			

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
26th May, 2017

Ahmedabad
26th May, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in crores)

	Notes	Year ended 31-Mar-2017	Year ended 31-Mar-2016
REVENUE			
Revenue from operations	24	**5,856.92**	6,686.93
Other income	25	**223.30**	225.57
Total Revenue		**6,080.22**	6,912.50
EXPENSES			
Cost of materials consumed	26	**1,180.33**	1,046.55
Purchases of stock-in-trade		**751.06**	678.49
Changes in inventories of finished goods, work-in-progress and stock-in-trade	27	**(139.73)**	(147.77)
Employee benefits expense	28	**993.41**	842.35
Finance costs	29	**205.56**	183.98
Depreciation, amortisation and impairment expense	30	**306.92**	237.55
Other expenses	31	**1,694.58**	1,534.28
Total Expenses		**4,992.13**	4,375.43
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		**1,088.09**	2,537.07
Exceptional items	34	**-**	193.63
PROFIT BEFORE TAX		**1,088.09**	2,343.44
TAX EXPENSE			
Current tax		**293.83**	652.65
Deferred tax (credit) / charge		**(147.57)**	(42.73)
Short provision for tax of earlier years		**8.25**	0.25
		154.51	610.17
PROFIT FOR THE YEAR		**933.58**	1,733.27
Other comprehensive income, net of taxes			
Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(11.73)**	(13.52)
Equity instruments through other comprehensive income		**0.07**	53.34
Income tax relating to items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**3.85**	4.76
Equity instruments through other comprehensive income		**(0.02)**	-
Items that will be reclassified to profit or loss			
Exchange differences on translation of financial statements of a foreign operation		**30.92**	(40.95)
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**157.60**	(69.70)
Income tax relating to items that will be reclassified to profit or loss			
Effective portion on gains and loss on hedging instruments in a cash flow hedge		**(54.54)**	24.12
		126.15	(41.95)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,059.73**	1,691.32
PROFIT FOR THE YEAR ATTRIBUTABLE TO :			
Owners of the Company		**933.55**	1,733.24
Non-controlling interests		**0.03**	0.03
		933.58	1,733.27
TOTAL COMPREHESIVE INCOME ATTRIBUTABLE TO :			
Owners of the Company		**1,059.70**	1,691.29
Non-controlling interests		**0.03**	0.03
		1,059.73	1,691.32
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	35	**55.17**	102.42
Notes forming part of the Consolidated Financial Statements	1-44		

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
26th May, 2017

Ahmedabad
26th May, 2017

(A) EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**84.62**	84.62
Changes during the year	**-**	-
Balance at the end of the year	**84.62**	84.62

(B) OTHER EQUITY

(₹ in crores)

	Reserves and surplus					Other comprehensive income			Attributable to owners of the Company	Non-controlling interests	Total
	Retained earnings	General reserve	Debenture redemption reserve	Capital reserve	Securities premium account	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Foreign currency translation reserve			
Balance as at 01-Apr-2016	1,442.09	1,852.61	122.50	5.56	4.34	-	23.33	(40.95)	3,409.48	0.46	3,409.94
Profit for the year	933.55	-	-	-	-	-	-	-	933.55	0.03	933.58
Other comprehensive income	(7.88)	-	-	-	-	0.05	103.06	30.92	126.15	-	126.15
Dividends	(169.22)	-	-	-	-	-	-	-	(169.22)	-	(169.22)
Tax on dividend	(34.45)	-	-	-	-	-	-	-	(34.45)	-	(34.45)
Transfer to / (from) retained earnings	(650.00)	400.00	250.00	-	-	-	-	-	-	-	-
Balance as at 31-Mar-2017	**1,514.09**	**2,252.61**	**372.50**	**5.56**	**4.34**	**0.05**	**126.39**	**(10.03)**	**4,265.51**	**0.49**	**4,266.00**
Balance as at 01-Apr-2015	1,326.92	1,152.61	-	5.56	4.34	-	68.91	-	2,558.34	0.43	2,558.77
Profit for the year	1,733.24	-	-	-	-	-	-	-	1,733.24	0.03	1,733.27
Other comprehensive income	(8.76)	-	-	-	-	53.34	(45.58)	(40.95)	(41.95)	-	(41.95)
Dividends	(698.04)	-	-	-	-	-	-	-	(698.04)	-	(698.04)
Tax on dividend	(142.11)	-	-	-	-	-	-	-	(142.11)	-	(142.11)
Transfer on sale of equity instruments	53.34	-	-	-	-	(53.34)	-	-	-	-	-
Transfer to / (from) retained earnings	(822.50)	700.00	122.50	-	-	-	-	-	-	-	-
Balance as at 31-Mar-2016	**1,442.09**	**1,852.61**	**122.50**	**5.56**	**4.34**	**-**	**23.33**	**(40.95)**	**3,409.48**	**0.46**	**3,409.94**

In terms of our report attached

Signatures to the Consolidated Statement of Changes in Equity

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
26th May, 2017

Ahmedabad
26th May, 2017

CONSOLIDATED CASH FLOW STATEMENT

(₹ in crores)

		Notes	Year ended 31-Mar-2017	Year ended 31-Mar-2016
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	PROFIT BEFORE TAX		**1,088.09**	2,343.44
	Adjustments for :			
	Depreciation, amortisation and impairment		**306.92**	237.55
	Allowance for doubtful trade receivables (net of bad debts)		**16.27**	(3.23)
	Exceptional items	34	**-**	193.63
	Loss / (gain) on sale / discard / write-off of property, plant & equipments		**2.48**	(3.36)
	Net gain on sale of investments		**(73.06)**	(50.10)
	Finance costs		**205.56**	183.98
	Interest income		**(4.85)**	(6.00)
	Government grant income		**(0.91)**	(0.03)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**1,540.50**	2,895.88
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		**(41.35)**	117.87
	Inventories		**(192.35)**	(278.18)
	Trade payables, liabilities and provisions		**90.21**	583.89
	CASH GENERATED FROM OPERATIONS		**1,397.01**	3,319.46
	Direct taxes paid		**(384.31)**	(577.34)
	NET CASH FROM OPERATING ACTIVITIES		**1,012.70**	2,742.12
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Acquisition of business / undertaking	34	**(129.78)**	(231.00)
	Purchase of property, plant and equipment and intangible assets		**(486.81)**	(599.13)
	Proceeds from sale of property, plant and equipment and intangible assets		**0.92**	6.64
	Proceeds from sale / (purchase) of investments		**-**	53.30
	Net gain on sale of investments		**73.06**	50.10
	Investment in corporate deposits		**(1.03)**	(1.00)
	Investment in bank deposits other than cash and cash equivalents		**(248.40)**	(123.02)
	Interest received		**5.13**	6.26
	NET CASH USED IN INVESTING ACTIVITIES		**(786.91)**	(837.85)
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		**1,368.61**	589.50
	Repayment of long-term borrowings		**(1,163.25)**	(654.35)
	Repayment of short term borrowings		**(3.32)**	(318.87)
	Government grant received		**0.88**	-
	Dividend paid		**(203.67)**	(839.70)
	Finance cost paid		**(191.05)**	(211.73)
	NET CASH USED IN FINANCING ACTIVITIES		**(191.80)**	(1,435.15)
	NET INCREASE IN CASH AND CASH EQUIVALENTS		**33.99**	469.12
	Effect of exchange rate changes on foreign currency cash and cash equivalents		**(12.84)**	(39.65)
	Amount transferred consequent to amalgamation		**-**	8.01
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,049.86**	612.38
	CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,071.01**	1,049.86
Note:	**Cash and cash equivalents as at end of year**			
	Cash and cash equivalents	15	**282.57**	284.28
	Current investments in mutual funds	9	**788.44**	765.58
			1,071.01	1,049.86

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
26th May, 2017

Ahmedabad
26th May, 2017

1. GROUP INFORMATION

Torrent Pharmaceuticals Limited, the Parent Company ("the Company") is a public limited company incorporated and domiciled in India. The address of its registered office is Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India. The Company is one of the leading Indian Pharmaceutical Company engaged in research, development, manufacturing and marketing of generic pharmaceutical formulations. The company's research and development facility is located in the state of Gujarat, India, and its manufacturing facilities are located in the states of Gujarat, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh and Sikkim.

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 (Thailand) Co., Ltd.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd (TPUK)	United Kingdom
Laboratories Torrent (Malaysia) SDN.BHD.	Malaysia
Torrent Pharma France S.A.S.	France
Step-down subsidiaries of TPG [having 100% proportion of ownership interest]	
Heumann Pharma Gmbh & Co. Generica KG	Germany
Heunet Pharma Gmbh	Germany
Norispharm Gmbh	Germany
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

2. STATEMENT OF COMPLIANCE

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The consolidated financial statements up to year ended 31st March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements are the first consolidated financial statements of the Group under Ind AS. The date of transition to Ind AS is April 1, 2015. Refer Note 5 for the details of significant exemptions availed by the Group on first-time adoption of Ind AS and for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.1. Basis of preparation and presentation

The consolidated financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting except for the following material items which have been measured at fair value.

- Derivative financial instrument
- Investments in mutual funds & equity investments
- Defined benefit plan – plan assets measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the functional currency of the Parent Company. All the amounts are stated in the nearest rupee crores.

3.3. Use of estimates

The preparation of consolidated financial statements are in conformity with the recognition and measurement principles of Ind AS which requires management to make critical judgments, estimates and assumptions that affect the reporting of assets, liabilities, income and expenditure.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to the estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of financial statements, which may cause material adjustment to the carrying amount of assets and liabilities within the next financial year, is in respect of:

- Useful lives of property, plant and equipment (refer note no. 4.2)
- Impairment of intangible asset (refer note no. 4.9)
- Valuation of deferred tax assets (refer note no. 4.14)
- Valuation of Inventories (refer note no. 4.8)
- Provisions & contingent liabilities (refer note no. 4.12)
- Sales returns, rebates, chargeback and medicaid (refer note no. 4.13)
- Employee benefits (refer note no. 4.10)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Basis of consolidation

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

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

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

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

4.2. Property, plant and equipment

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

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

Pre-operative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of the project costs and are capitalized. Such expenses are capitalized only if the project to which they relate, involve substantial expansion of capacity or upgradation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in statement of profit and loss.

Freehold land is carried at historical cost and not depreciated. Depreciation on fixed assets is provided using straight line method based on useful life of the assets estimated by the management. The estimated useful lives, residual values and depreciation method are reviewed at each financial year-end and changes in estimates, if any are accounted for on a prospective basis.

The estimated useful lives of assets are as under:

Type of asset	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Furniture and fixtures	3 to 10 years
Laboratory equipment*	5 to 20 years
Electrical equipment*	5 to 20 years
Office equipment*	10 years
Computer equipment	2 to 5 years
Vehicles*	5 to 10 years

* For these classes of assets, the useful life of assets is different than the prescribed life as per Part C of Schedule II of the Companies Act, 2013. The different useful life is based on internal technical evaluation by the Group and historical usage of assets.

4.3. Business combination and goodwill

4.3.1. Business combinations

Business Combinations are accounted for using the acquisition method of accounting. Transaction costs incurred in connection with business combination are expensed out in statement of profit and loss. The identifiable assets and liabilities that meet the condition for recognition is recognized at their fair values at the acquisition date.

In case of bargain purchase where the fair value of identifiable assets and liabilities exceed the cost of acquisition, the excess is recognised in other comprehensive income on the acquisition date and accumulate the same in equity as capital reserve after reassessing the fair values of the net assets and contingent liabilities.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose.

4.3.2. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.4. Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired under business combination are measured at fair value as of the date of business combination. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Intangible assets are amortized over their respective estimated useful life which reflects the manner in which the economic benefit is expected to be generated. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangibles are as mentioned below:

Type of intangible asset	Useful life
Software	3 to 5 years
Product license	10 to 15 years
Brands	Upto 15 years
Non-compete fees	Upto 3 years
Drug master files	10 years

4.5. Foreign currency transaction, translation and foreign operations

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognized as income or expense of the period in which they arise. Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing rate. The resultant exchange rate differences are recognized in the statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. Non-monetary assets and liabilities are carried at the rates prevailing on the date of transaction.

Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

4.6. Financial instruments

4.6.1. Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its foreign exchange rate risk. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of profit and loss depends on the nature of the hedging relationship and nature of hedged items.

Derivative financial instruments that hedges foreign currency risk associated with highly probable forecasted transactions are designated as cash flow hedges and valued at fair value. The effective portion of such hedges is recorded in cash flow hedge reserve, as a component of equity, and re-classified to the statement of profit and loss as in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such hedges is recorded in statement of profit and loss immediately.

Hedge effectiveness testing is assessed both at the inception of the hedge relationship as well as on an ongoing basis. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

4.6.2. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, short demand deposits and highly liquid investments, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Short term means investments with original maturities / holding period of three months or less from the date of investments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

4.6.3. Investments

Investments in mutual funds are primarily held for the Group's temporary cash requirements and can be readily convertible in cash. These investments are initially recorded at fair value and classified as fair value through profit or loss.

Investments in corporate deposits are carried at amortised cost.

The Group has made an irrevocable election to present subsequent changes in the fair value of equity investments, not held for trading, in other comprehensive income.

4.6.4. Trade receivables

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognized at its transaction price which is considered to be its fair value and are classified as current assets as it is expected to be received within the normal operating cycle of the business.

4.6.5. Borrowings

Borrowings are initially recorded at fair value and subsequently measured at amortized costs using effective interest method. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

4.6.6. Trade payables

Trade payables are amounts due to vendors for purchase of goods or services acquired in the ordinary course of business and are classified as current liabilities to the extent it is expected to be paid within the normal operating cycle of the business.

4.6.7. Other financial assets and liabilities

Other non-derivative financial instruments are initially recognized at fair value and subsequently measured at amortized costs using the effective interest method.

4.6.8. De-recognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction which substantially all the risk and rewards of ownership of the financial asset are transferred. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired; the difference between the carrying amount of derecognized financial liability and the consideration paid is recognized as profit or loss.

4.7. Leases – Group as lessee

Finance lease

Leases where the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Land acquired on long-term leases

The Group classifies leasehold land as finance lease where:

- Initial amount paid is substantially all of the fair value of land
- The group has option to purchase the land at a price that is sufficiently lower than fair value at the date option is exercisable
- Lessor has agreed to renew lease on expiry of lease term.

Leasehold land is recognized as an asset at the value of the upfront premium / charges paid to acquire lease.

Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating lease. Operating lease payments are recognized as an expense on a straight line basis over the lease term unless the payments are structured to increase in line with the expected general inflation so as to compensate for the lessor's expected inflationary cost increases.

4.8. Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost incurred in bringing the inventory to their existing location and conditions are determined as follows:

a. Raw material and packing material - purchase cost of materials on a moving average basis.

b. Finished goods (manufactured) and work in progress - cost of purchase, conversion cost and other costs on a weighted average cost method.

c. Finished goods (traded) - Purchase cost on a moving average basis.

The cost of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recovered by the Group from taxing authorities) and transport, handling and other costs directly attributable to bringing the inventory to their existing location and conditions. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

The Group considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impact the Group's business in determining the allowance for obsolete, non-saleable and slow moving inventories. The Group considers the above factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

4.9. Impairment of assets

Financial assets

At each balance sheet date, the Group assesses whether a financial asset is to be impaired. Ind AS 109 requires expected credit losses to be measured through loss allowance. The Group measures the loss allowance for financial assets at an amount equal to lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for financial assets at an amount equal to 12-month expected credit losses. The Group uses both forward-looking and historical information to determine whether a significant increase in credit risk has occurred.

Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss to such extent. When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, such that the increase in the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Goodwill

CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Determination of recoverable amount of CGU requires the management to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the present value. An impairment loss recognised for goodwill is not reversed in subsequent periods.

4.10. Employee benefits

4.10.1. Short term employee benefits

Short term benefits payable before twelve months after the end of the reporting period in which the employees have rendered service are accounted as expense in statement of profit and loss.

4.10.2. **Long term employment benefits**

Defined contribution plans

Contributions to defined contribution plans (provident fund, superannuation and other social security schemes) are recognized as expense when employees have rendered services entitling them to such benefits.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans (gratuity, pension and other retirement benefit plans) is calculated using the projected unit credit method and the same is carried out by qualified actuary. The current service cost and interest on the net defined benefit liability / (asset) is recognized in the statement of profit and loss. Past service cost are immediately recognized in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Group is committed without any possibility of withdrawal of an offer made to either terminate employment before the normal retirement date or as a result of an offer made to encourage voluntary retirement.

Compensated absences and earned leaves

The Group's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

4.11. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions for receiving such grant have been and will be fulfilled.

Government grants related to asset are recognized as deferred income and charged to statement of profit and loss on a systematic basis over expected useful life of the related asset.

Government grants are recognized in statement of profit and loss on a systematic basis over the period in which Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses already incurred are recognised in statement of profit and loss in the period in which they become receivable.

When loans received from the government or related institutions with below-market interest rate, the benefit of below-market interest rate is treated as government grant measured as the difference between the proceeds received and the fair value of loan based on prevailing market interest rate.

4.12. Provisions, contingent liabilities and contingent assets

Contingent liability :

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are disclosed as contingent liability and not provided for. Such liability is not disclosed if the possibility of outflow of resources is remote.

Contingent assets :

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

Provisions :

A provision is recognized when as a result of a past event, the Group has a present obligation whether legal or constructive that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is expected to be settled more than 12 months after the end of reporting date or has no definite settlement date, the provision is recorded as non-current liabilities after giving effect for time value of money, if material. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

4.13. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods includes excise duty and are net of discounts, applicable taxes, rebates, chargeback, medicaid payments and estimated returns.

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 net price at which it is agreed to be sold to the 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.

The revenue is recognized when the significant risks and rewards of ownership of goods are transferred to the buyer, recoverability of consideration is probable, the amount of revenue and cost incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing managerial involvement over the goods sold.

Income from services is recognized when the services are rendered or when contracted milestones have been achieved.

Revenue from arrangements which includes performance of obligations is recognized in the period in which the Group completes all its performance obligations.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export entitlements are recognised as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Dividend income is recognized when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

4.14. Income taxes

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

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

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

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

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

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

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

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

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

4.15. Earnings per share

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

4.16. Research and development

Revenue expenditure on research and development activities is recognized as expense in the period in which it is incurred.

4.17. Borrowing cost

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

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

4.18. Cenvat credit

Central value added tax (Cenvat) 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-utilizable is charged to the statement of profit and loss for the year.

5 EXPLANATION OF TRANSITION TO IND AS

These consolidated financial statements are the first consolidated financial statements of the Group under Ind AS. The date of transition to Ind AS is April 1, 2015. The transition is carried out from Indian GAAP (previous GAAP) to Ind AS, notified under Section 133 of the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. The Group has applied exceptions and exemptions in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards."

Exceptions :

1 Estimates :

Ind AS estimates on the date of transition are consistent with the estimates as at the same date made in conformity with previous GAAP.

2 **Derecognition of financial assets & liabilities :**

The Group has applied the de-recognition requirements of Ind AS 109 prospectively from the date of transition to Ind AS.

3 **Hedge accounting :**

The Group had designated various hedging relationships as cash flow hedges under the previous GAAP. On the date of transition to Ind AS, as per Group's assessment, the same qualify for hedge accounting as per Ind AS 109.

4 **Classification and measurement of financial assets :**

The Group has assessed classification and measurement of financial assets based on facts and circumstances prevalent on the date of transition to Ind AS.

5 **Impairment of financial assets :**

The Group has applied impairment requirements of Ind AS 109 retrospectively to financial instruments and concluded that there is no need to recognize any additional loss allowance on financial assets.

6 **Government loans :**

The Group has prospectively applied requirements of Ind AS 109 and Ind AS 20 in respect of government loans at below-market interest rate. Previous GAAP carrying amount of loan is used as the carrying amount as on the date of transition to Ind AS.

Exemptions :

1 **Business combinations :**

The Group has not applied Ind AS 103 Business Combinations retrospectively for the business combinations consummated before 01-Apr-2015.

2 **Cumulative translation differences :**

The Group has set the cumulative translation reserve to zero by transferring the balance to retained earnings as on the date of transition to Ind AS.

3 **Designation of previously recognised financial instruments :**

The Group has classified investment in mutual funds at fair value through profit or loss, investment in equity instruments at fair value through other comprehensive income and financial liability of derivative instruments at fair value through profit or loss.

Reconciliation of equity

(₹ in crores)

	As at 31-Mar-2016	**As at 1-Apr-2015**	Foot Notes
Equity under previous GAAP attributable to :			
Owners of the Company (Shareholder's fund)	3,389.02	2,490.56	
Non-controlling interest	0.46	0.43	
	3,389.48	2,490.99	
Proposed dividend including dividend distribution tax	-	126.91	(A)
Derivative financial instruments	(1.06)	7.44	(B)
Fair valuation of security deposits	(0.56)	(0.53)	(C)
Fair valuation of mutual funds	19.33	0.87	(D)
Long-term borrowings at amortised cost	11.21	9.32	(E)
Government grant recognised as income	(0.07)	(0.10)	(F)
Reversal of goodwill amortisation	7.65	-	(G)
Deferred tax on cash flow hedge reserve and transition adjustments	68.58	8.49	(H)
Total equity under Ind AS	3,494.56	2,643.39	
Attributable to :			
Owners of the Company	3,494.10	2,642.96	
Non-controlling interest	0.46	0.43	

Reconciliation of total comprehensive income

(₹ in crores)

	Year ended 31-Mar-2016	Foot Notes
Profit after tax as per previous GAAP attributable to :		
Owners of the Company	1,722.38	
Non-controlling interest	0.03	
	1,722.41	
Derivative financial instruments	(8.50)	(B)
Fair valuation of security deposits	(0.03)	(C)
Fair valuation of mutual funds	18.46	(D)
Decrease in finance cost	1.89	(E)
Government grant recognised as income	0.03	(F)
Reversal of goodwill amortisation	7.65	(G)
Fair valuation of investment in equity recognised in other comprehensive income	(53.34)	(I)
Remeasurement of gratuity recognised in other comprehensive income	13.52	(J)
Loss on dissolution of subsidiary	(0.03)	(K)
Deferred tax on transitional adjustments	31.21	(H)
Profit after tax as per Ind AS	1,733.27	
Other comprehensive income (net of tax)	(41.95)	
Total comprehensive income under Ind AS	1,691.32	
Attributable to :		
Owners of the Company	1,691.29	
Non-controlling interest	0.03	

Notes to reconciliations between previous GAAP and Ind AS :

(A) Proposed dividend including dividend distribution tax

Under Ind AS, dividend payable and dividend distribution tax is recognised as a liability in the period in which it is declared and approved by the shareholders. Under previous GAAP, dividend payable and dividend distribution tax was recorded as a liability in the period to which it relates. This difference has resulted in increase in equity under Ind AS by ₹ Nil as at March 31, 2016 (₹ 126.91 crores as at April 1, 2015).

(B) Derivative financial instruments

Under Ind AS, derivative financial instruments are measured at fair value. Under previous GAAP, in case of forward contracts covered under AS 11, difference between forward rate and spot rate was recognised in profit or loss over the term of contract. This difference has resulted in decrease in equity under Ind AS ₹ 1.06 crores as at March 31, 2016 (increase of ₹ 7.44 crores as at April 1, 2015) and decrease of profit by ₹ 8.50 crores for the year ended March 31, 2016.

(C) Fair valuation of security deposits

Under Ind AS, security deposits are carried at fair value. Under previous GAAP, the same were carried at cost. This difference has resulted in decrease in equity under Ind AS ₹ 0.56 crores as at March 31, 2016 (₹ 0.53 crores as at April 1, 2015) and decrease of profit by ₹ 0.03 crores for the year ended March 31, 2016.

(D) Fair valuation of mutual funds

Under Ind AS, Investment in mutual funds are classified at fair value through profit or loss. Under previous GAAP, the same were carried at lower of cost or market value. This difference has resulted in increase in equity under Ind AS ₹ 19.33 crores as at March 31, 2016 (₹ 0.87 crores as at April 1, 2015) and increase of profit by ₹ 18.46 crores for the year ended March 31, 2016.

(E) Long-term borrowings at amortised cost

Under Ind AS, long-term borrowings are carried at amortised cost. Under previous GAAP, the borrowings are carried at their historical cost. This difference has resulted in increase in equity under Ind AS ₹ 11.21 crores as at March 31, 2016 (₹ 9.32 crores as at April 1, 2015) and increase of profit by ₹ 1.89 crores for the year ended March 31, 2016.

(F) Government grant recognised as income

Under Ind AS, government grants related to assets is presented in the balance sheet as deferred income and recognised in profit or loss on a systematic basis over the useful life of the asset. Under previous GAAP, government grant by way of investment subsidy scheme in relation to total investment were credited to capital reserve and treated as part of owner's fund. This difference has resulted in decrease in equity under Ind AS ₹ 0.07 crores as at March 31, 2016 (₹ 0.10 crores as at April 1, 2015) and increase of profit by ₹ 0.03 crores for the year ended March 31, 2016.

(G) Reversal of goodwill amortisation

Under Ind AS, goodwill is not amortised and carried at acquisition cost less impairment loss. Under previous GAAP, goodwill was amortised over the estimated useful life. This difference has resulted in increase in equity under Ind AS by ₹ 7.65 crores as at March 31, 2016 (₹ Nil as at April 1, 2015) and increase of profit by ₹ 7.65 crores for the year ended March 31, 2016.

(H) Deferred tax on cash flow hedge reserve and transition adjustments

Under Ind AS, transitional adjustments and cash flow hedge reserve are recognised net of applicable deferred tax. Under previous GAAP, deferred tax was not recognised on cash flow hedge reserve. This difference has resulted in increase in equity under Ind AS ₹ 68.58 crores as at March 31, 2016 (₹8.49 crores as at April 1, 2015) and increase of profit by ₹ 31.21 crores for the year ended March 31, 2016.

(I) Fair valuation of investment in equity recognised in other comprehensive income

Under Ind AS, Investment in equity shares is classified for fair value through other comprehensive income. Under previous GAAP, long-term investments are carried at cost less provision for diminution in the value of investment, other than temporary. This difference has resulted in decrease of profit by ₹ 53.34 crores for the year ended March 31, 2016.

(J) Remeasurement of gratuity recognised in other comprehensive income

Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset and are recognised in other comprehensive income. Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. This difference has resulted in increase of profit by ₹ 13.52 crores for the year ended March 31, 2016.

(K) Loss on dissolution of subsidiary

Under Ind AS, gain or loss on disposal of subsidiary shall exclude the translation difference arose before the date of transition as the Group has set the cumulative translation difference to zero. Under previous GAAP, cumulative translation difference was recognised as gain or loss on disposal of subsidiary. This difference has resulted in decrease of profit by ₹ 0.03 crores for the year ended March 31, 2016.

Cash Flow Statement

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

NOTE 6 : PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 1-Apr-2016	122.51	7.51	396.08	816.41	47.65	10.60	59.46	121.96	1,582.18
Additions during the year	21.31	-	408.01	451.88	18.65	2.83	22.10	53.67	978.45
Acquisition through business combinations	7.41	-	17.49	23.93	0.38	0.11	0.99	1.16	51.47
Deductions during the year	-	-	0.55	5.62	1.01	1.04	4.55	0.53	13.30
Less : Translation exchange difference	-	-	(0.15)	0.81	(0.35)	0.10	(0.09)	1.05	1.37
Gross carrying amount as at 31-Mar-2017	151.23	7.51	820.88	1,287.41	65.32	12.60	77.91	177.31	2,600.17
Accumulated depreciation as at 1-Apr-2016	-	-	89.30	388.86	28.54	3.74	42.59	54.00	607.03
Depreciation for the year	-	-	21.84	86.82	5.72	1.16	8.44	9.32	133.30
Deductions during the year	-	-	0.31	5.02	1.08	0.44	4.27	0.47	11.59
Less : Translation exchange difference	-	-	(0.05)	0.11	(0.06)	0.04	(0.14)	0.12	0.02
Accumulated depreciation as at 31-Mar-2017	-	-	110.78	470.77	33.12	4.50	46.62	62.97	728.76
Net carrying amount as at 31-Mar-2017	**151.23**	**7.51**	**710.10**	**816.64**	**32.20**	**8.10**	**31.29**	**114.34**	**1,871.41**
Capital work-in-progress									519.49
Total									**2,390.90**
Gross carrying amount as at 1-Apr-2015	116.05	5.23	351.80	728.99	41.70	11.70	50.35	110.52	1,416.34
Additions during the year	6.46	2.28	29.79	82.85	5.84	3.63	9.53	12.37	152.75
Acquisition through business combinations	-	-	14.27	9.96	0.54	0.11	0.09	1.37	26.34
Deductions during the year	-	-	0.02	5.72	0.67	4.81	0.84	1.83	13.89
Less : Translation exchange difference	-	-	0.24	0.33	0.24	(0.03)	0.33	(0.47)	0.64
Gross carrying amount as at 31-Mar-2016	122.51	7.51	396.08	816.41	47.65	10.60	59.46	121.96	1,582.18
Accumulated depreciation as at 1-Apr-2015	-	-	77.94	336.41	25.79	5.24	38.87	49.46	533.71
Depreciation for the year	-	-	11.38	58.10	3.29	1.35	4.06	5.84	84.02
Deductions during the year	-	-	0.10	5.78	0.64	2.85	0.56	1.23	11.16
Less : Translation exchange difference	-	-	0.08	0.13	0.10	-	0.22	(0.07)	0.46
Accumulated depreciation as at 31-Mar-2016	-	-	89.30	388.86	28.54	3.74	42.59	54.00	607.03
Net carrying amount as at 31-Mar-2016	**122.51**	**7.51**	**306.78**	**427.55**	**19.11**	**6.86**	**16.87**	**67.96**	**975.15**
Capital work-in-progress									1,041.58
Total									**2,016.73**

(i) Certain property, plant and equipments hypothecated / mortgaged as security for borrowings as disclosed under note 18.

(ii) Capital work-in-progress includes expenditure of ₹ 40.28 crores as at 31-Mar-2017 (31-Mar-2016 : ₹ 133.29 crores) incurred in the course of construction.

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

(iv) Depreciation and amortisation for the year includes ₹ Nil (previous year ₹ 0.08 crores) transferred to capital work-in-progress.

(v) Additions include borrowing costs capitalised of ₹ 27.27 crores (previous year: ₹ 55.30 crores). The weighted average rate of interest considered for capitalisation of interest cost is 8.90% (previous year : 9.60%).

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

(₹ in crores)

	Proportion of holding	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Freehold land	50%	**23.79**	23.79	23.79
Freehold land	30%	**35.69**	35.69	35.69
Buildings	30%	**0.65**	0.65	0.65

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 7 : GOODWILL			
Cost:			
Balance at beginning of year	**124.88**	124.88	124.88
Goodwill arising on business combinations during the year	**34.62**	-	-
Balance at end of year	**159.50**	124.88	124.88

The Group tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related. Key assumptions are as follows :

a) Projected cash flows for five years based on financial budgets / forecasts in line with the past experience. The perpetuity value is taken based on the long term growth rate depending on macro economic growth factors.

b) Discount rate applied to projected cash flow is 15.60%.

Acquired brands are considered as CGU for testing of impairment of goodwill amounting to ₹ 109.01 crores generated on acquisition of brands.

NOTE - 8 : OTHER INTANGIBLE ASSETS

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	**Product licenses**	**Brands**	**Non - compete fees**	**Drug master files**	**Total**
Gross carrying amount as at 1-Apr-2016	40.06	201.21	1,814.70	30.50	-	2,086.47
Additions during the year	34.23	13.29	-	-		47.52
Acquisition through business combinations	0.02	-	-	-	29.46	29.48
Deductions during the year	3.03	0.01	-	-	-	3.04
Less : Translation exchange difference	(0.20)	(10.10)	-	-	-	(10.30)
Gross carrying amount as at 31-Mar-2017	71.08	204.39	1,814.70	30.50	29.46	2,150.13
Accumulated amortisation as at 1-Apr-2016	34.36	62.74	212.46	17.86	-	327.42
Amortisation / impairment for the year	8.96	31.79	120.98	10.17	1.72	173.62
Deductions during the year	3.02	-	-	-	-	3.02
Less : Translation exchange difference	(0.09)	(5.33)	-	-	-	(5.42)
Accumulated amortisation and impairment as at 31-Mar-2017	40.21	89.20	333.44	28.03	1.72	492.60
Net carrying amount as at 31-Mar-2017	**30.87**	**115.19**	**1,481.26**	**2.47**	**27.74**	**1,657.53**
Gross carrying amount as at 1-Apr-2015	35.56	74.20	1,814.70	30.50	-	1,954.96
Additions during the year	4.11	117.92	-	-	-	122.03
Deductions during the year	0.02	-	-	-	-	0.02
Less : Translation exchange difference	0.41	9.09	-	-	-	9.50
Gross carrying amount as at 31-Mar-2016	40.06	201.21	1,814.70	30.50	-	2,086.47
Accumulated amortisation as at 1-Apr-2015	30.77	38.85	91.48	7.69	-	168.79
Amortisation for the year	3.24	19.22	120.98	10.17	-	153.61
Deductions during the year	0.02	-	-	-	-	0.02
Less : Translation exchange difference	0.37	4.67	-	-	-	5.04
Accumulated amortisation as at 31-Mar-2016	34.36	62.74	212.46	17.86	-	327.42
Net carrying amount as at 31-Mar-2016	**5.70**	**138.47**	**1,602.24**	**12.64**	**-**	**1,759.05**

Material intangible assets to the Group's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 1481.26 crores as at 31-Mar-2017 (₹ 1602.24 crores as at 31-Mar-2016)
Remaining amortisation period	12.25 years as at 31-Mar-2017 (13.25 years as at 31-Mar-2016)

(₹ in crores)

	No. of units	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 9 : INVESTMENTS				
Non-current investments				
At fair value through other comprehensive income				
Equity instruments of :				
GPC Cayman Investors I Ltd.	[820601]	**-**	-	-
fully paid-up equity shares of USD 10 each				
Shivalik Solid Waste Limited	20000	**0.02**	0.02	0.02
fully paid-up equity shares of ₹ 10 each				
Tornascent Care Institute	25000	**0.03**	0.03	0.03
fully paid-up equity shares of ₹ 10 each				
UNM Foundation	25000	**0.03**	0.03	-
fully paid-up equity shares of ₹ 10 each				
Saraswat Co-Op Bank Ltd.	1000	**0.00**	0.00	-
fully paid-up equity shares of ₹ 10 each				
At amortised cost				
National savings certificates		**0.01**	0.01	0.01
		0.09	0.09	0.06
Current investments				
At fair value through other comprehensive income				
Equity instruments of -				
Corporation Bank	15500	**0.08**	0.01	-
fully paid-up equity shares of ₹ 2 each				
At fair value through profit or loss				
Mutual funds		**788.44**	765.58	285.46
At amortised cost				
Corporate deposit with HDFC Limited		**15.03**	14.00	13.00
		803.55	779.59	298.46
		803.64	779.68	298.52
(i) Aggregate amount of unquoted investments		**15.12**	14.09	13.06
(ii) Aggregate amount of quoted investments		**0.08**	0.01	-
(iii) Aggregate NAV of investment in mutual funds		**788.44**	765.58	285.46
(iv) No. of shares in bracket represents shares held as at 01-Apr-2015.				
NOTE - 10 : LOANS				
[Unsecured and considered good, unless otherwise stated]				
Non-current				
Employee loans		**2.16**	1.13	0.99
		2.16	1.13	0.99
Current				
Employee loans		**2.15**	1.69	1.94
		2.15	1.69	1.94
		4.31	2.82	2.93

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 11 : OTHER FINANCIAL ASSETS			
Non-current			
Derivative financial instruments	**87.08**	58.76	52.39
Security deposits	**17.88**	9.74	8.91
Fixed deposit with more than 12 months maturity	**0.16**	0.03	0.71
	105.12	68.53	62.01
Current			
Derivative financial instruments	**271.53**	50.05	250.75
Security deposits	**0.78**	0.93	0.67
Interest accrued on deposits	**0.35**	0.63	0.90
Other receivables	**61.05**	14.44	8.30
	333.71	66.05	260.62
	438.83	134.58	322.63
NOTE - 12 : OTHER ASSETS			
Non-current			
Capital advances	**80.46**	88.79	24.21
Pre-paid expenses	**35.16**	26.46	39.60
	115.62	115.25	63.81
Current			
Export benefits receivable	**103.44**	94.56	37.72
Claims receivable : indirect tax / insurance / others			
Considered good	**91.04**	151.24	138.99
Considered doubtful	**0.11**	0.07	0.02
Less : Allowance for doubtful claims receivable	**0.11**	0.07	0.02
	91.04	151.24	138.99
Employees advances	**5.94**	9.17	7.11
Pre-paid expenses	**23.72**	21.82	16.35
Balance with excise department	**1.53**	0.45	0.25
Advances to suppliers	**67.00**	69.09	45.68
Other receivables	**73.14**	35.60	26.97
	365.81	381.93	273.07
	481.43	497.18	336.88
NOTE - 13 : INVENTORIES			
[At lower of cost or net realisable value]			
Raw materials	**567.43**	501.67	364.58
Packing materials	**42.93**	47.25	41.30
Work-in-progress	**137.79**	153.45	135.75
Finished goods	**547.65**	387.81	371.07
Stock-in-trade	**263.35**	267.80	154.47
	1,559.15	1,357.98	1,067.17

(i) The Group recorded inventory net off write-down and reversal of write-down charged to statement of profit and loss of ₹ 30.21 crores and ₹ 16.79 crores for the year ended 31-Mar-2017 and 31-Mar-2016 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 18.

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 14 : TRADE RECEIVABLES			
Considered good	**1,344.19**	1,445.09	1,594.54
Considered doubtful	**46.92**	26.93	37.83
Less : Allowance for doubtful trade receivables	**46.92**	26.93	37.83
	1,344.19	1,445.09	1,594.54
(i) Trade receivables are non-interest bearing and are generally on terms of 60-180 Days.			
(ii) Movements in allowance for doubtful trade receivables :			
Opening balance	**26.93**	37.83	
Add: Provision made / (reversed) during the year	**16.27**	(3.23)	
Less: Provision used during the year	**-**	(7.47)	
Add : Transfer from other provision	**4.19**	-	
Add / (Less): Translation exchange difference	**(0.47)**	(0.20)	
Closing balance	**46.92**	26.93	
NOTE - 15 : CASH AND CASH EQUIVALENTS			
Cash and cash equivalents :			
Cash on hand	**0.30**	0.20	0.20
Balances with banks	**278.03**	275.49	202.62
Fixed deposit	**0.80**	6.40	122.36
	279.13	282.09	325.18
Balances with banks for unclaimed dividend	**3.44**	2.19	1.74
	282.57	284.28	326.92

Details of Specified Bank Notes (SBN) and Other Denomination Note (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016:

(Amount in ₹)

	SBNs	ODNs	Total
Closing cash on hand 08-Nov-2016	1,698,500	901,394	2,599,894
Add : Permitted receipts	-	783,250	783,250
Add : Cash withdrawals from banks	-	3,557,000	3,557,000
Less : Permitted payments	-	(3,383,911)	(3,383,911)
Less : Amount deposited in banks	(1,698,500)	-	(1,698,500)
Closing cash on hand 30-Dec-2016	-	1,857,733	1,857,733

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 16 : EQUITY SHARE CAPITAL			
Authorised			
200,000,000 (previous year 200,000,000) equity shares of ₹ 5 each	**100.00**	100.00	100.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	**25.00**	25.00	25.00
	125.00	125.00	125.00
Issued			
169,236,720 (previous year 169,236,720) equity shares of ₹ 5 each	**84.62**	84.62	84.62
Subscribed and fully paid-up			
169,222,720 (previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62	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	84.62

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

Particulars	**As at 31-Mar-2017**		As at 31-Mar-2016	
	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) 120,563,720 (previous year 86,115,472) equity shares of ₹ 5 each, aggregating to 71.25% (previous year 50.89%), are held by the holding Company, Torrent Private Limited.

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 17 : OTHER EQUITY			
Reserves and surplus			
Retained earnings	**1,514.09**	1,442.09	1,326.92
General reserve	**2,252.61**	1,852.61	1,152.61
Debenture redemption reserve	**372.50**	122.50	-
Capital reserve	**5.56**	5.56	5.56
Securities premium account	**4.34**	4.34	4.34
	4,149.10	3,427.10	2,489.43
Reserves representing unrealised gains / (losses)			
Equity instruments through other comprehensive income	**0.05**	-	-
Effective portion of cash flow hedges	**126.39**	23.33	68.91
Foreign currency translation reserve	**(10.03)**	(40.95)	-
	116.41	(17.62)	68.91
	4,265.51	3,409.48	2,558.34

Nature and purpose of reserves :

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

Debenture redemption reserve : The company is required to create a debenture redemption reserve out of the profits in accordance with Companies Act, 2013.

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 18 : BORROWINGS			
Long-term borrowings :			
Non-current			
Secured non-convertible debentures	**1,395.24**	487.06	-
Secured term loans from banks	**834.33**	1,352.40	2,159.25
Unsecured term loans from others	**11.26**	10.62	13.62
	2,240.83	1,850.08	2,172.87
Current (Refer note 22)			
Secured non-convertible debentures	**91.20**	-	-
Secured term loans from banks	**175.61**	495.67	233.45
Unsecured term loans from others	**2.49**	2.61	2.61
	269.30	498.28	236.06
Short-term borrowings :			
Secured loans from banks	**-**	3.32	314.07
Unsecured loans from banks	**-**	-	5.00
	-	3.32	319.07
	2,510.13	2,351.68	2,728.00

Notes:

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

(a) ₹ 376.14 crores (Previous year ₹ 549.59 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) ₹ 32.42 crores (Previous year ₹ Nil) will be 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. The Company is in the process of creating charge.

(c) ₹ 212.68 crores (Previous year ₹ 999.50 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) ₹ Nil (Previous year ₹ 200 crores) is secured by first pari-passu mortgage/ charge on freehold land located at village Rakanpur and freehold 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.

(e) ₹ 324.20 crores (Previous year ₹ Nil) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(f) ₹ 64.50 crores (Previous year ₹ 98.98 crores) from bank is secured by negative lien on the acquired brand and inter-corporate guarantee.

(ii) (a) Non-convertible debentures referred above to the extent of ₹ 487.82 crores (Previous year ₹ 487.06 crores) are secured by first pari-passu mortgage/ charge on immovable and tangible movable assets, present and future located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) Non-convertible debentures referred above to the extent of ₹ 998.62 crores (Previous year ₹ Nil) will be 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. The Company is in the process of creating charge.

(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
2017-18	**266.81**	**2.49**
2018-19	**643.40**	**3.38**
2019-20	**673.64**	**2.68**
2020-21	**614.22**	**2.00**
2021-22	**299.68**	**1.60**
2022-23	**10.40**	**1.60**
	2,508.15	**13.75**
Less : Amortised cost adjustment	**11.77**	**-**
Total	**2,496.38**	**13.75**

(v) Maturity profile and rate of interest of non-convertible debentures are set out as below :

(₹ in crores)

Effective Rate of Interest	2021-22	2020-21	2019-20	2018-19	2017-18	Total repayment	Amortised cost adjustment	Closing balance
7.80% to 9.30%	150.00	399.70	407.25	441.85	91.20	1,490.00	3.56	1486.44

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 19 : PROVISIONS			
Long-term			
Provision for employee benefits			
Post-retirement benefits (Refer note 36)	**91.72**	94.27	75.67
Leave benefits	**61.72**	57.90	52.96
	153.44	152.17	128.63
Provision for sales returns	**83.86**	73.61	57.35
Provision for expenses	**25.74**	20.58	21.51
	263.04	246.36	207.49
Short-term			
Provision for employee benefits			
Post-retirement benefits (Refer note 36)	**1.76**	1.44	1.29
Leave benefits	**9.52**	8.94	7.20
	11.28	10.38	8.49
Provision for sales returns	**119.41**	117.04	71.70
	130.69	127.42	80.19
	393.73	373.78	287.68

(i) Provision for sales returns :

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

Opening balance	**190.65**	129.05
Add: Provision made during the year	**137.56**	187.63
Less: Provision used during the year	**(121.69)**	(129.17)
Add / (Less): Translation exchange difference	**(3.25)**	3.14
Closing balance	**203.27**	190.65
Short-term provision	**119.41**	117.04
Long-term provision	**83.86**	73.61
Total	**203.27**	190.65

	As at 31-Mar-2017	(₹ in crores) As at 31-Mar-2016
(ii) 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.		
Opening balance	**20.58**	21.51
Add: Provision made / (used) during the year	**3.15**	0.03
Add / (Less): Translation exchange difference	**2.01**	(0.96)
Closing balance	**25.74**	20.58

	Year ended 31-Mar-2017	(₹ in crores) Year ended 31-Mar-2016
NOTE - 20 : INCOME TAXES		
(a) Expense / (benefit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**293.83**	652.65
Expense pertaining to prior years	**8.25**	0.25
Deferred tax:		
Deferred tax (benefit) / expense for current year	**(147.57)**	(42.73)
	154.51	610.17
(b) Expense / (benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	**3.85**	4.76
Equity instruments through other comprehensive income	**(0.02)**	-
Effective portion on gains and loss on hedging instruments in a cash flow hedge	**(54.54)**	24.12
	(50.71)	28.88
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	**1,088.09**	2,343.44
Enacted tax rate in India	**34.608%**	34.608%
Expected income tax expenses	**376.57**	811.02
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(144.37)**	(88.06)
Effect of income exempt from taxation	**(82.86)**	(94.99)
Recognition of previously unrecognised deferred tax asset (net)	**10.34**	5.33
Effect of expenses not deductible in determining taxable profit	**24.73**	(4.28)
Foreign exchange difference	**1.10**	(17.38)
Effect of difference between Indian tax rate and foreign tax rate	**(4.87)**	(0.20)
Others (net)	**(34.38)**	(1.52)
Adjusted income tax expenses	**146.26**	609.92
Effective Tax Rate	**13.44%**	26.03%

Amount of ₹ 26.99 crores pertains to deferred tax asset created on tax loss. The Group, based on future taxable income generation projections, expects to realise the same in future periods.

Amount of unused tax losses for which deferred tax asset not recognised is ₹ 10.05 crores as at 31-Mar-2017.

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
(d) Deferred tax relates to:			
Deferred tax liabilities :			
Depreciation, amortisation and impairment	**345.43**	269.61	220.67
Fair valuation of investments in mutual fund	**6.92**	6.57	0.30
Cash flow hedge reserve	**66.89**	12.35	36.47
Fair valuation of investment in equity instruments	**0.02**	-	-
	419.26	288.53	257.44
Deferred tax assets :			
Provision for employee benefit expense	**(51.13)**	(52.85)	(37.73)
Valuation of inventories	**(100.94)**	(76.92)	(19.16)
Provision for expenses	**(23.12)**	(18.00)	(11.21)
Provision for chargebacks	**(35.93)**	(65.69)	(21.00)
Allowance for doubtful trade receivables	**(26.44)**	(5.84)	(8.37)
Unrealized foreign exchange loss	**(1.02)**	7.79	(0.29)
Allowance for doubtful claim receivables	**(0.10)**	(0.02)	(0.01)
Tax losses of subsidiaries	**(26.99)**	(38.26)	(15.60)
MAT credit entitlement	**(257.50)**	(64.99)	(134.74)
Unrealised profit in inventory	**(104.56)**	(85.19)	(47.86)
	(627.73)	(399.97)	(295.97)
Deferred tax liabilities / (assets) net	**(208.47)**	(111.44)	(38.53)

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	**101.41**	171.75	228.21
Deferred tax assets	**309.88**	283.19	266.74
	(208.47)	(111.44)	(38.53)

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

(₹ in crores)

Year ended 31-Mar-2017	Opening balance 01-Apr-2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Foreign exchange difference	Closing balance as at 31-Mar-2017
Deferred tax liabilities / (assets) in relation to:						
Depreciation, amortisation and impairment	269.61	75.77	-	-	0.05	**345.43**
Fair valuation of investment in mutual fund	6.57	0.35	-	-	-	**6.92**
Cash flow hedge reserve	12.35	-	54.54	-	-	**66.89**
Fair valuation of investment in equity instruments	-	-	0.02	-	-	**0.02**
Provision for employee benefit expense	(52.85)	6.60	(3.85)	-	(1.03)	**(51.13)**
Valuation of inventories	(76.92)	(25.31)	-	-	1.29	**(100.94)**
Provision for expenses	(18.00)	(6.08)	-	-	0.96	**(23.12)**
Provision for chargebacks	(65.69)	29.42	-	-	0.34	**(35.93)**
Allowance for doubtful trade receivables	(5.84)	(20.59)	-	-	(0.01)	**(26.44)**
Unrealized foreign exchange loss	7.79	(9.27)	-	-	0.46	**(1.02)**
Allowance for doubtful claim receivables	(0.02)	(0.08)	-	-	-	**(0.10)**
Tax losses of subsidiaries	(38.26)	13.50	-	-	(2.23)	**(26.99)**
MAT credit entitlement	(64.99)	(192.51)	-	-	-	**(257.50)**
Unrealised profit in inventory	(85.19)	(19.37)	-	-	-	**(104.56)**
Deferred tax liabilities / (assets) net	**(111.44)**	**(147.57)**	**50.71**	**-**	**(0.17)**	**(208.47)**

(₹ in crores)

Year ended 31-Mar-2016	Opening balance 01-Apr-2015	Recognised in statement of profit and loss	Recognised in other comprehensive income	Acquired in business combination	Foreign exchange difference	Closing balance as at 31-Mar-2016
Deferred tax liabilities / (assets) in relation to:						
Depreciation, amortisation and impairment	220.67	49.75	-	(0.57)	(0.24)	269.61
Fair valuation of investment in mutual fund	0.30	6.27	-	-	-	6.57
Cash flow hedge reserve	36.47	-	(24.12)	-	-	12.35
Provision for employee benefit expense	(37.73)	(10.62)	(4.76)	(0.19)	0.45	(52.85)
Valuation of inventories	(19.16)	(57.57)	-	-	(0.19)	(76.92)
Provision for expenses	(11.21)	(6.03)	-	-	(0.76)	(18.00)
Provision for chargebacks	(21.00)	(43.40)	-	-	(1.29)	(65.69)
Allowance for doubtful trade receivables	(8.37)	2.55	-	-	(0.02)	(5.84)
Unrealized foreign exchange loss	(0.29)	8.08	-	-	0.00	7.79
Allowance for doubtful claim receivables	(0.01)	(0.01)	-	-	-	(0.02)
Tax losses of subsidiaries	(15.60)	(24.17)	-	-	1.51	(38.26)
MAT credit entitlement	(134.74)	69.75	-	-	-	(64.99)
Unrealised profit in inventory	(47.86)	(37.33)	-	-	-	(85.19)
Deferred tax liabilities / (assets) net	**(38.53)**	**(42.73)**	**(28.88)**	**(0.76)**	**(0.54)**	**(111.44)**

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr-2015
NOTE - 21 : TRADE PAYABLES			
Due to micro and small enterprises	**1.43**	1.88	1.18
Due to others	**2,296.44**	2,258.34	1,826.54
	2,297.87	2,260.22	1,827.72
NOTE - 22 : OTHER FINANCIAL LIABILITIES			
Non-Current			
Creditors for capital goods	**7.03**	9.43	6.53
Security deposits	**0.26**	0.18	0.13
Derivative financial instruments	**0.63**	-	0.90
	7.92	9.61	7.56
Current			
Current maturities of long-term debt (Refer note 18)	**269.30**	498.28	236.06
Creditors for capital goods	**76.90**	74.14	32.49
Interest accrued but not due on borrowings	**61.60**	47.09	17.65
Payables for employee benefits	**104.00**	91.63	73.81
Book overdraft	**16.83**	17.56	11.57
Unclaimed dividend	**3.44**	2.19	1.74
Trade deposits	**-**	0.13	0.13
Derivative financial instruments	**72.94**	19.01	9.87
Other payables	**9.46**	9.15	8.56
	614.47	759.18	391.88
	622.39	768.79	399.44
NOTE - 23 : OTHER LIABILITIES			
Non-Current			
Government grant	**0.01**	0.04	0.07
	0.01	0.04	0.07
Current			
Payables to statutory and other authorities	**45.31**	46.58	46.30
Trade advances	**9.81**	16.49	15.65
Government grant	**0.03**	0.03	0.03
	55.15	63.10	61.98
	55.16	63.14	62.05

	Year ended 31-Mar-2017	(₹ in crores) Year ended 31-Mar-2016
NOTE - 24 : REVENUE FROM OPERATIONS		
Sales		
Sales in India	**2,337.96**	2,235.75
Sales outside India	**3,375.44**	4,303.72
	5,713.40	6,539.47
Operating income		
Export benefits	**82.81**	122.36
Income from product registration dossiers	**6.91**	2.61
Compensation and settlement income	**30.47**	-
License income	**-**	0.33
Government grant income	**0.91**	0.03
Other operating income	**22.42**	22.13
	143.52	147.46
	5,856.92	6,686.93
NOTE - 25 : OTHER INCOME		
Interest income	**4.85**	6.00
Net gain on sale of investments	**73.06**	50.10
Gain on fair valuation of investment in mutual funds	**0.65**	18.46
Net foreign exchange gain	**144.31**	111.82
Provision no longer required, written back	**-**	35.48
Profit on sale of fixed assets	**-**	3.36
Other non-operating income	**0.43**	0.35
	223.30	225.57
NOTE - 26 : COST OF MATERIALS CONSUMED		
Raw materials	**1,018.33**	901.41
Packing materials	**162.00**	145.14
	1,180.33	1,046.55
NOTE - 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening stock		
Finished goods	**387.81**	371.07
Work-in-progress	**153.45**	135.75
Stock-in-trade	**267.80**	154.47
	809.06	661.29
Less : Closing stock		
Finished goods	**547.65**	387.81
Work-in-progress	**137.79**	153.45
Stock-in-trade	**263.35**	267.80
	948.79	809.06
Net (increase) / decrease in stock	**(139.73)**	(147.77)

(₹ in crores)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
NOTE - 28 : EMPLOYEE BENEFITS EXPENSE		
[Other than those included in pre-operative expenses]		
Salaries, wages and bonus	**849.69**	720.66
Contribution to provident and other funds	**94.43**	81.16
Gratuity and other retirement benefit cost	**14.68**	10.76
Staff welfare expenses	**34.61**	29.77
	993.41	842.35
NOTE - 29 : FINANCE COSTS		
[Other than those included in pre-operative expenses]		
Interest expenses	**202.91**	183.32
Other borrowing cost	**2.65**	0.66
	205.56	183.98
NOTE - 30 : DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE		
[Other than those included in pre-operative expenses]		
Depreciation of tangible assets	**133.30**	83.94
Amortisation of intangible assets	**160.11**	153.61
Impairment of intangible assets	**13.51**	-
	306.92	237.55
NOTE - 31 : OTHER EXPENSES		
[Other than those included in pre-operative expenses]		
Selling, publicity and medical literature expenses	**567.70**	547.05
Laboratory goods and testing expenses	**201.85**	96.33
Power and fuel	**107.98**	92.59
Travelling, conveyance and vehicle expenses	**92.74**	106.26
Stores and spares consumed	**96.91**	72.12
Allowance for doubtful trade receivables (net of bad debts written off)	**16.27**	(3.23)
Compensation expenses	**22.43**	121.76
Professional and legal fees	**88.84**	63.48
Cost of outsourced manpower	**41.40**	39.86
Excise duties	**41.23**	20.08
Auditors remuneration and expenses (Refer note 33)	**3.90**	3.06
Donation	**16.13**	15.43
Corporate social responsibility expenses	**27.06**	16.13
Commission to non-executive directors	**9.11**	15.61
General charges	**361.03**	327.75
	1,694.58	1,534.28

NOTE - 32 : EARNINGS PER SHARE

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

		Year ended 31-Mar-2017	Year ended 31-Mar-2016
Net profit for the year [a]	(₹ in crores)	**933.55**	1,733.24
Weighted average number of equity shares [b]	(Nos.)	**169,222,720**	169,222,720
EPS (basic and diluted) [a] / [b]	₹	**55.17**	102.42
Nominal value per equity share	₹	**5.00**	5.00

	Year ended 31-Mar-2017	(₹ in crores) Year ended 31-Mar-2016
NOTE - 33 : AUDITOR'S REMUNERATION		
(a) As audit fees		
Statutory audit fees	**3.12**	2.69
(b) For quarterly limited reviews of subsidiaries financials	**0.24**	0.24
(c) For other services	**0.47***	0.05
(d) For reimbursement of expenses	**0.07**	0.08
	3.90	3.06

* includes payment towards Ind AS transition and IFC.

NOTE - 34 : BUSINESS COMBINATIONS AND ACQUISITIONS

(a) The Company on 3rd September 2016 acquired API manufacturing unit of Glochem Industries at Vizag on a going concern slump sales basis. The acquisition has been accounted for using the acquisition method of accounting.

Particulars	₹ in crores
Fair value of net assets acquired	65.70
Add : Intangibles identified on acquisition	29.46
	95.16
Less : Purchase consideration	129.78
Goodwill	**34.62**

(b) 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 in scheme of amalgamation approved by High Court of Gujarat. 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 pursuant to the said scheme of amalgamation approved by the Honourable High Court of Gujarat vide its order dated February 11, 2016 and disclosed as exception item in statement of profit and loss. Investment represents purchase price and profit of ₹ 0.81 crores for the period 17th July, 2015 to 30th September, 2015.

NOTE - 35 : 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-2017	(₹ in crores) Year ended 31-Mar-2016
Not later than 1 year	**3.20**	2.68
Later than 1 year and not later than 5 years	**8.84**	11.51
Total	**12.04**	14.19

Lease rentals on the above lease amounting to ₹ 2.37 crores (previous year ₹ 2.59 crores) are charged to statement of profit and loss.

NOTE - 36 : DEFINED BENEFIT PLANS

The accruing liability on account of retirement benefit plans (in the nature of defined benefits plan) is accounted as per Ind-AS 19 "Employee Benefits".

General description of the plan :

(i) Gratuity: The Company operates a defined benefit plan (the gratuity plan) covering eligible employees in India, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employees salary and the tenure of employment.

(ii) Pension: Employees pension benefit plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called "Monsanto Pension Plan 2000". It is a defined benefit plan (the pension plan) which provides pension benefits to eligible employees post retirement.

(iii) Retirement Benefit Plan: Philippines subsidiary has a non-contributory defined benefit retirement plan covering all of its regular employees. The benefits are based on respective employee's salary and the tenure of employment.

(iv) Retirement Benefit and Seniority Premium Plan: The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labor laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

(₹ in crores)

		Year ended 31-Mar-2017				Year ended 31-Mar-2016			
		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	**102.96**	**76.14**	**2.21**	**0.90**	79.22	69.30	2.04	1.05
	Current service cost	**11.97**	**0.49**	**0.46**	**0.40**	9.63	0.49	0.41	0.26
	Interest cost	**8.03**	**1.42**	**0.12**	**0.06**	6.32	1.35	0.10	0.07
	Actuarial (gains) / losses	**16.39**	**0.48**	**0.01**	**0.14**	13.09	(1.51)	(0.41)	(0.19)
	Liability transferred in / acquisitions	**0.60**	**-**	**-**	**-**	0.09	-	-	-
	Liability transferred out / divestments	**(0.44)**	**-**	**-**	**-**	-	-	-	-
	Benefits paid directly by the employer	**(0.12)**	**(1.36)**	**-**	**(1.17)**	(0.05)	(1.29)	-	-
	Benefits paid from the fund	**(6.45)**	**-**	**-**	**-**	(5.34)	-	-	-
	Past service cost	**-**	**-**	**-**	**-**	-	-	-	0.01
	Curtailments / settlements	**-**	**-**	**-**	**0.72**	-	-	-	(0.23)
	Translation exchange difference	**-**	**(5.96)**	**(0.29)**	**(0.07)**	-	7.80	0.07	(0.07)
	Obligations at the end of the year	**132.94**	**71.21**	**2.51**	**0.98**	102.96	76.14	2.21	0.90
(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	**86.50**	**-**	**-**	**-**	74.65	-	-	-
	Assets transferred in / acquisitions	**1.10**	**-**	**-**	**-**	-	-	-	-
	Interest income	**6.72**	**-**	**-**	**-**	5.97	-	-	-
	Return on plan assets, excluding interest income	**5.29**	**-**	**-**	**-**	(2.54)	-	-	-
	Contributions	**21.00**	**-**	**-**	**-**	13.75	-	-	-
	Benefits paid	**(6.45)**	**-**	**-**	**-**	(5.33)	-	-	-
	Plan assets at the end of the year, at fair value	**114.16**	**-**	**-**	**-**	86.50	-	-	-
	Actual return on plan assets	**12.01**	**-**	**-**	**-**	3.44	-	-	-
(c)	**Expense recognised in the statement of profit and loss for the year :**								
	Current service cost	**11.97**	**0.49**	**0.46**	**0.40**	9.63	0.49	0.41	0.26
	Net interest on net defined benefit liability / (asset)	**1.31**	**1.42**	**0.12**	**0.06**	0.35	1.35	0.10	0.07
	Net gratuity and other retirement benefit cost	**13.28**	**1.91**	**0.58**	**0.46**	9.98	1.84	0.51	0.33

(₹ in crores)

		Year ended 31-Mar-2017				Year ended 31-Mar-2016			
		Gratuity	**Pension**	**Retirement Benefit Plan**	**Retirement Benefit and Seniority Premium Plan**	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(d)	**Expense recognised in other comprehensive Income for the year :**								
	Actuarial (gains) / losses	**16.39**	**0.48**	**0.01**	**0.14**	13.09	(1.51)	(0.41)	(0.19)
	Return on plan assets, excluding interest income	**(5.29)**	**-**	**-**	**-**	2.54	-	-	-
		11.10	**0.48**	**0.01**	**0.14**	15.63	(1.51)	(0.41)	(0.19)
(e)	**Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :**								
	Obligations at the end of the year	**132.94**	**71.21**	**2.51**	**0.98**	102.96	76.14	2.21	0.90
	Plan assets at the end of the year, at fair value	**114.16**	**-**	**-**	**-**	86.50	-	-	-
	Liability recognised in balance sheet	**18.78**	**71.21**	**2.51**	**0.98**	16.46	76.14	2.21	0.90
(f)	**Remeasurement of net defined benefit liability / (asset) :**								
	Actuarial (gains) / losses :								
	Changes in demographic assumptions	**-**	**-**	**-**	**-**	-	-	(0.29)	-
	Changes in financial assumptions	**5.17**	**1.84**	**-**	**(0.05)**	1.25	(1.94)	-	(0.01)
	Experience adjustments	**11.22**	**(1.36)**	**0.01**	**0.19**	11.84	0.44	(0.12)	(0.18)
	Remeasurement of defined benefit liability	**16.39**	**0.48**	**0.01**	**0.14**	13.09	(1.51)	(0.41)	(0.19)
	Remeasurement of return on plan assets	**(5.29)**	**-**	**-**	**-**	2.54	-	-	-
	Total	**11.10**	**0.48**	**0.01**	**0.14**	15.63	(1.51)	(0.41)	(0.19)
(g)	**Expected contribution for the next year:**	**25.74**	**1.76**	**-**	**0.26**	20.85	1.65	-	0.23
(h)	**Assumptions:**								
	Discount rate	**7.22%**	**1.85%**	**5.25%**	**9.00%**	7.80%	2.00%	5.25%	8.00%
	Salary escalation rate	**10.00%**	**2.50%**	**6.00%**	**3.50%**	10.00%	2.50%	6.00%	4.50%
	Weighted average duration of defined benefit obligation	**8 years**	**17.50 years**	**18.16 years**	**4.4 years**	8 years	17.80 years	18.87 years	4.15 years

Expected long term productivity gains & long term risk-free real rate of interest have been used as guiding factors to determine long term salary growth.

For gratuity plan, future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(i) Sensitivity Analysis for each significant actuarial assumption :

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crores)

	Year ended 31-Mar-2017				Year ended 31-Mar-2016			
	Gratuity	**Pension**	**Retirement Benefit Plan**	**Retirement Benefit and Seniority Premium Plan**	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
Impact of increase in discount rate by 1%	**(8.68)**	**(10.82)**	**(0.38)**	**(0.04)**	(6.58)	(11.71)	(0.35)	(0.04)
Impact of decrease in discount rate by 1%	**9.90**	**13.96**	**0.47**	**0.04**	7.49	15.18	0.43	0.05
Impact of increase in salary escalation rate by 1%	**9.54**	**0.35**	**0.46**	**0.04**	7.26	0.41	0.43	0.05
Impact of decrease in salary escalation rate by 1%	**(8.54)**	**(0.33)**	**(0.38)**	**(0.04)**	(6.51)	(0.36)	(0.35)	(0.04)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(j) Investment details of plan assets (Gratuity) :

The plan assets are managed by Insurance Company viz Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited which has invested the funds substantially as under :

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016
Equity instruments	**14.58%**	17.36%
Corporate bonds	**53.32%**	42.59%
Government securities	**22.02%**	34.81%
Fixed deposits with banks	**2.45%**	0.39%
Other current assets	**7.63%**	4.85%

(k) Maturity profile :

The defined benefit obligations shall mature after year ended March 31, 2017 as follows:

(₹ in crores)

	Undiscounted values			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
1st following year	13.21	1.76	-	0.23
2nd following year	11.42	1.95	-	0.22
3rd following year	11.84	2.04	-	0.22
4th following year	15.16	2.11	0.28	0.22
Thereafter	71.00	15.28	1.15	1.53

(l) Asset-liability matching strategies :

In respect of gratuity plan, Company contributes to the insurance fund based on estimated liability of the next financial year end. The projected liability statement is obtained from the actuarial valuer.

NOTE - 37 : SEGMENT REPORTING

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker [CODM] to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Generic Formulation Business is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance.

Entity - wide disclosures :

(i) Revenues from external customers :

(₹ in crores)

	Year ended 31-Mar-17	Year ended 31-Mar-16
India	**2,348.17**	2,249.87
Outside India		
USA	**1,345.55**	2,671.47
Germany	**811.41**	648.96
Brazil	**700.07**	505.96
Other countries	**651.72**	610.67
Total	**5,856.92**	6,686.93

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

(ii) Non-current assets :

	As at 31-Mar-2017	As at 31-Mar-2016
		(₹ in crores)
India	**4,112.02**	3,780.00
Outside India :		
USA	**82.86**	91.98
Germany	**48.73**	44.60
Brazil	**24.33**	24.06
Other countries	**55.61**	75.27
Total	**4,323.55**	4,015.91

Non-current assets include property, plant and equipment, intangible assets, capital advances and pre-paid expenses. It is allocated based on the geographic location of the respective assets.

(iii) Major customers :

The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended 31-Mar-2017 and 31-Mar-2016.

NOTE - 38 : FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

The carrying value and fair value of financial instruments by category is as follows :

(₹ in crores)

	As at 31-Mar-2017		As at 31-Mar-2016	
	Fair Value	**Carrying Value**	Fair Value	Carrying Value
Financial Assets :				
Amortised cost :				
Cash and cash equivalents	**282.57**	**282.57**	284.28	284.28
Bank deposits other than cash and cash equivalents	**611.15**	**611.15**	362.75	362.75
Trade receivables	**1,344.19**	**1,344.19**	1,445.09	1,445.09
Loans	**4.31**	**4.31**	2.82	2.82
Investments	**15.04**	**15.04**	14.01	14.01
Other financial assets	**80.22**	**80.22**	25.77	25.77
Fair value through other comprehensive income :				
Derivative instruments designated as cash flow hedge	**193.29**	**193.29**	35.68	35.68
Investments in equity instruments	**0.16**	**0.16**	0.09	0.09
Fair value through profit or loss :				
Investments in mutual funds	**788.44**	**788.44**	765.58	765.58
Derivative instruments	**165.32**	**165.32**	73.13	73.13
Total	**3,484.69**	**3,484.69**	3,009.20	3,009.20
Financial liabilities :				
Amortised cost :				
Borrowings	**2,510.13**	**2,510.13**	2,351.68	2,351.68
Trade payables	**2,297.87**	**2,297.87**	2,260.22	2,260.22
Other financial liabilities	**279.52**	**279.52**	251.50	251.50
Fair value through profit or loss :				
Derivative instruments	**73.57**	**73.57**	19.01	19.01
Total	**5,161.09**	**5,161.09**	4,882.41	4,882.41

Fair value hierarchy :

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

(₹ in crores)

As at 31-Mar-2017	Level 1	Level 2	Level 3	Total
Financial Assets :				
Mutual funds	788.44	-	-	788.44
Equity shares	0.08	-	0.08	0.16
Derivative financial assets	-	358.61	-	358.61
Total	788.52	358.61	0.08	1,147.21
Financial Liabilities :				
Derivative financial liabilities	-	73.57	-	73.57
Total	-	73.57	-	73.57
Net assets / (liabilities)	788.52	285.04	0.08	1,073.64

(₹ in crores)

As at 31-Mar-2016	Level 1	Level 2	Level 3	Total
Financial Assets :				
Mutual funds	765.58	-	-	765.58
Equity shares	0.01	-	0.08	0.09
Derivative financial assets	-	108.81	-	108.81
Total	765.59	108.81	0.08	874.48
Financial Liabilities :				
Derivative financial liabilities	-	19.01	-	19.01
Total	-	19.01	-	19.01
Net assets / (liabilities)	765.59	89.80	0.08	855.47

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds : The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments : Equity investments traded in an active market determined by reference to their quoted market prices. Other equity investments where quoted prices are not available, fair values are determined by reference to the expected discounted cash flows from the underlying net assets or current market value of net assets.

Derivative instruments : For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

(ii) Derivative financial instruments

Cash flow hedges :

Derivatives are taken to cover foreign exchange risk of highly probable forecasted sales transactions occurring in foreign currencies and foreign currency borrowings. The following are outstanding derivative contracts designated as cash flow hedges :

Currency	Nature of derivative contracts	Buy / Sell	Net Position (Amount in crores)		Fair value Gain / (Loss) (₹ in crores)	
			31-Mar-2017	31-Mar-2016	**31-Mar-2017**	31-Mar-2016
USD	Forward contracts	Sell	**41.19**	38.97	**182.52**	40.86
EUR	Forward contracts	Sell	**6.29**	5.16	**17.97**	(9.46)
GBP	Forward contracts	Sell	**0.64**	0.63	**2.53**	3.97
MXN	Forward contracts	Sell	**1.54**	2.11	**(0.66)**	0.31
USD	Cross Currency Interest Rate Swaps	Buy	**4.50**	-	**(9.07)**	-
					193.29	35.68
Less : Deferred tax					**66.90**	12.35
Balance in cash flow hedge reserve					**126.39**	23.33

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

(₹ in crores)

Particulars	**Year ended 31-Mar-2017**	Year ended 31-Mar-2016
Balance at the beginning of the year	**23.33**	68.91
(Gain) / losses reclassified to profit or loss	**(187.16)**	(46.22)
Deferred tax on (gains) / losses reclassified to profit or loss	**64.78**	16.00
Change in the fair value of effective portion of cash flow hedges	**344.77**	(23.49)
Deferred tax on fair value of effective portion of cash flow hedges	**(119.33)**	8.13
Balance at the end of the year	**126.39**	23.33

(iii) Financial risk management

The Group's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk refers to the possibility that changes in the market rates may have impact on the Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

a1 Foreign currency exchange rate risk :

The Group's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Since a major part of the Group's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Group's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Group hedges trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The parent company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

As at 31-Mar-2017	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	**31.79**	**122.66**	**50.83**	**205.28**
Trade receivables	**611.53**	**272.21**	**306.25**	**1,189.99**
Bank deposits other than cash and cash equivalents	**-**	**611.14**	**-**	**611.14**
Other assets	**35.95**	**47.42**	**26.24**	**109.61**
Total	**679.27**	**1,053.43**	**383.32**	**2,116.02**
Liabilities :				
Borrowings	**766.93**	**-**	**-**	**766.93**
Trade payables	**530.88**	**1,245.21**	**64.31**	**1,840.40**
Other liabilities	**57.98**	**12.71**	**66.53**	**137.22**
Total	**1,355.79**	**1,257.92**	**130.84**	**2,744.55**
Net assets / (liabilities)	**(676.52)**	**(204.49)**	**252.48**	**(628.53)**

(₹ in crores)

As at 31-Mar-2016	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	26.04	90.72	65.87	182.63
Trade receivables	798.47	260.80	242.53	1,301.80
Bank deposits other than cash and cash equivalents	-	362.74	-	362.74
Other assets	31.77	12.06	19.24	63.07
Total	856.28	726.32	327.64	1,910.24
Liabilities :				
Borrowings	621.92	-	-	621.92
Trade payables	613.62	1,025.33	63.66	1,702.61
Other liabilities	58.13	9.26	31.77	99.16
Total	1,293.67	1,034.59	95.43	2,423.69
Net assets / (liabilities)	(437.39)	(308.27)	232.21	(513.45)

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

With respect to the Group's derivative financial instruments which is in the form of forward contracts and currency swap, a 5% increase / decrease in relation to USD & EUR of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 27.12 crores (₹ 55.99 crores) in the Group's net profit and ₹ 143.18 crores (₹ 153.08 crores) in cash flow hedge reserve from such contracts as at 31-Mar-2017 and 31-Mar-2016 respectively.

With respect to the parent company's non-derivative financial instruments, a 5% increase / decrease in relation to USD & EUR on the underlying would have resulted in increase /decrease of ₹ 6.10 crores (₹ 11.23 crores) in the Group's net profit for the year ended 31-Mar-2017 and 31-Mar-2016 respectively. With respect to the subsidiary's non-derivative financial instruments, a 5% increase / decrease in relation to the underlying currency would have resulted in increase /decrease of ₹ 28.26 crores (₹ 25.32 crores) in the Group's foreign currency translation reserve at 31-Mar-2017 and 31-Mar-2016 respectively.

a2 Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group is exposed to fluctuations in interest rates in respect of foreign currency loans and rupee loans carrying a floating rate of interest.

In respect of foreign currency loans, the Group has outstanding borrowing of USD 123.33 millions. As per the Group's risk management policy to minimize the interest rate cash flow risk exposure on foreign currency long term borrowings, interest rate swaps are taken to convert the variable interest rate risk into rupee fixed interest rate. Therefore there is no interest rate risks associated on such foreign currency loans taken by the parent company. An amount of USD 10 million borrowing at US subsidiary is at a floating rate of interest. Since the borrowing at floating rate of interest both on account of rupee loans and USD loan at subsidiary is not significant, interest rate sensitivity has not been performed.

(b) Credit risk :

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consist of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group does not have significant concentration of credit risk related to trade receivables. There are 2 customers with outstanding balances of more than 10% of outstanding accounts receivable as of 31-Mar-2017 and 31-Mar-2016.

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

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 3,484.23 crores and ₹ 3,008.91 crores as at 31-Mar-2017 and 31-Mar-2016, respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments and such financial assets are of good credit quality including those that are past due.

(c) Liquidity risk :

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

As at 31-Mar-2017	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	**2,297.87**	**-**	**-**	**-**	**2,297.87**
Borrowings*	**269.30**	**646.78**	**1,593.82**	**12.00**	**2,521.90**
Other financial liabilities	**272.23**	**7.29**	**-**	**-**	**279.52**
Derivative financial liabilities	**72.94**	**0.63**	**-**	**-**	**73.57**
Total	**2,912.34**	**654.70**	**1,593.82**	**12.00**	**5,172.86**

(₹ in crores)

As at 31-Mar-2016	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
Trade payables	2,260.22	-	-	-	2,260.22
Borrowings*	498.28	381.91	1260.15	221.62	2,361.96
Other financial liabilities	241.89	9.61	-	-	251.50
Derivative financial liabilities	19.01	-	-	-	19.01
Total	3,019.40	391.52	1,260.15	221.62	4,892.69

*Excluding amortised cost adjustment.

(iv) Capital management

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group's objective for capital management is to maintain the capital structure which will support the Group's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

NOTE - 39 : RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Trust setup 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	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16	**2016-17**	2015-16
Sale of finished goods	**-**	-	**(0.08)**	0.11	**-**	-	**-**	-	**-**	-	**(0.08)**	0.11
Purchase of material, consumables etc	**-**	-	**-**	-	**-**	-	**-**	-	**-**	0.68	**-**	0.68
Remuneration to key management personnel	**-**	-	**-**	-	**-**	-	**28.22**	31.35	**-**	-	**28.22**	31.35
Contribution to Gratuity / Superannuation funds	**31.72**	28.22	**-**	-	**-**	-	**-**	-	**-**	-	**31.72**	28.22
Advance given	**1.45**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1.45**	-
Lease rent paid	**-**	-	**1.54**	1.06	**-**	-	**-**	-	**-**	-	**1.54**	1.06
Services received	**-**	-	**16.54**	21.12	**-**	-	**-**	-	**-**	-	**16.54**	21.12
Commission & interest paid to carrying & forwarding agents	**-**	-	**-**	-	**-**	-	**-**	-	**1.13**	2.16	**1.13**	2.16
CSR Expenses	**-**	-	**-**	-	**25.31**	15.00	**-**	-	**-**	1.00	**25.31**	16.00
Interest income	**-**	-	**0.05**	0.06	**-**	-	**-**	-	**-**	-	**0.05**	0.06
Expenses reimbursement	**-**	-	**-**	-	**-**	-	**-**	-	**-**	0.10	**-**	0.10
Purchase of fixed assets	**-**	-	**0.07**	0.67	**-**	-	**-**	-	**-**	-	**0.07**	0.67
Equity contribution	**-**	-	**-**	-	**-**	0.03	**-**	-	**-**	-	**-**	0.03
Deposits given	**-**	-	**0.17**	-	**-**	-	**-**	-	**-**	-	**0.17**	-
Recovery of expenses	**-**	-	**-**	-	**-**	-	**-**	-	**-**	0.01	**-**	0.01
Transfer value of employees (net)	**-**	-	**0.34**	-	**-**	-	**-**	-	**-**	-	**0.34**	-
(B) Balances at the end of the year	**31-Mar-17**	**31-Mar-16**	**31-Mar-17**	**31-Mar-16**	**31-Mar-17**	**31-Mar-16**	**31-Mar-17**	**31-Mar-16**	**31-Mar-17**	**31-Mar-16**	**31-Mar-17**	**31-Mar-16**
Trade receivables	**-**	-	**0.06**	0.07	**-**	-	**-**	-	**-**	-	**0.06**	0.07
Advances recoverable	**-**	-	**2.22**	2.04	**-**	-	**-**	-	**-**	-	**2.22**	2.04
Investments in equities	**-**	-	**-**	-	**0.06**	0.06	**-**	-	**-**	-	**0.06**	0.06
Trade & services payables	**-**	-	**1.45**	0.82	**-**	-	**-**	-	**-**	0.17	**1.45**	0.99
Other payables	**-**	-	**-**	-	**-**	-	**23.20**	26.70	**-**	-	**23.20**	26.70

Name of holding Company :

Holding Company	Torrent Private Limited

(C) Remuneration to Key Management Personnel :

(₹ in crores)

	Year ended 31-Mar-2017	Year ended 31-Mar-2016
Salaries and other benefits	**4.88**	4.16
Contribution to defined contribution plan	**0.36**	0.31
Commission	**22.98**	26.88
Total	**28.22**	31.35

NOTE - 40 : COMMITMENTS AND CONTINGENCIES

(₹ in crores)

	As at 31-Mar-2017	As at 31-Mar-2016
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**282.46**	246.01
Contingent liabilities:		
Claims against the Group not acknowledged as debts		
Disputed demand of income tax for which appeals have been preferred	**3.39**	5.21
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**10.44**	9.29
Disputed demand of excise and service tax	**90.05**	74.98
Disputed demand of local sales tax and C.S.T	**0.99**	0.75
Disputed cases at labour court / industrial court	**3.90**	4.79
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.40**	0.40
	109.17	95.42

Against the claims not acknowledged as debts, the Group has paid ₹ 0.23 crores (previous year ₹ 0.13 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 - 41 : PROPOSED DIVIDEND

The Board of Directors in their meeting held on 26-May-2017, proposed a final equity dividend of ₹ 4.00 per equity share of ₹ 5.00 each fully paid up for the year 2016-17. The aggregate amount of final equity dividend proposed to be distributed is ₹ 81.47 crores including dividend distribution tax of ₹ 13.78 crores.

NOTE - 42

The consolidated financial statements for the year ended 31-Mar-2017 were approved for issue by the Board of Directors on 26-May-2017.

NOTE - 43 :

(A) FORM AOC-1 : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / JOINT VENTURES PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 :

Part "A": Subsidiaries (₹ in crores)

Sr. No.	Name of the subsidiary	Date of acquisition	Reporting currency	Exchange Rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation
1	Zao Torrent Pharma	Not Applicable	Rouble	1.1501	0.27	26.60	40.38	13.51	-	59.77	2.60	0.74	1.86
2	Torrent Do Brasil Ltda.	31.05.2001	Reais	20.4641	39.18	(43.42)	456.76	461.00	-	694.34	46.71	21.17	25.54
3	Torrent Pharma Gmbh	Not Applicable	Euro	69.2476	0.17	(0.11)	79.73	79.67	40.58	18.09	0.53	17.79	(17.26)
4	Torrent Pharma Inc.	Not Applicable	USD	64.8386	7.78	108.99	828.66	711.89	-	1,263.91	10.74	4.11	6.63
5	Torrent Pharma Philippines Inc.	Not Applicable	Pesos	1.2918	4.98	17.84	80.72	57.90	-	98.78	16.73	5.13	11.60
6	Laboratorios Torrent, S.A. De C.V.	Not Applicable	Mxn$	3.4658	25.90	(16.45)	18.68	9.23	-	29.68	(3.64)	-	(3.64)
7	Torrent Australasia Pty Ltd	Not Applicable	Au$	49.5626	0.43	(0.21)	0.22	-	-	0.18	0.02	-	0.02
8	Torrent Pharma (Thailand) Co., Ltd.	Not Applicable	THB	1.887	1.77	(1.46)	0.46	0.15	-	-	(0.30)	-	(0.30)
9	Torrent Pharma S.R.L.	Not Applicable	RON	15.2156	6.31	(94.69)	34.63	123.01	-	51.53	(59.62)	-	(59.62)
10	Torrent Pharma (UK) Ltd	Not Applicable	GBP	80.8797	1.82	(18.77)	75.91	92.86	7.53	47.87	(11.62)	1.71	(13.33)
11	Laboratories Torrent (Malaysia) SDN.BHD.	Not Applicable	MYR	14.6528	0.73	0.92	12.84	11.19	-	24.01	1.63	0.33	1.30
12	Torrent Pharma France S.A.S.	19.06.2013	Euro	69.2476	-	(2.16)	1.76	3.92	-	1.23	3.46	-	3.46
13	Heumann Pharma Gmbh & Co. Generica KG	03.07.2005	Euro	69.2476	0.08	163.33	1,172.68	1,009.27	-	677.19	104.53	17.97	86.56
14	Heunet Pharma Gmbh	Not Applicable	Euro	69.2476	0.17	9.02	397.00	387.81	-	174.10	8.88	1.99	6.89
15	Norispharm Gmbh	Not Applicable	Euro	69.2476	0.17	(0.17)	0.15	0.15	-	0.18	-	-	-
16	Aptil Pharma Limited	29.04.2014	GBP	80.8797	-	(11.37)	33.70	45.07	-	-	(2.02)	1.87	(3.89)
17	Torrent Pharmaceuticals (Sikkim)	Not Applicable	INR	1.0000	16.55	-	16.57	0.02	16.12	-	1.08	0.19	0.88

Note : i. Proposed dividend is Nil in each subsidiary
ii. % of shareholding in all subsidiaries either directly or through its subsidiaries is 100%, except in case of Torrent Pharmaceuticals (Sikkim), where the% shareholding is 97%.
iii. Torrent Pharma France S.A.S., Aptil Pharma Limited, Torrent Australasia Pty Ltd & Torrent Pharma (Thailand) Co., Ltd. are yet to commence their operations.

Part "B": Associates and Joint Ventures (₹ in crores)

Sr. No.	Name of Associates or Joint Venture	Date of acquisition	Latest Audited Balance Sheet Date	Shares of Associate or Joint Venture held by the company			Description of how there is significant influence	Reason why the Joint Venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
				No. of shares	Amount of investment	Extend of Holding %				Considered in Consolidation	Not considered in Consolidation
1	Tornascent Care Institute	Not Applicable	-	25,000	0.03	50%	-	Refer Note (B) below	-	-	-
2	UNM Foundation	Not Applicable	-	25,000	0.03	50%	-	Refer Note (B) below	-	-	-

(B) Tornascent Care Institute (TCI) and UNM Foundation (UNM) are companies incorporated under Section 8 of the Companies Act, 2013 and these companies are prohibited to give any right over their profits to the members. In view of restrictions on Section 8 companies, the parent Company's proportionate share in TCI and UNM has not been considered in consolidated financial statement.

(C) 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 second and fourth Saturdays, Sundays and public holidays upto and including the date of Annual General Meeting of the Company.

NOTE - 44 : ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

(a) As at and for the year ended 31-Mar-2017

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹ in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	78.10%	3,398.20	89.22%	833.07	75.97%	95.85	87.66%	928.92
Subsidiaries								
Indian								
Torrent Pharmaceuticals (Sikkim)	0.37%	16.05	0.10%	0.89	-	-	0.08%	0.89
Foreign								
Zao Torrent Pharma	0.85%	36.80	0.36%	3.32	1.69%	2.13	0.51%	5.45
Torrent Do Brasil Ltda.	7.13%	310.41	4.47%	41.69	(9.50%)	(11.98)	2.80%	29.71
Torrent Pharma Gmbh	(0.17%)	(7.56)	(1.94%)	(18.13)	2.28%	2.87	(1.44%)	(15.26)
Torrent Pharma Inc.	10.77%	468.39	0.59%	5.52	9.28%	11.71	1.63%	17.23
Torrent Pharma Philippines Inc.	1.17%	50.78	1.30%	12.12	(0.55%)	(0.70)	1.08%	11.42
Laboratorios Torrent, S.A. De C.V.	0.30%	13.21	(0.41%)	(3.86)	(1.01%)	(1.28)	(0.49%)	(5.14)
Torrent Australasia Pty Ltd	0.00%	0.06	0.00%	0.03	-	-	0.00%	0.03
Torrent Pharma S.R.L.	(0.08%)	(3.44)	(1.81%)	(16.89)	5.39%	6.80	(0.95%)	(10.09)
Torrent Pharma (UK) Ltd	0.63%	27.42	(1.83%)	(17.04)	4.26%	5.38	(1.10%)	(11.66)
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.31	(0.03%)	(0.31)	-	-	(0.03%)	(0.31)
Laboratories Torrent (Malaysia) SDN.BHD.	0.23%	9.87	0.13%	1.22	0.38%	0.48	0.16%	1.70
Torrent Pharma France S.A.S.	(0.08%)	(3.37)	0.36%	3.35	0.46%	0.58	0.37%	3.93
Heumann Pharma Gmbh & Co. Generica KG	(1.53%)	(66.37)	9.19%	85.83	8.46%	10.67	9.11%	96.50
Heunet Pharma Gmbh	1.20%	51.99	0.73%	6.79	1.72%	2.17	0.85%	8.96
Norispharm Gmbh	(0.00%)	(0.11)	(0.00%)	(0.02)	0.01%	0.01	(0.00%)	(0.01)
Aptil Pharma Limited	1.09%	47.49	(0.43%)	(4.03)	1.16%	1.46	(0.24%)	(2.57)
Minority interests in all subsidiaries	0.01%	0.49	0.00%	0.03	-	-	0.00%	0.03
Total	**100.00%**	**4,350.62**	**100.00%**	**933.58**	**100.00%**	**126.15**	**100.00%**	**1,059.73**

(b) As at and for the year ended 31-Mar-2016

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹ in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	79.64%	2,783.03	97.27%	1,685.80	5.86%	(2.46)	99.54%	1,683.34
Subsidiaries								
Indian								
Torrent Pharmaceuticals (Sikkim)	0.43%	15.20	0.07%	1.19	-	-	0.07%	1.19
Zyg Pharma Private Limited	-	-	0.05%	0.81	-	-	0.05%	0.81
Foreign								
Zao Torrent Pharma	0.68%	23.89	0.11%	1.87	3.34%	(1.40)	0.03%	0.47
Torrent Do Brasil Ltda.	8.06%	281.63	(3.33%)	(57.68)	(19.93%)	8.36	(2.92%)	(49.32)
Torrent Pharma Gmbh	0.07%	2.53	(0.62%)	(10.83)	5.05%	(2.12)	(0.77%)	(12.95)
Torrent Pharma Inc.	9.18%	320.64	5.51%	95.51	67.06%	(28.13)	3.98%	67.38
Torrent Pharma Philippines Inc.	1.06%	36.95	0.79%	13.74	(0.41%)	0.17	0.82%	13.91
Laboratorios Torrent, S.A. De C.V.	0.49%	17.18	(0.13%)	(2.20)	2.38%	(1.00)	(0.19%)	(3.20)
Torrent Australasia Pty Ltd	0.01%	0.18	0.00%	0.00	(0.02%)	0.01	0.00%	0.01
Torrent Pharma Canada Inc.	-	-	0.06%	1.12	0.07%	(0.03)	0.06%	1.09
Torrent Pharma S.R.L.	2.29%	80.00	(1.21%)	(20.96)	12.09%	(5.07)	(1.54%)	(26.03)
Torrent Pharma (UK) Ltd	0.98%	34.38	(0.43%)	(7.39)	(0.60%)	0.25	(0.42%)	(7.14)
Torrent Pharma (Thailand) Co., Ltd.	0.02%	0.62	(0.01%)	(0.25)	0.05%	(0.02)	(0.02%)	(0.27)
Laboratories Torrent (Malaysia) SDN.BHD.	0.27%	9.33	(0.05%)	(0.79)	(0.07%)	0.03	(0.04%)	(0.76)
Torrent Pharma France S.A.S.	0.29%	9.98	(0.27%)	(4.74)	0.81%	(0.34)	(0.30%)	(5.08)
Heumann Pharma Gmbh & Co. Generica KG	(5.82%)	(203.39)	2.04%	35.43	19.26%	(8.08)	1.62%	27.35
Heunet Pharma Gmbh	0.81%	28.28	0.12%	2.01	4.58%	(1.92)	0.01%	0.09
Norispharm Gmbh	0.01%	0.43	0.09%	1.59	0.17%	(0.07)	0.09%	1.52
Aptil Pharma Limited	1.52%	53.24	(0.06%)	(0.99)	0.31%	(0.13)	(0.07%)	(1.12)
Minority interests in all subsidiaries	0.01%	0.46	0.00%	0.03	-	-	0.00%	0.03
Total	**100.00%**	**3,494.56**	**100.00%**	**1,733.27**	**100.00%**	**(41.95)**	**100.00%**	**1,691.32**

In terms of our report attached

Signatures to the notes forming part of Consolidated Financial Statements 1 to 44

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
26th May, 2017

Ahmedabad
26th May, 2017

FIVE YEAR FINANCIAL HIGHLIGHTS

CONSOLIDATED

(₹ in crores)

	IND-AS		Indian GAAP		
	2016-17	2015-16	2014-15	2013-14	2012-13
SALES, PROFIT & DIVIDEND					
Revenue	**5,857**	6,687	4,653	4,185	3,211
EBDITA	**1,596**	2,953	1,279	962	702
EBIT	**1,289**	2,715	1,100	875	619
Profit before exceptional items and tax (PBT)	**1,088**	2,537	940	844	619
Profit after tax (PAT)	**934**	1,733	751	664	433
Dividend for the year	**237**	592	190	169	195
Total dividend per share (₹)	**14.00**	35.00	11.25	10.00	23.00
Special dividend per share (₹)	**-**	15.00	-	-	10.00
Normal dividend (interim dividend and proposed final dividend) per share (₹)	**14.00**	20.00	11.25	10.00	13.00
Normal dividend (interim dividend and proposed final dividend) per share (₹) - adjusted for bonus	**14.00**	20.00	11.25	10.00	6.50

FINANCIAL POSITION					
Equity share capital	**85**	85	85	85	42
Other equity / Reserves and surplus	**4,266**	3,409	2,406	1,818	1,380
Long term borrowings	**2,241**	1,850	2,185	744	455
Capital employed	**6,591**	5,344	4,676	2,647	1,876
Gross block	**5,429**	4,835	4,205	1,954	1,581
Net block	**4,208**	3,901	3,495	1,409	1,105
Net current assets	**2,223**	1,403	1,228	1,230	951

RETURN					
On sales (PBT)%	**19%**	38%	20%	20%	19%
On capital employed (EBIT)%	**20%**	51%	24%	33%	33%
On shareholder's fund (PAT)%	**21%**	50%	30%	35%	30%
Earning per share (₹)	**55.17**	102.42	44.38	39.23	51.15
Earning per share (₹) - adjusted for bonus	**55.17**	102.42	44.38	39.23	25.58

NOTES

NOTES

TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

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

Phone: + 91 79 26599000 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

1. 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 44th Annual General Meeting of the Company, to be held on Monday, 31st July, 2017 at 04:00 p.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 overleaf:

Resolution No.	RESOLUTIONS	OPTIONAL[3]	
Ordinary Business		For	Against
1.	To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2017 including the Audited Balance Sheet as at 31st March, 2017, 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 payment of interim dividend on equity shares for the financial year ended 31st March, 2017 and to declare the final dividend on equity shares for the said financial year.		

Resolution No.	RESOLUTIONS	OPTIONAL[3]	
Ordinary Business		For	Against
3.	To appoint a Director in place of Dr. Chaitanya Dutt (holding DIN 00110312), Director, who retires by rotation, and being eligible, offers himself for re-appointment.		
4.	To appoint Auditors to hold office from the conclusion of this 44th Annual General Meeting till the conclusion of Company's 49th Annual General Meeting.		
Special Business		For	Against
5.	Ratification of remuneration of Cost Auditors of the Company for the year 2017-18.		
6.	Re-appointment of Dr. Chaitanya Dutt as a Whole-time Director and fixation of remuneration.		
7.	Issuance of Redeemable Non-Convertible Debentures / Bonds by way of Private Placement.		

Signed this…... day of……............ 2017

____

Signature of Shareholder(s)

Affix Revenue Stamp

____

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 44th 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.

TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)
Registered Office: Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India
Phone: + 91 79 26599000 Fax: + 91 79 26582100
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**		REGD. FOLIO NO.	
CLIENT ID		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 44TH ANNUAL GENERAL MEETING being held at J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad - 380 015, Gujarat, India on Monday, the 31st July, 2017 at 04:00 p.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

44th Annual General Meeting
Date: 31st July, 2017
Time: 04:00 P.M.

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

Energy Efficient Indrad Facility

GREEN ENERGY

Energy Efficiency leading to Environmental Sustainability

Our endeavour is to make a difference to the environment by having energy efficient manufacturing processes.

Our Indrad Facility has obtained ISO 50001-2011 (Energy Management System) certification. Intelligent energy control systems maintain an optimum internal working environment. The heat recovery system at the facility is designed to help in recovering and reusing the heat generated during various processes. Automated and high efficiency equipment like Centrifugal Chiller, Natural Gas Boilers, Pumps, Motors are installed and constant monitoring of their key performance indicators like Power Factor, Steam Fuel Ratio ensures lower energy consumption. LED lights have also been installed for reducing power consumption.

The R&D Centre has installed Solar Panels as an alternate energy source. 1 MW roof top solar system each is under implementation, at Dahej and Indrad facilities, which will be operational during the year 2017.

Being conscious towards saving energy we have used energy efficient equipment at our Dahej facility as well.

Solar Panels at R&D Centre

Energy Efficient Equipment at Dahej Facility

Boilers using Natural Gas at Indrad Facility


Green Belt at R&D Centre

GREEN AIR

Making a difference in the quality of environment surrounding us

In our effort to fulfil our responsibility to leave behind a world rich in flora, 52% of the area at our R&D Centre is under green cover.

More than 45% of the area at our Dahej and Indrad facilities is having green belt, which is far ahead of the statutory norms.

Our facilities house more than 12000 trees and more than 3 lac shrubs.

As our contribution towards improving the quality of environment, we have planted trees in nearby villages, schools and on the roadsides near our Baddi facility.


Green Belt at Dahej Facility


Green Belt at Indrad Facility


Flora at Baddi Facility

Printed on 100% recycled paper

TORRENT PHARMACEUTICALS LIMITED
CIN: L24230GJ1972PLC002126

Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India
Phone: +91 79 26599000, Website: www.torrentpharma.com,
Email: investorservices@torrentpharma.com