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## **Independent Auditors' Report on Financial Information Prepared for Consolidation Purposes**

To the Management and Shareholders of CJSC TORRENT PHARMA

### ***Opinion***

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

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

### ***Basis for Opinion***

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

### ***Other Matter – Restriction on Use***

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

### ***Responsibilities of Management for the Financial Information***

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

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



**CJSC TORRENT PHARMA**

*Independent Auditors' Report on Financial Information Prepared for Consolidation Purposes*

Page 2

***Auditors' Responsibilities for the Audit of the Financial Information***

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

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

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

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

  
Vitaly Krylov  
JSC "KPMG"  
Moscow, Russia



21 April 2020

**CJSC TORRENT PHARMA**  
**Statement of Financial Position in RUB**

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

Signature to the Statement of Financial Position  
 CJSC TORRENT PHARMA



Suprit Agrawal  
 General Director  
 Moscow, Russia

Date: 20/04/20



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**CJSC TORRENT PHARMA**

**Statement of Profit or Loss and Other Comprehensive Income in RUB**

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

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

Suprit Agrawal  
General Director  
Moscow, Russia

Date: 20/04/20



**CJSC TORRENT PHARMA**  
**Statement of Cash Flows in RUB**

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

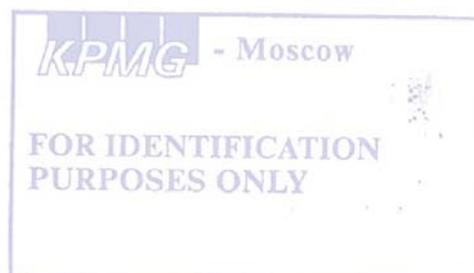
Signature to the Statement of Cash Flows  
CJSC TORRENT PHARMA



*Suprit Agrawal*

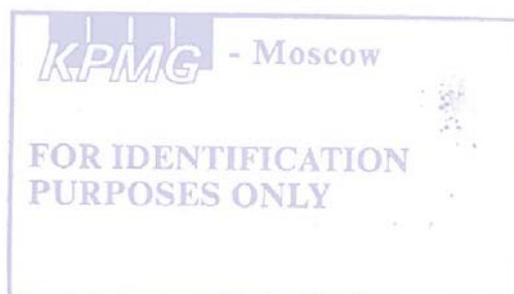
Suprit Agrawal  
General Director  
Moscow, Russia

Date: 20/04/20



**CJSC TORRENT PHARMA**  
**Notes to the Financial Information**

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



**CJSC TORRENT PHARMA**  
**Notes to the Financial Information (page 2)**

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

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

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

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

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

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

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

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

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

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

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

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

