

**Torrent Pharma Inc.**

Financial Statements  
Together with the  
Independent Auditor's Report  
For the year ended 31 March 2024

Torrent Pharma Inc.

**Financial statements together with the Independent Auditor's Report**  
*for the year ended 31 March 2024*

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Independent Auditor's Report  
Balance Sheet  
Statement of profit and loss (including other comprehensive income)  
Statement of changes in equity  
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**INDEPENDENT AUDITORS' REPORT****To the Board of Directors of Torrent Pharmaceuticals Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Torrent Pharma Inc. ("the Company"), which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Other Matter**

These financial statements do not constitute a set of statutory financial statements in accordance with the local laws in which the Company is incorporated and are prepared for the sole purpose of consolidation of the financial statements of TPI with the Holding Company – Torrent Pharmaceuticals Limited.

**Management's and Board of Directors' Responsibilities for the Financial Statements**

The Company's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and

Registered Office:

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.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

**B S R & Co. LLP**

Torrent Pharma Inc.  
15 May 2024  
Page 3 of 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

SADASHIV SHANKAR SHETTY  
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Date: 2024.05.15  
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**Sadashiv Shetty**  
*Partner*

Place: Mumbai  
Date: 15 May 2024

Membership No. 048648  
ICAI UDIN: 24048648BKFQHK5316

## Torrent Pharma Inc.

### Balance sheet

as at 31 March 2024

(Currency : USD million)

	<i>Note</i>	31 March 2024	31 March 2023
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	0.06	0.10
(b) Right of use assets	4A	1.15	1.34
(c) Other intangible assets	5	-	0.03
(d) Intangible assets under development	5	2.00	2.00
(e) Deferred tax assets	18	39.27	43.08
(f) Other tax assets		7.49	7.70
(g) Financial assets			
(i) Other financial assets	9	1.00	-
<b>Total Non-current assets</b>		<b>50.97</b>	<b>54.25</b>
<b>Current assets</b>			
(a) Inventories	6	20.26	19.88
(b) Financial assets			
(i) Trade receivables	7	49.21	76.47
(ii) Cash and cash equivalents	8	3.97	5.95
(c) Other current assets	10	1.20	0.56
(d) Non-current assets held for sale	37	-	1.88
<b>Total current assets</b>		<b>74.64</b>	<b>104.74</b>
<b>Total assets</b>		<b>125.61</b>	<b>158.99</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	11	1.20	1.20
(b) Other equity	12	(88.08)	(101.03)
<b>Total equity</b>		<b>(86.88)</b>	<b>(99.83)</b>
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	-	60.00
(ii) Lease liabilities	19	1.06	1.26
(b) Provisions	14	4.57	5.41
<b>Total non-current liabilities</b>		<b>5.63</b>	<b>66.67</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	112.50	69.00
(ii) Lease liabilities	19	0.18	0.17
(iii) Trade payables	16	77.75	107.61
(iv) Other financial liabilities	17	2.44	2.86
(b) Other current liabilities	15	0.47	0.23
(c) Provisions	14	13.53	12.28
<b>Total current liabilities</b>		<b>206.87</b>	<b>192.15</b>
<b>Total liabilities</b>		<b>212.50</b>	<b>258.82</b>
<b>Total equity and liabilities</b>		<b>125.61</b>	<b>158.99</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

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Date: 2024.05.15 23:26:04 +05'30'

**Sadashiv Shetty**

Partner

Membership No: 048648

Mumbai  
15-May-24

For and on behalf of the **Board of Directors of Torrent Pharma Inc.**

Sanjay Gupta

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Date: 2024.05.15 18:45:21 +02'00'

**Sanjay Gupta**  
Director

New Jersey, USA  
15-May-24

# Torrent Pharma Inc.

## Statement of profit and loss

for the year ended 31 March 2024

(Currency : USD million)

		For the Year ended	
	Note	31 March 2024	31 March 2023
<b>Continuing operations</b>			
<b>INCOME</b>			
Revenue from operations	20	126.05	138.51
Other income	21	3.69	1.19
<b>Total income</b>		<b>129.74</b>	<b>139.70</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	0.66	0.35
Purchase of stock-in-trade		85.48	101.33
Change in inventories of stock-in-trade	23	(0.40)	6.57
Employee benefits expense	24	6.89	7.16
Finance costs	25	8.91	7.16
Depreciation and amortization expense	30	0.26	0.20
Other expenses	26	21.73	17.15
<b>Total expenses</b>		<b>123.53</b>	<b>139.92</b>
<b>Profit/(loss) from continuing operations before tax</b>		<b>6.21</b>	<b>(0.22)</b>
<b>Tax expense</b>			
Current tax		-	-
For the year	32	-	-
Short provision for tax of earlier years	32	-	0.41
Deferred tax charge/(credit)	32	1.42	(0.73)
		<b>1.42</b>	<b>(0.32)</b>
Profit for the year from continuing operations		<b>4.79</b>	<b>0.10</b>
<b>Discontinued operations</b>			
Profit before tax from discontinued operations	36	10.62	-
Tax expense of discontinued operations		2.46	-
Profit for the year from discontinued operations (after tax)		<b>8.16</b>	<b>-</b>
<b>Profit for the year</b>		<b>12.95</b>	<b>0.10</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>12.95</b>	<b>0.10</b>
<b>Earnings per equity share - continuing operations [nominal value of share USD 100 (previous year : USD 100)]</b>			
Basic and diluted	27	<b>398.79</b>	<b>8.51</b>
<b>Earnings per equity share - discontinued operations [nominal value of share USD 100 (previous year : USD 100)]</b>			
Basic and diluted	27	<b>679.91</b>	<b>-</b>
<b>Earnings per equity share - continuing and discontinued operations [nominal value of share USD 100 (previous year : USD 100)]</b>			
Basic and diluted	27	<b>1,079.12</b>	<b>8.51</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

SADASHIV  
SHANKAR SHETTY

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DN: cn=Sadashiv Shetty, o=B S R & Co. LLP, ou=Members, email=sadashiv@bsrllp.com

**Sadashiv Shetty**

Partner

Membership No: 048648

Mumbai  
15-May-24

For and on behalf of the Board of Directors of

**Torrent Pharma Inc.**

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Date: 2024.05.15 18:46:03

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**Sanjay Gupta**

**Sanjay Gupta**  
Director

New Jersey, USA  
15-May-24

# Torrent Pharma Inc.

## Statement of changes in equity for the year ended 31 March 2024

(Currency : USD million)

### A. Equity share capital

Particulars	Note	Amount
Balance as at 1 April 2022	11	1.20
Changes in equity share capital during FY 2022-23		-
Balance as at 31 March 2023	11	1.20
Changes in equity share capital during FY 2023-24		-
<b>Balance as at 31 March 2024</b>	11	<b>1.20</b>

### B. Other equity

Particulars	Retained Earnings
As at 1 April 2022	(101.13)
Profit for the year	0.10
<b>Total comprehensive profit</b>	<b>0.10</b>
As at 31 March 2023	(101.03)
Profit for the year	12.95
<b>Total comprehensive profit</b>	<b>12.95</b>
As at 31 March 2024	(88.08)

**Retained earnings** : Retained earnings are the profits earned/ losses incurred till date, less any transfers to other reserves or dividends distributed.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

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SHETTY

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**Sadashiv Shetty**  
Partner  
Membership No: 048648

Mumbai  
15-May-24

For and on behalf of the Board of Directors of  
Torrent Pharma Inc.

Sanjay  
Gupta

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Sanjay Gupta  
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**Sanjay Gupta**  
Director

New Jersey, USA  
15-May-24



# Torrent Pharma Inc.

## Cash Flow Statement

for the year ended 31 March 2024

(Currency : USD million)

	31 March 2024	31 March 2023
<b>A Cash flows from operating activities</b>		
<b>(Loss)/Profit before tax</b>		
Continuing operations	6.21	(0.22)
Discontinued operations	10.62	-
Adjustments for :		
Depreciation and amortization	0.26	0.20
Profit on sale of assets	(10.62)	-
Profit on sale of product licenses	-	(1.19)
Finance costs	8.91	7.16
	<u>15.38</u>	<u>5.95</u>
Adjustments for changes in working capital :		
Decrease/(increase) in trade receivables and other financial assets	27.26	(4.76)
(Increase) in other assets	(0.64)	(0.04)
(Increase)/decrease in inventories	(0.37)	6.56
(Decrease) in trade payables and other financial liabilities	(30.24)	(4.87)
Increase/(decrease) in other liabilities	0.24	(0.09)
Increase/(decrease) in provisions	0.41	(4.28)
<b>Cash generated from/(used in) operations</b>	<u>12.04</u>	<u>(1.53)</u>
Income taxes refunds	0.16	0.07
<b>Net cash generated from/(used in) operating activities</b>	<u>12.20</u>	<u>(1.46)</u>
<b>B Cash flows from investing activities</b>		
Proceeds from sale of assets classified held for sale	11.50	-
Proceeds from sale of property, plant and equipment (including capital work in progress)	-	0.05
Proceeds from sale of product licenses	-	5.69
<b>Net cash generated from investing activities</b>	<u>11.50</u>	<u>5.74</u>
<b>C Cash flows from financing activities</b>		
Repayment of short term borrowings (net)	(16.50)	-
Payment of lease obligations	(0.24)	(0.07)
Finance costs paid	(8.94)	(6.85)
<b>Net cash (used in) financing activities</b>	<u>(25.68)</u>	<u>(6.92)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(1.98)</u>	<u>(2.64)</u>
<b>Cash and cash equivalents at the beginning of the year</b>	5.95	8.59
<b>Cash and cash equivalents at the end of the year (refer note 8)</b>	<u>3.97</u>	<u>5.95</u>

Torrent Pharma Inc.

**Cash Flow Statement (Continued)**

for the year ended 31 March 2024

(Currency : USD million)

31 March 2024 31 March 2023

Notes :

**1. Component of cash and cash equivalents comprise of :**

Balance with bank:

- Bank balances (in current accounts)

3.97 5.95

**Cash and cash equivalents at the end of the year (refer note 8)**

**3.97 5.95**

**2. Changes in liabilities arising from financing activities :**

	As at March 31, 2023	Cashflows (net)	Non-cash changes			As at March 31, 2024
			Addition	Finance cost	Foreign currency translation	
Short-term borrowings (Refer note 13)	129.00	(16.50)	-	-	-	112.50
Interest accrued but not due (Refer note 17)	0.85	(7.65)	-	7.62	-	0.82
Other borrowing cost (Refer note 25)	1.13	(1.29)	-	1.24	-	1.08
Lease liabilities (Non-Current and Current liabilities) (Refer note 19)	1.43	(0.24)	-	0.05	-	1.24
	<b>132.41</b>	<b>(25.68)</b>	-	<b>8.91</b>	-	<b>115.64</b>

  

	As at March 31, 2022	Cashflows (net)	Non-cash changes			As at March 31, 2023
			Addition	Finance cost	Foreign currency translation	
Long-term borrowings including current maturities(Refer note 13)	60.00	-	-	-	-	60.00
Short-term borrowings (Refer note 13)	69.00	-	-	-	-	69.00
Interest accrued but not due (Refer note 17)	0.54	(5.47)	-	5.78	-	0.85
Other borrowing cost (Refer note 25)	1.17	(1.38)	-	1.34	-	1.13
Lease liabilities (Non-Current and Current liabilities) (Refer note 19)	-	(0.07)	1.46	0.04	-	1.43
	<b>130.71</b>	<b>(6.92)</b>	<b>1.46</b>	<b>7.16</b>	-	<b>132.41</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

SADASHIV SHANKAR SHETTY  
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Sadashiv Shetty

Partner

Membership No: 048648

Mumbai  
15-May-24

For and on behalf of the Board of Directors of  
Torrent Pharma Inc.

Sanjay Gupta

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Date: 2024.05.15 18:46:50 +02'00'

Sanjay Gupta  
Director

New Jersey, USA  
15-May-24

# Torrent Pharma Inc.

## Notes to the financial statements

for the year ended 31 March 2024

(Currency: USD million)

### 1. Company Overview

Torrent Pharma Inc. ('the Company') is a wholly-owned subsidiary of Torrent Pharmaceuticals Limited ('Torrent'), India. The Company was incorporated in the State of Delaware, United States of America in January 2004 to provide liaison, logistical, marketing, regulatory, and other support to Torrent in the United States of America.

In 2007, the Company began selling the generic drug products of Torrent. The Company's main office is located in Basking Ridge, New Jersey.

### 2. Basis of preparation

#### (i) Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The Company is not domiciled in India and hence was not incorporated under Companies Act, 2013 or under any previous Company law in India. These financial statements do not constitute a set of statutory financial statements in accordance with the local laws in which the Company is incorporated and are prepared for the sole purpose of consolidation of the financial statements of TPI with the Holding Company – Torrent Pharmaceuticals Limited, to comply with the requirements of the Act.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The Statement of cash flows has been prepared under indirect method.

#### (ii) Functional and presentation currency

These financial statements are presented in United States Dollar (USD), which is also the functional currency. All the amounts have been rounded off to the nearest USD Million, unless otherwise indicated.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 2. Basis of preparation (Continued)

#### (iii) Use of accounting estimates and judgements

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

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

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

Note 3(h) - amounts deducted from revenue for the chargeback, sales returns, rebates, shelf stock adjustments and medicaid

Note 3(d) - the amount of inventory obsolescence reserve

Note 29(b) - the amount of provision for failure to supply

#### (iv) Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- A. Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- B. Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- C. Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies

#### (a) Financial instruments

##### i. Financial assets:

##### 1. Classification of financial assets:

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

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

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

##### 2. Initial measurement:

Financial assets (unless it is a trade receivable without a significant financing component) are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

##### 3. Subsequent measurement:

##### ▪ Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

##### ▪ Fair value through other comprehensive income (FVOCI)

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

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

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

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

### 4. Derecognition of financial assets:

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

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

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

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

### 5. Income recognition:

Interest income is recognised in the statement of profit and loss as it accrues, using the effective interest method.

### 6. Cash and cash equivalents and Bank balance

Cash and cash equivalents consist of cash on hand, short demand deposits and balances with bank.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### 7. 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.

#### 8. Other financial assets:

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

#### ii. Financial liabilities:

The Company's financial liabilities include trade payables, loans and borrowings.

##### 1. Classification:

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

##### 2. Initial measurement:

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

##### 3. Subsequent measurement:

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

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### 4. Derecognition of financial liabilities:

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

#### 5. Borrowings:

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

#### 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.

#### 7. Other financial liabilities:

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

### (b) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.



# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (b) Property, plant and equipment (Continued)

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

Capital work in progress are those which are not ready for intended use are carried at cost less impairment loss, if any.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### (iii) Depreciation

Freehold land is carried at historical cost and not depreciated. Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Leasehold improvements	7 years
Vehicles	5 years
Plant and machinery	5-15 years
Furniture and fixtures	5 to 7 years
Office equipment	5 years
Building	5-40 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

#### (c) Intangible assets

##### (i) Other intangible assets

Other intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

##### (ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 4. Material accounting policies (Continued)

#### (c) Intangible assets (Continued)

##### (ii) Amortisation (Continued)

The estimated useful lives of intangible assets are as follows:

Product licenses	10-15 years
Non-compete fees	5 years
Software	3 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

##### (iii) Product development expenses

Product development costs including regulatory cost and legal expenses leading to registration and market authorization of the product are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the product and the costs can be measured reliably.

#### (d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the moving average basis, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The comparison of cost and net realisable value is made on an item-by-item basis.

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

#### (e) Impairment

##### Financial assets

At each balance sheet date, the Company assesses whether a financial asset is to be impaired. Ind AS 109 requires the Company to apply expected credit loss model for recognition and measurement of impairment loss. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The impairment loss is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (e) Impairment (Continued)

amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

#### Non-financial Assets:

##### *Tangible and intangible assets*

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

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

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (f) Employee benefits

##### (i) *Short term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

##### (ii) *Defined contribution plan*

Contribution in case of social security schemes is charged to the statement of profit and loss as and when it is incurred as employee benefits. The Company has an Internal Revenue Code Section 401 (k) retirement plan whereby the Company contributes 3% of all eligible employees' compensation.

#### (g) Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

#### (h) Revenue

Revenue is measured based on the transaction price adjusted for chargeback, discounts, shelf stock adjustments due to price revision and rebates, which is specified in a contract with customer. Revenue are net of estimated returns, medicaid payments and taxes collected from customers.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (h) Revenue (Continued)

Revenue from sale of goods is recognized at point in time when control are transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods are made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the company. Chargeback, rebates, returns, shelf stock adjustments due to price revision and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product-or technology-related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of Ind-AS 115 Revenues from Contracts with Customers, is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will be bundled with the subsequent product supply obligations.

Cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (i) Income tax

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.

##### (i) Current tax

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

##### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (i) Income tax (Continued)

##### (ii) *Deferred tax (Continued)*

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

#### (j) Borrowing cost

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### (k) Leases

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

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

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

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (k) Leases (Continued)

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

The Company has elected not to recognise Right-of-use assets and lease liabilities for short term leases as well as low value assets and recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (l) Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

#### (m) Research and Development:

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

Expenditure on in-licensed development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied for separately acquired intangible assets.



# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

*for the year ended 31 March 2024*

(Currency: USD million)

### 3. Material accounting policies (Continued)

#### (n) Discontinued operations:

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of the statement of profit and loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

#### (o) Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Torrent Pharma Inc.

**Notes to the financial statements (Continued)**

as at 31 March 2024

(Currency : USD million)

**4 Property, plant and equipments**

	Plant and machineries	Furniture and fixtures	Office equipments	Leasehold improvements	Land	Buildings	Vehicles	Electric Installation	Total
<b>Cost</b>									
As at 1 April 2022	18.25	0.45	1.04	0.18	4.32	15.13	-	3.02	42.39
Additions	-	0.04	0.01	-	-	-	0.04	-	0.09
Deletions	-	(0.01)	-	(0.18)	-	-	-	-	(0.19)
Asset reclassified to held for sale (Refer note 37)	(18.17)	(0.06)	(0.66)	-	(4.32)	(15.13)	-	(3.02)	(41.37)
<b>As at 31 March 2023</b>	<b>0.07</b>	<b>0.42</b>	<b>0.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>-</b>	<b>0.92</b>
As at 1 April 2023	0.07	0.42	0.39	-	-	-	0.04	-	0.92
Additions	-	-	-	-	-	-	-	-	-
Deletions	(0.07)	-	(0.01)	-	-	-	-	-	(0.08)
<b>As at 31 March 2024</b>	<b>-</b>	<b>0.42</b>	<b>0.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>-</b>	<b>0.84</b>
<b>Accumulated depreciation</b>									
As at 1 April 2022	18.25	0.45	1.00	0.17	2.44	15.13	-	3.02	40.46
Additions	0.00	0.00	0.02	0.01	-	-	0.00	-	0.03
Deletions	-	(0.00)	-	(0.18)	-	-	-	-	(0.18)
Asset reclassified to held for sale (Refer note 37)	(18.17)	(0.06)	(0.66)	-	(2.44)	(15.13)	-	(3.02)	(39.49)
<b>As at 31 March 2023</b>	<b>0.07</b>	<b>0.39</b>	<b>0.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>0.82</b>
As at 1 April 2023	0.07	0.39	0.36	-	-	-	0.00	-	0.82
Additions	-	0.01	0.02	-	-	-	0.01	-	0.04
Deletions	(0.07)	-	(0.01)	-	-	-	-	-	(0.08)
<b>As at 31 March 2024</b>	<b>-</b>	<b>0.40</b>	<b>0.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>0.78</b>
<b>Carrying amount (net)</b>									
As at 31 March 2023	-	0.03	0.03	-	-	-	0.04	-	0.10
As at 31 March 2024	-	0.02	0.01	-	-	-	0.03	-	0.06

Note: 0.00 represents amount less than USD 10,000

Torrent Pharma Inc.

**Notes to the financial statements (Continued)**

as at 31 March 2024

(Currency : USD million)

**4A Right of use assets**

	<b>Building</b>
Gross carrying amount as at 1 April 2022	0.70
Additions	1.47
Deletions	-
<b>Gross carrying amount as at 31 March 2023</b>	<b>2.17</b>
Gross carrying amount as at 1 April 2023	2.17
Additions	-
Deletions	-
<b>Gross carrying amount as at 31 March 2024</b>	<b>2.17</b>
<b>Accumulated depreciation</b>	
As at 1 April 2022	0.70
Additions	0.13
Deletions	-
<b>As at 31 March 2023</b>	<b>0.83</b>
As at 1 April 2023	0.83
Additions	0.19
Deletions	-
<b>As at 31 March 2024</b>	<b>1.02</b>
<b>Carrying amount (net)</b>	
<b>As at 31 March 2023</b>	<b>1.34</b>
<b>As at 31 March 2024</b>	<b>1.15</b>

- (i) Lease contracts entered by the Company pertains to buildings taken on lease to conduct its business in the ordinary course.
- (ii) Lease expenses of USD 0.09 million recognised in statement of profit and loss under other expense for the year ended 31 March 2024 (USD 0.09 million for the year ending 31 March 23) towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability. (Refer note 19)
- (iii) Extension and termination options are included in the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Company's operations.
- (iv) Lease obligations, interest expense on lease, maturity profile of lease obligation and payment of lease obligations are disclosed respectively in the balance sheet, finance cost (refer note 25), liquidity risk (refer note 35) and cash flow statement.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued) as at 31 March 2024

(Currency : USD million)

### 5 Other intangible assets

	Computer software	Product license	Non-compete fees	Total
<b>Cost</b>				
As at 1 April 2022	0.77	-	-	0.77
Additions	-	-	-	-
Deletions	-	-	-	-
<b>As at 31 March 2023</b>	<b>0.77</b>	<b>-</b>	<b>-</b>	<b>0.77</b>
As at 1 April 2023	0.77	-	-	0.77
Additions	-	-	-	-
Deletions	-	-	-	-
<b>As at 31 March 2024</b>	<b>0.77</b>	<b>-</b>	<b>-</b>	<b>0.77</b>
<b>Accumulated amortization and impairment</b>				
As at 1 April 2022	0.70	-	-	0.70
Additions	0.04	-	-	0.04
Deletions	-	-	-	-
<b>As at 31 March 2023</b>	<b>0.74</b>	<b>-</b>	<b>-</b>	<b>0.74</b>
As at 1 April 2023	0.74	-	-	0.74
Additions	0.03	-	-	0.03
Deletions	-	-	-	-
<b>As at 31 March 2024</b>	<b>0.77</b>	<b>-</b>	<b>-</b>	<b>0.77</b>
<b>Carrying amount (net)</b>				
<b>As at 31 March 2023</b>	<b>0.03</b>	<b>-</b>	<b>-</b>	<b>0.03</b>
<b>As at 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Intangible assets under development</b>				
As at 1 April 2022				2.00
Additions				-
Deletions				-
<b>As at 31 March 2023</b>				<b>2.00</b>
As at 1 April 2023				2.00
Additions				-
Deletions				-
<b>As at 31 March 2024</b>				<b>2.00</b>

(i) Intangible assets under development ageing schedule for the year ended :

As at 31 March 2024	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	Total
Projects in Progress	-	-	2.00	-	2.00
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2023	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	Total
Projects in Progress	-	2.00	-	-	2.00
Projects temporarily suspended	-	-	-	-	-

There are no projects whose completion is overdue or has exceeded its cost as compared to original plan.

## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

as at 31 March 2024

(Currency : USD million)

	31 March 2024	31 March 2023
<b>6 Inventories</b>		
Raw materials	0.13	0.15
Stock-in-trade	20.13	19.73
	<u>20.26</u>	<u>19.88</u>

During the year, the write-down of inventories to net realisable value amounted to USD 3.22 million (31 March 2023 : USD 4.54 million) and reversal of write down amounted to USD 1.14 million (31 March 2023 : USD 2.25 million). The write-down and reversal are included in cost of material consumed or changes in inventories of traded goods.

### 7 Trade receivables

a) Considered good	49.21	76.47
b) Credit-impaired	-	0.20
Less : Allowance for expected credit loss	-	(0.20)
	<u>49.21</u>	<u>76.47</u>

(i) The Company's exposure to credit risk and allowance for doubtful trade receivables related to trade receivables are disclosed in note 35

(ii) Movements in allowance for expected credit loss :

Opening balance	0.20	0.20
Add : Provision made during the year (net of reversal)	-	-
Less: Written off	(0.20)	-
Closing balance	<u>-</u>	<u>0.20</u>

(iii) Trade receivable ageing schedule for the year ended as on 31 March 2024 and 31 March 2023

As at 31 March 2024	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed Trade receivables - considered good	49.21	-	-	-	-	-	49.21
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Less : Allowance for expected credit loss							-
Total Trade receivables							<u>49.21</u>

As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months- 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed Trade receivables - considered good	76.47	-	-	-	-	-	76.47
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	0.20	0.20
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Less : Allowance for expected credit loss							(0.20)
Total Trade receivables							<u>76.47</u>

### 8 Cash and cash equivalents

Balances with banks		
- Current accounts	3.97	5.95
	<u>3.97</u>	<u>5.95</u>

## Torrent Pharma Inc.

### Notes to the financial statements *(Continued)*

as at 31 March 2024

(Currency : USD million)

	31 March 2024	31 March 2023
<b>9 Other financial assets</b>		
<b>Non-current</b>		
Other receivables	1.00	-
	<u>1.00</u>	<u>-</u>
<b>10 Other assets</b>		
<b>Current</b>		
Prepaid expenses	0.54	0.39
Advances to suppliers	0.66	0.17
	<u>1.20</u>	<u>0.56</u>
<b>11 Equity share capital</b>		
<b>Authorized</b>		
100,000 (31 March 2023 : 100,000) equity shares of USD 100 each	10.00	10.00
<b>Issued, subscribed and paid up</b>		
12,000 (31 March 2023 : 12,000) equity shares of USD 100 each fully paid up	1.20	1.20
There is no movement in number of equity shares and amount of equity share capital for the year ended 31 March 2024 and 31 March 2023. All the equity shares are held by Torrent Pharmaceuticals Limited (Parent company) who is also the promoter of the Company.		
<b>Rights, preferences and restrictions attached to equity shares</b>		
The Company has single class of equity shares having a par value of USD 100 each. Every holder of equity share is entitled to one vote per share. The equity shares are entitled to receive dividends as declared from time to time.		
<b>12 Other equity</b>		
Retained earnings		
At the commencement of the year	(101.03)	(101.13)
Add: Profit for the year	12.95	0.10
At the end of the year	<u>(88.08)</u>	<u>(101.03)</u>
<b>13 Borrowings</b>		
<b>Non current</b>		
Loan from bank (Secured)*	-	20.00
Loan from related party (Unsecured) (refer note 33)	-	40.00
	<u>-</u>	<u>60.00</u>
<b>Current</b>		
<b>Other borrowings</b>		
Loan from bank (Secured)*	20.00	-
Loan from related party (Unsecured) (refer note 33)	40.00	-
Loan from bank (Unsecured)	52.50	69.00
<b>Total current borrowings</b>	<u>112.50</u>	<u>69.00</u>

\*Secured term loan from bank carries variable interest rate. The said loan is secured by a continuing security interest in, and a lien upon the inventory, account receivables (including without limitation health-care-insurance receivables) and all proceeds of such inventory and accounts receivable as per section 2 of the Security Agreement. The term loan is guaranteed by Torrent Pharmaceuticals Limited (Parent company).

Loan from bank (Unsecured) is guaranteed by Torrent Pharmaceuticals Limited (Parent company).

Current borrowings are repayable within 12 months.

Average interest rate on borrowings is 6.26% for the year ended 31 March 2024 (previous year 5.34%).

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

as at 31 March 2024

(Currency : USD million)

	31 March 2024	31 March 2023
<b>14 Provisions</b>		
<b>Non-current</b>		
Provision for sales returns (refer note 29a)	4.57	5.41
	<u>4.57</u>	<u>5.41</u>
<b>Current</b>		
Provision for sales returns (refer note 29a)	7.76	8.36
Provision for failure to supply (refer note 29b)	3.36	1.90
Provision for medicaid rebate (refer note 29c)	2.17	1.62
Provision for expenses (refer note 29d)	0.24	0.40
	<u>13.53</u>	<u>12.28</u>
<b>15 Other liabilities</b>		
<b>Current</b>		
Advances from customers	-	0.03
Payables to statutory and other authorities	0.47	0.20
	<u>0.47</u>	<u>0.23</u>
<b>16 Trade payables</b>		
Dues to related parties (refer note 33)	68.98	101.57
Dues to others	8.77	6.04
	<u>77.75</u>	<u>107.61</u>

Trade Payables ageing schedule for the year ended as on 31 March 2024 and 31 March 2023

As at 31 March 2024	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 yr.	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed dues	7.41	52.87	17.31	0.11	0.05	-	77.75
(ii) Disputed dues	-	-	-	-	-	-	-
As at 31 March 2023	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 yr.	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed dues	3.95	54.19	49.42	0.05	0.00	-	107.61
(ii) Disputed dues	-	-	-	-	-	-	-

## 17 Other financial liabilities

### Current

Interest accrued but not due on borrowings	0.82	0.85
Bonus payable	1.60	2.00
Other payables	0.02	0.01
	<u>2.44</u>	<u>2.86</u>

## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

as at 31 March 2024

(Currency : USD million)

	31 March 2024	31 March 2023
<b>18 Deferred tax assets</b>		
Deferred tax assets:		
Provision for chargebacks, sales returns and rebates	9.12	10.67
Provision for inventories	8.12	6.10
Provision for bonus	0.37	0.47
Difference in depreciation and amortization as per books and tax	0.51	11.89
Provision for failure to supply	0.70	0.44
Rent equalisation and others	0.38	0.58
State net operating losses and federal research and development credit carryforward	20.07	12.93
	<u>39.27</u>	<u>43.08</u>

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



## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

as at 31 March 2024

(Currency : USD million)

	31 March 2024	31 March 2023
<b>19 Lease Liabilities</b>		
<b>Non-current</b>		
Lease Liabilities	<u>1.06</u>	<u>1.26</u>
	<u>1.06</u>	<u>1.26</u>
<b>Current</b>		
Lease Liabilities	<u>0.18</u>	<u>0.17</u>
	<u>0.18</u>	<u>0.17</u>
	<u>1.24</u>	<u>1.43</u>
<b>Movement in lease liabilities</b>		
<b>Balance at the beginning of the year</b>	<b>1.43</b>	-
Addition	-	1.46
Interest expenses on lease	<b>0.05</b>	0.04
Repayment	<u>(0.24)</u>	<u>(0.07)</u>
<b>Balance at the end of the year</b>	<u><b>1.24</b></u>	<u>1.43</u>
<b>Amounts with respect to leases recognised in the Statement of Profit and Loss and Statement of Cash Flows</b>		
<b>Amounts recognised in Statement of Profit and Loss</b>		
Interest expenses on lease (Refer note 25)	<b>0.05</b>	0.04
Depreciation on right-of-use assets (Refer note 30)	<b>0.19</b>	0.13
Expenses relating to short-term leases(Refer note 4A)	<b>0.09</b>	0.09
<b>Amounts recognised in Statement of Cash Flows</b>		
<b>In Financing activity</b>		
Repayment of lease liabilities (Including Interest)	<b>(0.24)</b>	(0.07)
<b>In Operating activity</b>	-	-
<b>Maturity profile of the Company's lease obligations based on contractual undiscounted payments:</b>		
	<b>31 March 2024</b>	<b>31 March 2023</b>
Due in Year 0 to 1	<b>0.18</b>	0.17
Due in Year 1 to 2	<b>0.18</b>	0.18
Due in Year 3 to 5	<b>0.67</b>	0.62
Due after Year 5	<u>0.21</u>	<u>0.46</u>
	<u><b>1.24</b></u>	<u>1.43</u>

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

	Year ended 31 March 2024	Year ended 31 March 2023
<b>20 Revenue from operations</b>		
Sale of products	126.05	137.51
<b>Other operating revenue</b>		
Miscellaneous operating income	-	1.00
	<u>-</u>	<u>1.00</u>
	<u>126.05</u>	<u>138.51</u>
<b>Reconciliation of revenue from operations with the contracted price :</b>		
Contracted price	516.72	679.94
Adjustments :		
Chargeback, rebates and discounts	(378.78)	(526.02)
Sales return	(5.20)	(7.78)
Others	(6.69)	(8.63)
	<u>126.05</u>	<u>137.51</u>
Sale of products	126.05	137.51
Add : Other operating revenue	-	1.00
<b>Revenue from operations</b>	<u>126.05</u>	<u>138.51</u>
<b>21 Other income</b>		
Employee retention credit refund*	2.69	-
Advance received written back	1.00	-
Profit on sale of product licenses	-	1.19
	<u>3.69</u>	<u>1.19</u>
*Credit refund received under CARES Act for employee retention credit		
<b>22 Cost of materials consumed</b>		
Inventory of raw materials and packing materials at the beginning of the year	0.15	0.15
Add : purchases of raw materials and packing materials	0.64	0.35
Less : inventory of raw materials at the end of the year	0.13	0.15
	<u>0.66</u>	<u>0.35</u>
<b>23 Change in inventories of stock-in-trade</b>		
Opening inventory:		
Stock-in-trade	19.73	26.30
Closing inventory:		
Stock-in-trade	20.13	19.73
Net (increase)/decrease in inventory	<u>(0.40)</u>	<u>6.57</u>

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

	Year ended 31 March 2024	Year ended 31 March 2023
<b>24 Employee benefits expense</b>		
Salaries and bonus	6.76	6.97
Contribution to statutory funds (refer note 28)	0.13	0.19
	<u>6.89</u>	<u>7.16</u>
<b>25 Finance costs</b>		
Interest expense on financial liabilities measured at amortised cost	7.62	5.78
Interest expense on lease	0.05	0.04
Other borrowing cost	1.24	1.34
	<u>8.91</u>	<u>7.16</u>
<b>26 Other expenses</b>		
Legal and professional fees	8.99	4.69
Freight, clearing, handling and forwarding charges	4.69	4.85
Product development expenses	0.92	2.86
Insurance	1.05	1.05
Registration expenses	0.08	0.38
Repairs and maintenance	0.13	0.21
Product recall expenses	-	0.05
Failure to supply charges (refer note 28b)	3.17	0.09
Royalty	-	0.45
Labour charges	0.35	0.41
Rates and taxes	0.03	0.09
Selling, publicity and medical literature expenses	0.64	0.18
Payment made to auditors		
-Audit fees	0.09	0.09
-Reimbursement of expenses	-	0.01
Travelling, conveyance and vehicle expenses	0.23	0.22
Communication expenses	0.14	0.05
Power and fuel	0.01	0.07
Miscellaneous expenses	1.21	1.40
	<u>21.73</u>	<u>17.15</u>

## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

		Year ended 31 March 2024	Year ended 31 March 2023
<b>27 Earnings per share</b>			
<b>Earnings per share from continuing operations:</b>			
Net profit for the year (a)	(USD)	4.79	0.10
Weighted average number of equity shares (b)	(Nos.)	12,000	12,000
Earnings per share (basic and diluted) (a) / (b)	(USD)	398.79	8.51
Nominal value per equity share	(USD)	100	100
<b>Earnings per share from discontinued operations:</b>			
Net profit for the year (a)	(USD)	8.16	-
Weighted average number of equity shares (b)	(Nos.)	12,000	12,000
Earnings per share (basic and diluted) (a) / (b)	(USD)	679.91	-
Nominal value per equity share	(USD)	100	100
<b>Earnings per share from continuing and discontinued operations:</b>			
Net profit for the year (a)	(USD)	12.95	0.10
Weighted average number of equity shares (b)	(Nos.)	12,000	12,000
Earnings per share (basic and diluted) (a) / (b)	(USD)	1,079.12	8.51
Nominal value per equity share	(USD)	100	100

### 28 Retirement plan

#### Defined contribution plans:

The Company has an Internal Revenue Code Section 401(k) retirement plan whereby the Company Contributes 3% of all eligible employees compensation. Company's contribution to the plan amounted USD 0.13 million for the year ended 31 March 2024 (previous year : USD 0.19 million)

Obligations for contribution to defined contribution plan are expensed as an employee benefit expense in the statement of profit and loss in period in which the related service is provided by the employee.

### 29 (a) 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. The provision for sales return is made on the basis of historical experience, market conditions and specific contractual terms. The timing of outflows will vary depending on when sales return claim will arise, being typically in the year of expiry or in the year subsequent to the expiry. The timing of outflow will depend on the shelf life expiry and time taken by the customer to return the goods.

	Year ended 31 March 2024	Year ended 31 March 2023
Opening provision	13.77	13.78
Add: Additional provision	6.92	8.39
Less: Utilization during the year	8.36	8.40
Closing provision	<u>12.33</u>	<u>13.77</u>

### (b) Provision for failure to supply

The Company has a contractual obligation to pay compensation against failure to supply in certain cases. Provisions are estimated based on evaluation of likely claims on short supplies by the Company. These claims are expected to be settled in the next financial year.

	Year ended 31 March 2024	Year ended 31 March 2023
Opening provision	1.90	3.80
Add : Addition	3.17	1.07
Less: Reversal	-	(0.98)
Less: Utilization during the year	1.71	1.99
Closing provision	<u>3.36</u>	<u>1.90</u>

## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

#### 29 (c) Provision for Medicaid rebate

Pharmaceutical manufacturers whose products are covered by the Medicaid program of the USA are required to provide rebate to each state a percentage of the average manufacturer's price for the products dispensed. Medicaid rebates are estimated based on historical trends of rebates paid. These claims are expected to be settled in the next financial year.

	Year ended 31 March 2024	Year ended 31 March 2023
Opening provision	1.62	0.84
Add: Additional provision (net of reversal)	3.66	3.96
Less: Utilization during the year	3.11	3.18
Closing provision	<u>2.17</u>	<u>1.62</u>

#### (d) Provision for expenses

Provision for expenses includes estimated amount of liability pertaining to certain contractual obligations and product recall expenses. These claims are expected to be settled in the next financial year.

	Year ended 31 March 2024	Year ended 31 March 2023
Opening provision	0.40	3.55
Add: Additional provision	-	-
Less: Utilization during the year	0.16	3.15
Closing provision	<u>0.24</u>	<u>0.40</u>

#### 30 Depreciation and amortization expense

Depreciation on property, plant and equipment	0.04	0.03
Depreciation on right of use assets	0.19	0.13
Amortization of intangible assets	0.03	0.04
	<u>0.26</u>	<u>0.20</u>

## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

#### 31 Segment reporting

The board of directors of the Company allocate resources and assess the performance of the Company, thus are the Chief Operating Decision Makers (CODM). The CODM, considering the nature of Company's business and operations, monitors the operating results of the Company as a one, hence there are no separate reportable segments (business and / or geographical) in accordance with the requirement of Indian Accounting Standard 108- "Operating Segments".

##### A. Information about products and services

The operations of the Company are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and relate to the pharmaceutical products only.

##### B. Information about geographical areas

The Company has operations in the United States of America. The Company does not have geographical distribution of revenue and assets, hence, secondary segmental reporting based on geographical locations of its customers and assets is not applicable to the Company.

##### C. Information about major customers

Revenue from 3 major customers of Company amounts to USD 76.07 million for the year ended 31 March 2024 (31 March 2023, USD 76.47 million) of the total revenue of the Company.

#### 32 Income tax expenses

	Year ended 31 March 2024	Year ended 31 March 2023
<b>(a) Income tax expenses</b>		
<b>Continuing operations:</b>		
<b>Current tax</b>		
Current tax on profits for the year	-	-
Adjustment for the current tax of prior period	-	0.41
<b>Total current tax expenses</b>	<u>-</u>	<u>0.41</u>
<b>Deferred Tax</b>		
Deferred tax charge/(credit) for the year	1.42	(0.73)
<b>Total deferred tax expenses</b>	<u>1.42</u>	<u>(0.73)</u>
<b>Income tax expenses</b>	<u>1.42</u>	<u>(0.32)</u>
<b>Discontinued operations:</b>		
<b>Deferred Tax</b>		
Deferred tax charge/(credit) for the year	2.46	-
<b>Total deferred tax expenses</b>	<u>2.46</u>	<u>-</u>
<b>Income tax expenses</b>	<u>2.46</u>	<u>-</u>
<b>Total income tax expenses</b>	<u>3.88</u>	<u>(0.32)</u>
<b>(b) Reconciliation of effective tax rate</b>		
Profit/(loss) before income taxes	16.83	(0.22)
Enacted tax rate in USA	21.00%	21.00%
Expected income tax expenses	<u>3.54</u>	<u>(0.05)</u>
<b>Adjustments to reconcile expected income tax expense to reported income tax expense:</b>		
State tax expense, net of federal benefit	0.11	(0.19)
Deferred tax impact on state taxes due to rate change	0.08	(0.50)
Other non-deductible items	0.15	0.42
<b>Adjusted income tax expenses</b>	<u>3.88</u>	<u>(0.32)</u>

## Torrent Pharma Inc.

### Notes to the financial statements *(Continued)* for the year ended 31 March 2024

(Currency : USD million)

#### 32 Income tax expenses *(Continued)*

##### (c) Recognised deferred tax assets

###### Movement in temporary differences - 31 March 2024

Particulars	Balance as at 1 April 2023	Recognised in profit or loss during 2023-24	Recognised in OCI during 2023-24	Balance as at 31 March 2024
Provision for chargebacks, sales returns and rebates	10.67	(1.55)	-	9.12
Provision for inventories	6.10	2.02	-	8.12
Provision for bonus	0.47	(0.10)	-	0.37
Difference in depreciation and amortization as per books and tax	11.89	(11.38)	-	0.51
Provision for failure to supply	0.44	0.26	-	0.70
Rent equalisation and others	0.58	(0.20)	-	0.38
State net operating losses and federal research and development credit carryforward	12.93	7.14	-	20.07
	<u>43.08</u>	<u>(3.88)</u>	<u>-</u>	<u>39.27</u>

###### Movement in temporary differences - 31 March 2023

Particulars	Balance as at 1 April 2022	Recognised in profit or loss during 2022-23	Recognised in OCI during 2022-23	Balance as at 31 March 2023
Provision for chargebacks, sales returns and rebates	13.39	(2.72)	-	10.67
Provision for inventories	5.18	0.92	-	6.10
Provision for bonus	0.55	(0.08)	-	0.47
Difference in depreciation and amortization as per books and tax	11.60	0.29	-	11.89
Provision for failure to supply	0.71	(0.27)	-	0.44
Rent equalisation and others	0.10	0.48	-	0.58
State net operating losses and federal research and development credit carryforward	11.23	1.70	-	12.93
	<u>42.76</u>	<u>0.32</u>	<u>-</u>	<u>43.08</u>

## Torrent Pharma Inc.

### Notes to the Financial Statements (Continued) for the year ended 31 March 2024

(Currency : USD million)

#### 33 Related party disclosures

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

##### (A) Nature of transactions

Particulars	Holding Company		Other related parties		Total	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Purchase of traded goods	82.80	101.10	-	-	82.80	101.10
Sales of intangible assets	-	5.69	-	-	0.00	5.69
Interest expense	-	-	1.91	1.90	1.91	1.90
Guarantee commission expense	1.24	1.34	-	-	1.24	1.34
Expenses reimbursement - (reversal)/received	-	(0.48)	-	-	0.00	(0.48)
Insurance claim - received	-	-	-	-	0.00	0.00
Expenses reimbursement - paid	-	0.44	-	-	0.00	0.44

##### (B) Balances at the end of the year

	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Trade payables	68.98	101.57	-	-	68.98	101.57
Borrowings (including interest accrued)	-	-	40.47	40.47	40.47	40.47
Outstanding corporate guarantee obtained at the year end	72.50	89.00	-	-	72.50	89.00

Name of Holding Company

Torrent Pharmaceuticals Limited

Other related parties

Heumann Pharma GmbH & Co. Generica KG (Fellow subsidiary)



## Torrent Pharma Inc.

### Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

#### 34 Financial Instruments

##### (i) Financial assets and liabilities

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2024	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Total carrying value
<b>Financial assets:</b>				
Cash and cash equivalents	-	-	3.97	3.97
Trade receivables	-	-	49.21	49.21
Other financial assets	-	-	1.00	1.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>54.18</b>	<b>54.18</b>
<b>Financial liabilities</b>				
Borrowings	-	-	112.50	112.50
Trade payables	-	-	77.75	77.75
Lease liabilities	-	-	1.24	1.24
Other financial liabilities - current	-	-	2.44	2.44
<b>Total</b>	<b>-</b>	<b>-</b>	<b>193.93</b>	<b>193.93</b>

As at March 31, 2024	Total carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets:</b>					
Cash and cash equivalents	3.97	-	-	-	-
Trade receivables	49.21	-	-	-	-
Other Financial Assets	1.00	-	-	-	-
<b>Total</b>	<b>54.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	112.50	-	-	-	-
Trade payables	77.75	-	-	-	-
Lease liabilities	1.24	-	-	-	-
Other financial liabilities - current	2.44	-	-	-	-
<b>Total</b>	<b>193.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Currency : USD)

As at March 31, 2023	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Total carrying value
<b>Statement of profit and loss</b>				
<b>Financial assets:</b>				
Cash and cash equivalents	-	-	5.95	5.95
Trade receivables	-	-	76.47	76.47
<b>Total</b>	<b>-</b>	<b>-</b>	<b>82.42</b>	<b>82.42</b>
<b>Financial liabilities</b>				
Borrowings	-	-	129.00	129.00
Trade payables	-	-	107.61	107.61
Lease liabilities	-	-	1.43	1.43
Other financial liabilities - current	-	-	2.86	2.86
<b>Total</b>	<b>-</b>	<b>-</b>	<b>240.90</b>	<b>240.90</b>

(Currency : USD)

As at March 31, 2023	Total carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets:</b>					
Cash and cash equivalents	5.95	-	-	-	-
Trade receivables	76.47	-	-	-	-
<b>Total</b>	<b>82.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	129.00	-	-	-	-
Trade payables	107.61	-	-	-	-
Lease liabilities	1.43	-	-	-	-
Other financial liabilities - current	2.86	-	-	-	-
<b>Total</b>	<b>240.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Torrent Pharma Inc.

## Notes to the financial statements *(Continued)*

for the year ended 31 March 2024

(Currency : USD million)

### 35 Financial Risk Management

The group has exposure to the following risks arising from financial instruments

- Credit Risk
- Liquidity Risk
- Market Risk

#### i. Risk Management Framework

The Company's activities are exposed to financial risks. These risks include market risk, 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 and controls and continuous monitoring and compliance of the same.

#### ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

#### Cash and cash equivalents

The Company maintains its cash and cash equivalents with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

#### Other financial assets

Other financial assets of the Company are unsecured and includes receivable towards deferred consideration on sale of liquid facility.

#### Trade receivables

Trade receivables of the Company are typically unsecured. Credit risk is managed through credit approvals and periodic monitoring of the creditworthiness of customers to which company grants credit terms in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses. Please refer note 7 for movement in expected credit loss and trade receivables aging.

The maximum exposure to credit risk was USD 54.18 million (31 March 2023 USD 82.42 million) being the total of the carrying amount of trade receivables, balances with banks and other financial assets.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued) for the year ended 31 March 2024

(Currency : USD million)

### 35 Financial Risk Management (Continued)

#### iii. Liquidity risk

Liquidity risk is 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 Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The parent Company has guaranteed the debt of the Company as well as agreed to support the subsidiary in case of any liquidity requirement of the Company.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at 31 March 2024	Due in Year 1	Due in Year 2	Due in Year 3 to 5	Due in more than 5 Year	Total
<b>Liabilities :</b>					
Trade and other payables*	77.60	0.15	-	-	77.75
Borrowings	112.50	-	-	-	112.50
Lease liabilities	0.18	0.18	0.67	0.21	1.24
Other Liabilities	2.44	-	-	-	2.44
<b>Total</b>	<b>192.72</b>	<b>0.33</b>	<b>0.67</b>	<b>0.21</b>	<b>193.93</b>

\*Includes USD 68.98 million payable to parent Company.

As at 31 March 2023	Due in Year 1	Due in Year 2	Due in Year 3 to 5	Due in more than 5 Year	Total
<b>Liabilities :</b>					
Trade and other payables*	107.61	-	-	-	107.61
Borrowings	69.00	60.00	-	-	129.00
Lease liabilities	0.17	0.18	0.62	0.46	1.43
Other Liabilities	2.86	-	-	-	2.86
<b>Total</b>	<b>179.64</b>	<b>60.18</b>	<b>0.62</b>	<b>0.46</b>	<b>240.90</b>

\*Includes USD 101.57 million payable to parent Company.

#### iv. Market risk

Market risk refers to risk of fluctuation in fair values or future cash flows because of changes in market rates or prices. The Company's exposure from market risks is primarily on account of interest rate risk.

#### Interest rate risk

The company's 36% of the borrowings is at fixed rate and remaining at floating interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest swaps as hedges of the variability in cash flows attributable to interest rate risk. Borrowings amounting to USD 72.5 million are at floating interest rate.

#### Sensitivity analysis for floating rate of interest loans

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increase/(decrease) equity and profit or loss after tax by USD 0.57 million (31 March 2023 USD 0.70 million). This analysis assumes that all other variables remains constant and change occurs on reporting date. The year end balances are not representative of the average borrowings during the year.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued) for the year ended 31 March 2024

(Currency : USD million)

### 36 Discontinued operations

During the year ended 31 March 2022, the management had assessed the financial viability of its liquid business taking into account the potential revenues from the current marketed products, time required for bringing the pipeline products into the market, the increase in competition intensity over the last few years and the incremental investments required over the foreseeable future. The management's assessment indicated that the incremental investments required will exceed the economic benefits over the foreseeable future and therefore it would be prudent to discontinue the liquid facility operations. Since the liquid facility operations constituted a major line of business, this was disclosed as discontinued operations.

During the current year ended 31 March 2024, the Company has disposed off its liquid facility for the sales consideration of USD 12.50 million, which was impaired during the earlier years and classified as asset held for sale with carrying value of USD 1.88 million. Refer note 37 for more details.

#### a) Results of discontinued operations

Particulars	For the Year ended	
	31 March 2024	31 March 2023
Sale consideration*	12.50	-
Carrying amount of assets held for sale	1.88	-
Profit on sales of discontinued operations	10.62	-
Deferred tax charge	2.46	-
Profit from discontinued operations	8.16	-
Basic and diluted earnings per share	679.91	-

\*Out of sales consideration of USD 12.50 million, USD 11.50 million is received during the year and remaining USD 1 million will be received by August 2025 as per the agreement with buyer.

#### b) Cash flows from discontinued operations

Particulars	For the Year ended	
	31 March 2024	31 March 2023
Cash flows from operating activities	-	-
Cash flows from investing activities	11.50	-
Cash flows from financing activities	-	-
Net cash flows during the year	11.50	-

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

(Currency : USD million)

### 37 Non-Current assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met: (i) decision has been made to sell, (ii) the assets are available for immediate sale in its present condition, (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as 'held for sale' are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

Particulars	31 March 2024	31 March 2023
<b>Group of assets held for sale (Refer note 4)</b>		
Land (net of impairment)	-	1.88
Other property, plant and equipments (net of impairment)	-	-
<b>Total</b>	<b>-</b>	<b>1.88</b>

1. Till 31 March 2023, the carrying value of Levittown facility as described above was classified as "Non-current assets held for sale". The same was considered to be highly probable and expected to be sold within one year from the date of classification.

2. During the current year ended 31 March 2024, the Company has disposed off land (which was impaired) and recognised gain of USD 10.62 million which was classified as assets held for sale in previous year.

### 38 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. The Company's parent Company is committed to support the Company in order to achieve an optimum capital management.

### 39 Contingencies

The Holding Company and the Company (together referred to as "Torrent") are involved in certain legal proceedings, including product liability matters wherein there are two Multi-District Litigations ("MDL") pending against Torrent and other manufacturers for Valsartan and Losartan in which the district court in the valsartan MDL has ordered bellwether trial in third-party payor economic loss class action against Torrent and other two defendants, and other commercial matters, that arise from time to time in the ordinary course of business. It is difficult to ascertain the financial effect, if any, of such proceedings that will result from its ultimate disposition due to involvement of complex issues with substantial uncertainties and without any precedents. Additionally, many factors like stage of the proceedings, overall length and extent of discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation; uncertainty in timing of litigation and any other factors that may have an implications on the ultimate outcome of the ongoing litigations. The Holding Company and the Company assesses likely outcome based on internal assessment as well as considers views of legal counsel representing the Holding Company and the Company. Moreover, the Holding Company and the Company carries product liability insurance policy of amount which it believes to be sufficient for its needs.

### 40 Going Concern

The negative net worth is mainly on account of impairment of acquired assets in earlier years. Management has prepared financial statements for year ended 31 March 2024 on a going concern basis and the management is confident of future growth of the business. The Company has been able to meet its obligations in the ordinary course of the business in the current year and expect to continue the same in next year as well.

# Torrent Pharma Inc.

## Notes to the financial statements (Continued)

for the year ended 31 March 2024

### 41 Analytical ratios for the year ended 31 March 2024 and 31 March 2023

Ratios	As at 31 March 2024	As at 31 March 2023	Variance
(a) Current Ratio*	0.36	0.55	34%
(b) Inventory turnover ratio	6.28	5.94	-6%
(c) Trade Receivables turnover ratio	2.01	1.86	-8%
(d) Trade payables turnover ratio	1.36	1.26	-8%

\* Decrease in current ratio is due to decrease in trade receivable

#### Ratios have been computed as follows :-

- (a) Current Ratio : Current assets / Current liabilities
- (b) Inventory turnover : Net sales / Average Inventories
- (c) Trade Receivables turnover : Net sales / Average trade receivables
- (d) Trade payables turnover : Net sales / Average trade payables

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

SADASHIV SHANKAR SHETTY  
Digitally signed by SADASHIV SHANKAR SHETTY  
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Sadashiv Shetty

Partner

Membership No: 048648

Mumbai

15-May-24

For and on behalf of the Board of Directors of  
Torrent Pharma Inc.

Sanjay Gupta

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Date: 2024.05.15 18:47:16 +02'00'

Sanjay Gupta

Director

New Jersey, USA

15-May-24