04th July, 2022

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

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

Dear Sir,

Sub.: Submission of Annual Report for FY 2021-22 and intimation of voting through electronic means

Please find attached herewith soft copy of the Integrated Annual Report 2021-22 (comprising of Notice calling 49th Annual General Meeting (AGM) along with Audited Financial Statements, Directors' Report, Auditors' Report, etc.) of Torrent Pharmaceuticals Limited ("the Company") in compliance with Regulation 34(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

In compliance with the relevant Circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Integrated Annual Report of the Company for FY 2021-22 has been sent to all the shareholders of the Company whose e-mail addresses are registered with the Company or Depository Participant(s). Further, in compliance with the relevant Circulars issued by the Ministry of Corporate Affairs, relevant provisions of the Companies Act, 2013 and Securities and Exchange Board of India, the Company is offering facility of remote e-voting ("remote e-voting") and e-voting facility during the AGM ("e-voting") to all the shareholders of the Company in respect of the businesses to be transacted at the 49th AGM scheduled to be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) on Friday, 29th July, 2022 at 09:30 a.m. For this purpose, the Company has engaged Central Depository Services (India) Ltd as its Authorised Agency.

The remote e-voting will commence from 9:00 a.m. (IST) on Monday, 25th July, 2022, to 5:00 p.m. (IST) on Thursday, 28th July, 2022. Those members, who will be present in the AGM through VC / OAVM and have not casted their vote on the resolutions through remote e-voting shall be eligible to vote through e-voting system available in the AGM. The cut-off date for the purpose of remote e-voting and e-voting is Friday, 22nd July, 2022.

The above is for your information and record.

Thanking you,

Yours sincerely,

For TORRENT PHARMACEUTICALS LIMITED

MAHESH AGRAWAL
VP (LEGAL) & COMPANY SECRETARY

Encl : A/a

Torrent Pharmaceuticals Limited
Integrated Annual Report 2021-22

Accelerating Growth **with Sustainability**

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ACCELERATING GROWTH WITH SUSTAINABILITY

Torrent Pharmaceuticals Limited (Torrent Pharma) firmly believes in building sustainable business with focus on enhancing value for the stakeholders at large. The Company is accelerating the growth to elevate future-readiness that broadens access to holistic lifecare beyond healthcare through sustainable business practices. Torrent Pharma endeavours to remain a socially and environmentally responsive company with strong edifice on governance, which can contribute to growth in value and competitiveness.

Torrent Pharma acknowledges the extant environmental threats and climate change crises have only raised the need for sustainability to build long-term profitable businesses. Also, against the growing challenges of disparities in access to quality and affordable healthcare, the Company realises that it must put care for the planet and the people at the core of the business strategy and be accountable for the actions.

The Company is continuously exploring new and innovative ways to grow by adopting an integrated growth strategy and through optimum use of resources. This is the only way to foster inclusive growth and value creation for the patients, employees, investors, communities and other stakeholders while growing business and staying resilient.

The Company has adopted the **Growth with Sustainability** model, which enables it to create sustainable value for all stakeholders, renders long-term competitive advantage, creates and build its brand equity. While maximizing shareholders value is at the core, focusing on environment and inspiring our stakeholders at all levels will improve our ability to drive profits and create sustainable value.

Torrent Pharma is also transforming business models, manufacturing processes and technology frameworks to reduce the impact of its operations on the environment. The product portfolio is continually evolving to meet the changing needs of patients. The Company has also further strengthened the governance mechanisms to enhance transparency and deepen stakeholder engagement. Together, this integrated approach is helping to expand reach, improve efficiencies and set new benchmarks for sustainability-led growth in the industry.

The Company has also developed a measurable action plan embedding ESG (Environment, Social and Governance) aspects with its growth strategy, basis its engagement with and feedback from various stakeholder groups. It is the Company's firm belief that the long-term prosperity lies in accelerating growth while keeping sustainability and collective wellbeing of the stakeholders at core of the business.

KEY HIGHLIGHTS

GROWING SUSTAINABLY

While sustainability has always been an integral part of decision-making at Torrent Pharma, in 2021-22, the Company adopted a structured framework i.e., an integrated strategy in line with its aspirations. The strategy is also supported by a detailed roadmap with specific KPIs, including performance targets which are supported with strong implementation and robust governance mechanism.

In India, Torrent Pharma outperformed the Indian Pharma Market with a robust growth of 15% complemented by top brands and new launches. The Company has also established three licensing collaborations (Baricitinib, Molnupiravir and Paxlovid) to strengthen its Covid portfolio.

Among the Company's overseas markets, Brazil registered a strong growth of 18% vis-à-vis market growth of 12%, driven by performance of top brands.

Torrent Pharma maintained its EBITDA margins at 31% (2020-21: 32%). The previous margins were higher to the extent of Covid induced cost moderation. The current year margins had impact of pricing pressures in the US base business coupled with lack of new launches pending re-inspection of facilities by USFDA.

The leverage (Net Debt to EBTIDA) as at 2021-22 end stands at 1.3x (2020-21: 1.6x).

ENTERPRISE VALUE

₹ 50,651 crores

13%

EBITDA

₹ 2,621 crores

10%

R&D EXPENDITURE

₹ 516 crores

4%

EMPLOYEE COMPENSATION

₹ 1,526 crores

9%

MAN-HOUR TRAINING

4.86+ lakhs

CSR BENEFICIARIES

78,000+

5-years CAGR

ABOUT THE REPORT

Intent of Report

This Report intends to communicate the value-creation imperatives of Torrent Pharma to its stakeholders. The report intends to articulate most material matters that impact value, the organisation's strategic priorities, business model, financial and non-financial performance and risk management.

This Report also provides an account of the inherent ESG aspects that drive the long-term viability of the business.

Approach to Report

This Report is guided by the International Integrated Reporting (IR) Framework of the International Integrated Reporting Council (IIRC). The report is also in accordance with Global Reporting Initiatives (GRI): Core Option and is inspired by United Nations Sustainable Development Goals (UN SDGs).

This Report covers information pertaining to the period from 1st April 2021 – 31st March 2022 and covers disclosures regarding India and overseas operations of Torrent Pharma.

Responsibility Statement

Torrent Pharma's Management has reviewed the contents of this Integrated Annual Report, and they undertake the responsibility for the integrity of the information presented in this Report.

Feedback and Contact Details

Feedback: We would be pleased to hear your feedback and concerns/suggestions on the Integrated Annual Report.
We thank you for your valuable time and interest. Please write to us at:
investorservices@torrentpharma.com

Contact Us:
Torrent Pharmaceuticals
Torrent House, Off. Ashram Road,
Ahmedabad - 380009,
Gujarat, India
www.torrentpharma.com

Navigation

The following icons have been used throughout the report to demonstrate connectivity between Torrent Pharma's integrated strategy, value creation and stakeholder influence. Please click the icons throughout the report to understand the topics in detail.

Our Integrated Strategy

- **ST1** Improve market share in core markets
- **ST2** Invest in tomorrow's growth engines
- **ST3** Operational excellence
- **ST4** Engaged and empowered Stakeholders
- **ST5** Deploy digital technologies
- **ST6** Responsible actions

ST denotes Strategic Theme

Stakeholders

- Patients
- Channel Partner
- Suppliers
- Healthcare Professionals
- Employees
- Government and Regulators
- Communities
- Industry Associations
- Investors and Shareholders

UN SDGs*

Capitals

- Financial Capital
- Manufacturing Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

*For information purpose only

CORPORATE OVERVIEW

This section provides an overview of Torrent Pharma covering its journey, values, domestic and global presence, product portfolio and key milestones. The Company's evolution as one of India's leading and most respected pharmaceutical giants is underlined by its deeply ingrained value system, an agile strategy and bold business moves backed by robust risk management. Today, the Torrent Pharma brand and products enjoy the trust and loyalty of patients and healthcare professionals globally.

ABOUT US

RESPONSIBLE LIFECARE FOR THE WORLD

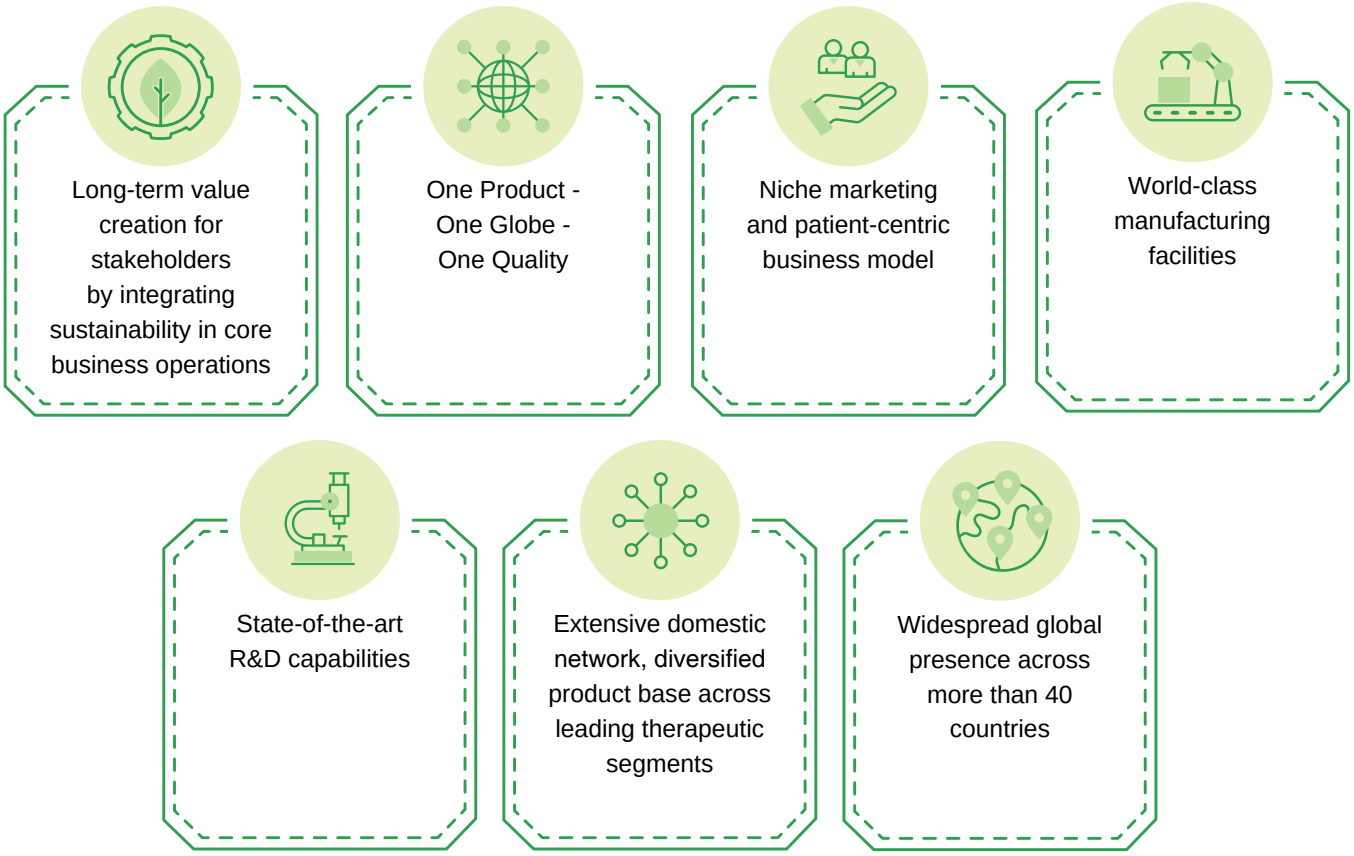
Torrent Pharma, the flagship Company of the Torrent Group, is one of the leading pharma companies in India.

With the overarching corporate credo of 'Not Just Healthcare... Lifecare', Torrent Pharma has consistently offered patient-centric pharma solutions through incremental innovations, niche marketing and specialty focus, establishing itself as a leader and trusted player in the pharmaceutical industry in India. India business constitutes ~50% of total revenue of Torrent Pharma.

Torrent Pharma is ranked among the top 10 in Cardiovascular (CVS), Central Nervous System (CNS), Vitamins and Nutrients (VMN), Gastro-Intestinal (GI) and Anti-Diabetes (AD) therapies in India. Torrent Pharma is a pioneer in the concept of niche marketing in India. It also has a strong international presence across more than 40 countries with operations in regulated and emerging markets, such as the US, Europe, Brazil and Rest of the World. It operates through its wholly-owned subsidiaries spread across 12 countries with major setups in the US, Germany and Brazil.

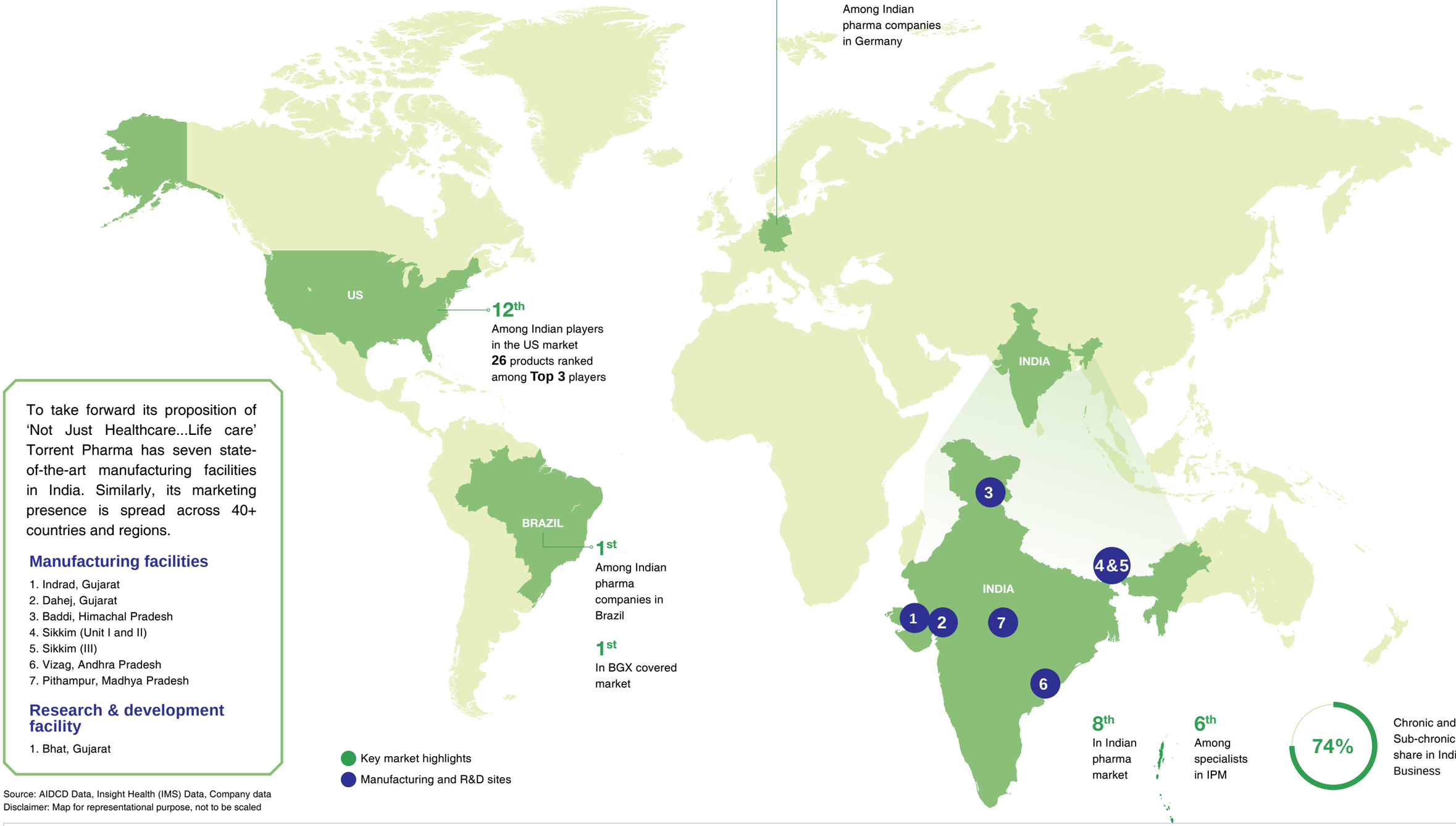
Competitive Strengths

Torrent Pharma's competitive advantage stems from its:



PRESENCE

ENHANCING OUR GLOBAL FOOTPRINT



To take forward its proposition of 'Not Just Healthcare...Life care' Torrent Pharma has seven state-of-the-art manufacturing facilities in India. Similarly, its marketing presence is spread across 40+ countries and regions.

Manufacturing facilities

1. Indrad, Gujarat
2. Dahej, Gujarat
3. Baddi, Himachal Pradesh
4. Sikkim (Unit I and II)
5. Sikkim (III)
6. Vizag, Andhra Pradesh
7. Pithampur, Madhya Pradesh

Research & development facility

1. Bhat, Gujarat

Source: AIDCD Data, Insight Health (IMS) Data, Company data
Disclaimer: Map for representational purpose, not to be scaled

CREDOS

TAKING INSPIRATION FROM OUR VALUE SYSTEM

Torrent Pharma was founded in 1959 as Trinity Laboratories (Trinity) by Late Shri U. N. Mehta, with a simple and a unique sense of purpose - 'Happiness for all'. A medical representative with an exemplary vision, he ventured out on his own by making niche marketing his core competency. Trinity was later renamed as Torrent Pharmaceuticals Limited and was taken public.

In the initial years of its foundation, Torrent Pharma ventured into Central Nervous System (CNS) therapy in India and has gradually expanded its footprints across all the major therapies and is currently ranked 8th in India Pharma Market (IPM) with 74% focus on chronic and sub-chronic therapies.

VISION

To become the Most Respected Pharma Company.

MISSION

We commit ourselves to total customer care by delivering world-class products and services.

OUR CORE VALUES, THAT ARE TIMELESS AND WELL FOUNDED, ENSURES OUR LONGEVITY

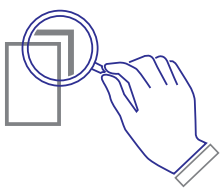
Integrity

Passion for Excellence

Participative Decision-Making

Concern for Society & Environment

Fairness with Care

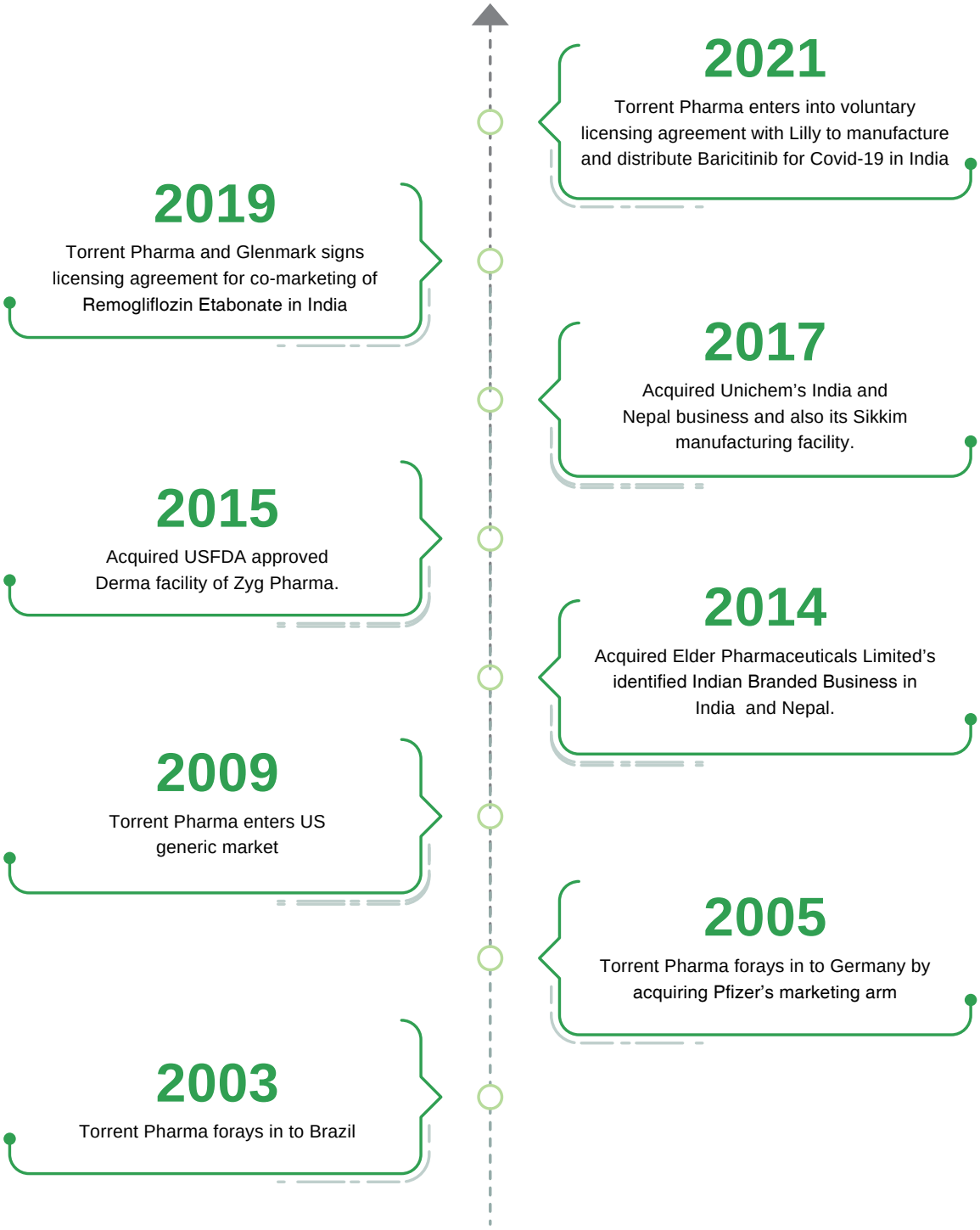


Transparency

GROWTH JOURNEY AND KEY MILESTONES

CREATING POSITIVE IMPACT WITH GROWTH

Since inception, Torrent Pharma's journey has been laden with significant milestones that have shaped it into the pharma major it is today. Torrent Pharma's key milestones are illustrated below.



KEY PRODUCT PORTFOLIO

PRODUCTS THAT DELIVER VALUE

The Company's branded generics products enjoy long standing brand equity and are trusted by patients and healthcare professionals from around the world.

Over the years, Torrent Pharma has developed a niche portfolio in Branded Generics markets with high chronicity that ensures high prescription stickiness and business sustainability. It has also cascaded its go-to-market strategies and success to other Branded Generic markets viz. Brazil, Philippines and Rest of the World.

India Product Portfolio

Brazil Product Portfolio

Disclaimer: The products displayed above are for the information of the Company's shareholders only and are neither an advertisement nor are displayed with an intention to endorse, advertise, promote or recommend the use of any products shown above. These products should be consumed strictly under the directions of a Registered Medical Practitioner.

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MESSAGE FROM EXECUTIVE CHAIRMAN

MESSAGE TO THE STAKEHOLDERS

Dear Stakeholders,

I am happy to present the 49th Integrated Annual Report of Torrent Pharma. This is a special and a noteworthy year for all of us as it marks the 50 years of incorporation of our Company. Over the last five decades, we have grown into a leading global pharmaceutical player serving more than 40 countries. We have been able to reach this stage as a result of consistent delivery of our teams, and by adhering to the core values that have been imbibed into our DNA by our founder, Late Shri U N Mehta. On behalf of the Board and management team, I would want to extend my deep appreciation to our shareholders and partners whose confidence, trust and belief have been essential to our success.

Economic Context

Our largest market, India, continues to be one of the fastest growing major economies in the world. The nation continued its strong recovery from the pandemic, albeit interrupted by a virulent second wave of infections and a relatively milder third wave. The Indian pharma market witnessed a parallel recovery along with GDP growth and we are optimistic about the prospects of long term growth owing to increasing accessibility and expanding health infrastructure across the country. Torrent Pharma has been privileged to play a role in providing access to Covid related treatments like Molnupiravir and has also contributed to strengthening our medical services infrastructure during the pandemic.

While global macro environment has been volatile, Torrent Pharma has remained relatively insulated in its markets of operation. Inflationary pressures and volatility continue to drive uncertainty on input costs. However, the learnings from Covid have built a resilient organization that has now geared up substantially to withstand any near term volatility or disruption with strong controls in place.

Performance

Branded Generic (BGx) markets continue to remain our core area of focus and receive highest priority for capital allocation. Market share gains through operational excellence, therapy expansion and investment in new products continue to be our pillars of progress particularly in India and Brazil. We believe inorganic growth will continue to be an integral part of our overall growth strategy as we deleverage further. Long term strategic fits to our core portfolio and bolt-on portfolio acquisitions have worked well for us in the past, and we continue to explore similar opportunities to further strengthen our offerings.

The underlying growth in our core BGx markets has been strong. The India business registered a growth of 15% and has outperformed the market in all major therapies. Our Brazil business registered a strong growth of 18% where we continue to be ranked No. 1 amongst Indian Companies. Our US performance was impacted due to lack of new approvals and pending reinspection of our facilities on account of covid.

During the year, we have taken a difficult decision of discontinuing our liquids business in the US, considering the incremental investments versus potential economic benefits due to changing market conditions. Our German business faced headwinds due to lower market growth recovery and increase in competition in the tender segment. With incremental cost efficiency measures already undertaken, we remain positive to deliver sustainable growth over medium to long term. Overall, we have achieved a revenue of ₹ 8,508 crores in 2021-22. EBITDA margins were 30.8%, growth of 4% and had base year impact of lower expenses led by pandemic induced disruption. We continue to de-leverage our balance sheet, with a net EBITDA of 1.3x by the end of 2021-22 versus 1.6x in the previous year.

We also continued to enhance our shareholder value during the year. For 2021-22, the Board has recommended a total dividend of ₹ 48 per equity share including special dividend of ₹ 15 per equity share and bonus issue of 1:1 to commemorate 50 years of incorporation of our Company.

Accelerating Growth with Sustainability

At Torrent Pharma, we firmly believe that achieving long term business success is consistent with pursuing Environmental, Social and Governance (ESG) goals. Decarbonisation, a clean climate, green energy goals of the nation, social relationships and governance are imperative and integral necessities of building sustainable business and becoming a key differentiator to enhance relevancy and trust with the stakeholders both external and internal to the organisation, community and planet for years to come.

We continue to be driven by the fact that it is imperative for organisations to build long-term trust to holistically serve our stakeholders – investors, customers, employees, suppliers, regulatory authorities, communities and this is what continues to drive us. Over the years, Torrent Pharma has won and fortified stakeholders' value, supported by a strong brand equity and success in the marketplace where it matters most.

We have developed, refined and reorganized our integrated strategy framework to further bolster our commitment to operating responsibly. Driven by our vision and mission together with integrated strategy framework, we shall continue to enhance the stakeholders' value and contribute to the environment and society, as a responsible corporate citizen, aligned to national priorities of zero-carbon goals; and adhering to recognised global control frameworks, such as GRI, SASB and UN SDGs.

Our Risk Management system acts as strong support to the integrated strategy and mitigating risks. Furthermore, Torrent Pharma's robust governance structure, competently led by the top management and supported by our employees, vendors, investors and communities ensures adequate control, for implementing the strategy and monitoring it on a continual basis.

Commitment to CSR

We will continue to direct our efforts toward sustainable social development by investing in health and education. This is integral to Torrent Pharma's growth strategy and towards this end, we have forged strong community partnerships in the field of child health, women's health & Hygiene, strengthening awareness about child malnutrition; and healthcare facilities around our operational locations. We also provide technology-led education to children, to improve age-appropriate abilities at the primary school level.

Torrent undertakes several programs and initiatives aimed at empowering people and the vulnerable with a holistic bent of mind, that of ensuring healthy lifestyles and encouraging well-being and development for all.

Way Forward

We remain confident that the global pharmaceutical industry provides several opportunities, organic and inorganic, for us to continue our growth trajectory. We are committed to remain patient-centric, deliver best in class performance metrics, and drive portfolio innovation to deliver above market growth and continue to create sustainable value for all our stakeholders.

I would like to take this opportunity to place on record my immense gratitude to our employees who have risen to the challenges every time and help us deliver consistently. I also thank every stakeholder who has conferred their trust and faith in us and look forward to the continued patronage, guidance and long term association in our journey to achieve accelerated growth with sustainability.

With warm regards,

SAMIR MEHTA
Executive Chairman

BOARD OF DIRECTORS

UNMATCHED TALENT AND EXPERTISE

At Torrent Pharma, the Board of Directors set the strategic direction for the Company and regularly maintain oversight of the Company's operations and growth. They bring a varied set of competencies that propel the Company forward.

Sudhir Mehta
Chairman Emeritus

Samir Mehta
Executive Chairman

Shailesh Haribhakti
Independent Director

C M C M M

Haigreve Khaitan
Independent Director

M C M C

Ameera Shah
Independent Director

M M C

Nayantara Bali
Independent Director

M M M M

Dr. Maurice Chagnaud
Independent Director*

M M

Jinesh Shah
Director (Operations)

M

Audit Committee

Securities Transfer and Stakeholders Relationship Committee

Nomination and Remuneration Committee

Corporate Social Responsibility and Sustainability Committee

Risk Management Committee

C Chairperson

M Member

* appointed w.e.f. 11th May, 2022.

SUSTAINABLE VALUE CREATION

This section details how Torrent Pharma creates value for the stakeholder by integrating sustainability in core business operations along with focused efforts on managing stakeholders, enhancing risk resilience and taking responsible action towards society and environment. This section also covers our “Integrated Thinking”, evincing integration of sustainability aspects with business strategy and performance, which will enable to accelerate growth and deliver long-term stakeholders’ value.

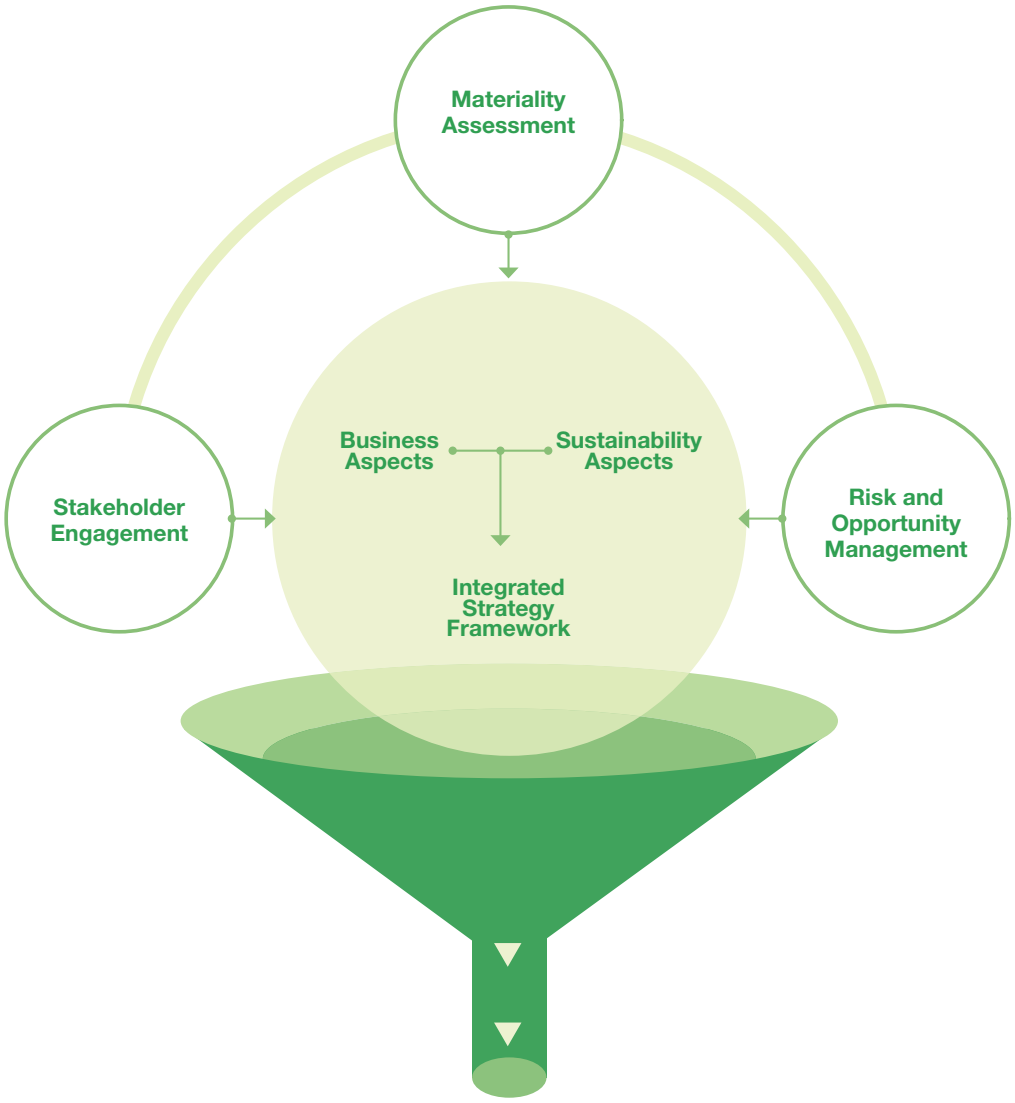
APPROACH TO VALUE CREATION

CREATING LONG-TERM VALUE BY GROWING SUSTAINABLY

Torrent Pharma strongly believes that businesses need to create value in a sustainable and growing manner. This is imperative in the long-term to enhance trust and serve the various stakeholders – investors, customers, employees, suppliers, regulatory authorities, communities and others. The Company has successfully delivered value, enjoys a strong brand equity and success in the marketplace. The Company has constantly undertaken business expansion, achieved earnings growth and most important won the trust of stakeholders.

Torrent Pharma is committed to create long-term value for its stakeholders by integrating its business to accelerate **Growth with Sustainability** by drawing insights from stakeholder engagement, materiality assessment and risk management. The Company has developed a robust integrated strategy framework to further bolster its commitment of operating responsibly.

Value Creation Process



Value Created

STAKEHOLDER ENGAGEMENT

ENSURING TRANSPARENCY WITH OUR STAKEHOLDERS

The entire value chain of Torrent Pharma is facilitated by its stakeholders, who are integral to its very existence. From providers of financial capital to the communities that allow a social licence to operate, stakeholders play a vital role in the overall development and sustainable growth of Torrent Pharma's business. The Company recognizes that to achieve its purpose of Growth with Sustainability, it is very important to engage with its key stakeholders as their feedback helps in enhancing the value creation process. The Company considers it imperative that it regularly engages and consults with its varied stakeholders while conducting its day-to-day operations. This enables it to nurture overall relationship quotient while giving the stakeholders a transparent view of the organisation's activities and approach to business.

Stakeholder Identification

The Company first identifies all its key stakeholders on a regular basis, who could be impacted by Company's operations evaluates them based on their ability to influence Torrent Pharma and understand what matters the most to them. At the same time, Company's ability to impact the stakeholders through performance and operations was also evaluated. This has helped in identifying the key stakeholder groups with whom the Company continually engages throughout the year.

Stakeholder Engagement

Once the key stakeholder groups are identified, various engagement mechanisms are formulated to ensure regular engagement and receive feedback and suggestions from them. Torrent Pharma engages in an open and transparent manner as it improves the overall stakeholders' relationship and stakeholders also get a clear view of the organisation's activities and approach towards business. The engagement is done regularly through different modes of communication and at need-based frequencies. More details on the same are highlighted below.

Stakeholder Engagement Mechanism

The below given table details the key stakeholder groups identified, their relevance to the Company and the mode of engagement.

Stakeholder Groups

Patients	Channel Partners	Suppliers	Healthcare Professionals	Government and Regulators	Industry Associations	Investors and Shareholders	Communities	Employees

Their Relevance

Patients	Channel Partners	Suppliers	Healthcare Professionals	Government and Regulators	Industry Associations	Investors and Shareholders	Communities	Employees
Patients are the ultimate customers of Torrent Pharma's products. Success of the organisation is thus heavily dependent on meeting their expectations in terms of delivering quality products at an affordable price range and on time.	Play an important role in the distribution of products across the globe and ensure accessibility of products to patients.	Providers of API, other input materials, finished products and critical services help ensure continuity of business operations.	Healthcare professionals support in understanding the needs of patients and represent the brand to the customers.	Policies and regulatory changes impact operations as well as provide opportunities. Strict compliance with the laws and regulations together with ethical business conduct is crucial for business viability.	Regular engagements with industry associations help raise awareness about the Company's contributions to society and the economy. It also provides a forum for public policy advocacy.	Provides financial capital as well as help maintain oversight over the organisation's activities and good governance practices.	Provides social license to operate. The Company strives to create a positive impact on the local communities where it operates.	Employees are an essential pillar that contributes to the organisation's success. Torrent Pharma follows a people-first approach and focuses on individual growth that will ultimately contribute to the growth of the organisation.

Mode of Engagement

Patients	Channel Partners	Suppliers	Healthcare Professionals	Government and Regulators	Industry Associations	Investors and Shareholders	Communities	Employees
Website	Meetings	Meetings	Meetings	Meetings	Industry Conferences	Earnings call	Interactions through CSR initiatives	Senior management interactions
Clinical studies	Field visits	Visits	Conferences	Conferences	Representations on policy matters	Meetings		HR Communications
Pharmacovigilance	Digital Communication	Supplier audit	Seminars	Facility visits		Investor Conferences		Engagement Programmes
		Facility visits	Field visits	Official Communications		AGM		
			CME events	Statutory Publications		Website		

Capital Linkage

MATERIALITY ASSESSMENT

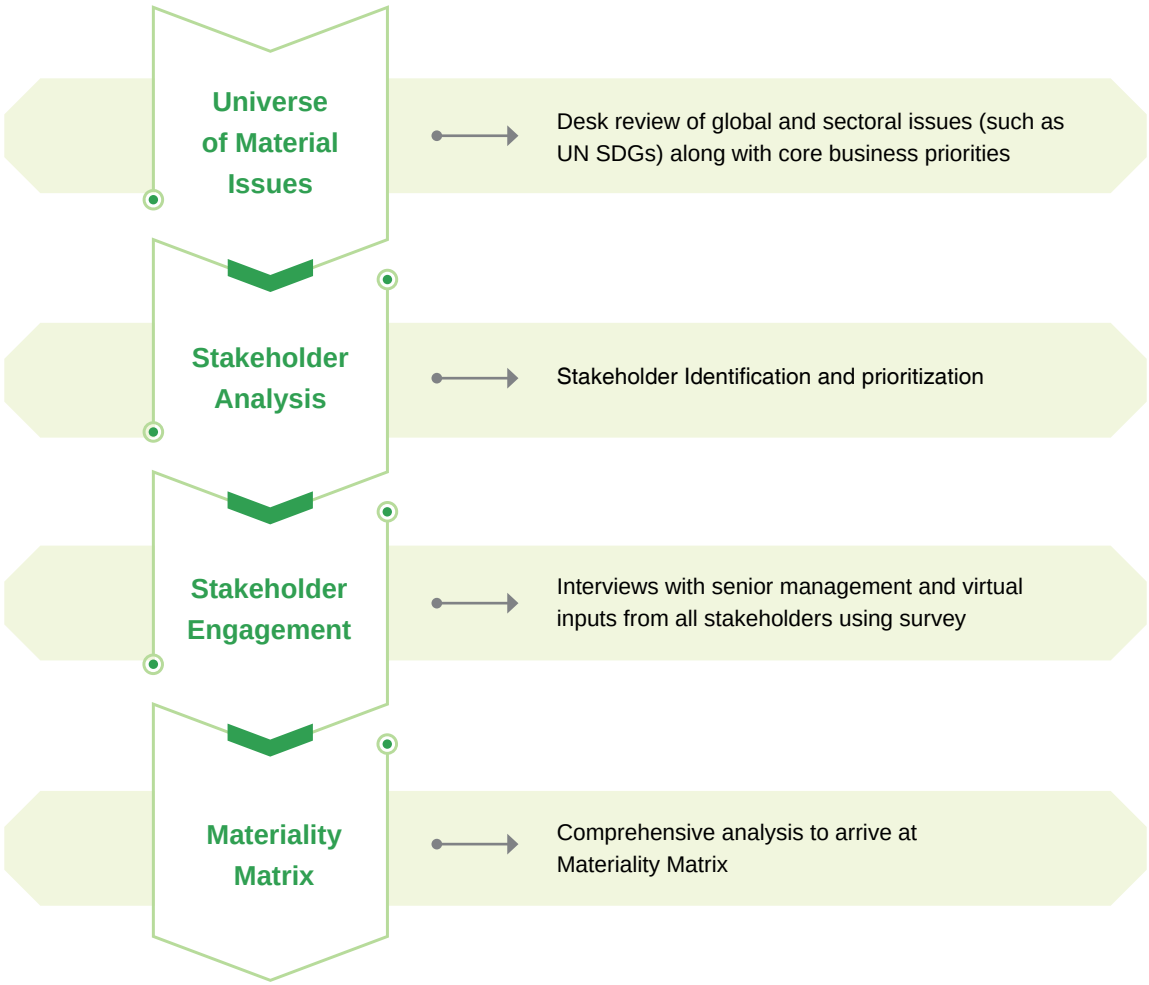
ASSIMILATING SIGNIFICANT MATTERS

Material issues are matters considered important for reflecting the organisation's economic, environmental and social impacts, while also influencing the decisions of stakeholders. It is, therefore, essential to identify and address the issues that are material to the Company for sustainable value creation.

Approach to Materiality Assessment

Torrent Pharma conducted a detailed materiality assessment by gathering opinions and insights from all its stakeholders. It assessed the impact of environmental, social, governance and economic issues, critical for long-term viability and sustainability of the organisation. This evaluation helped in identifying and prioritising the issues that were most important to the sustainability of Company's business and value creation.

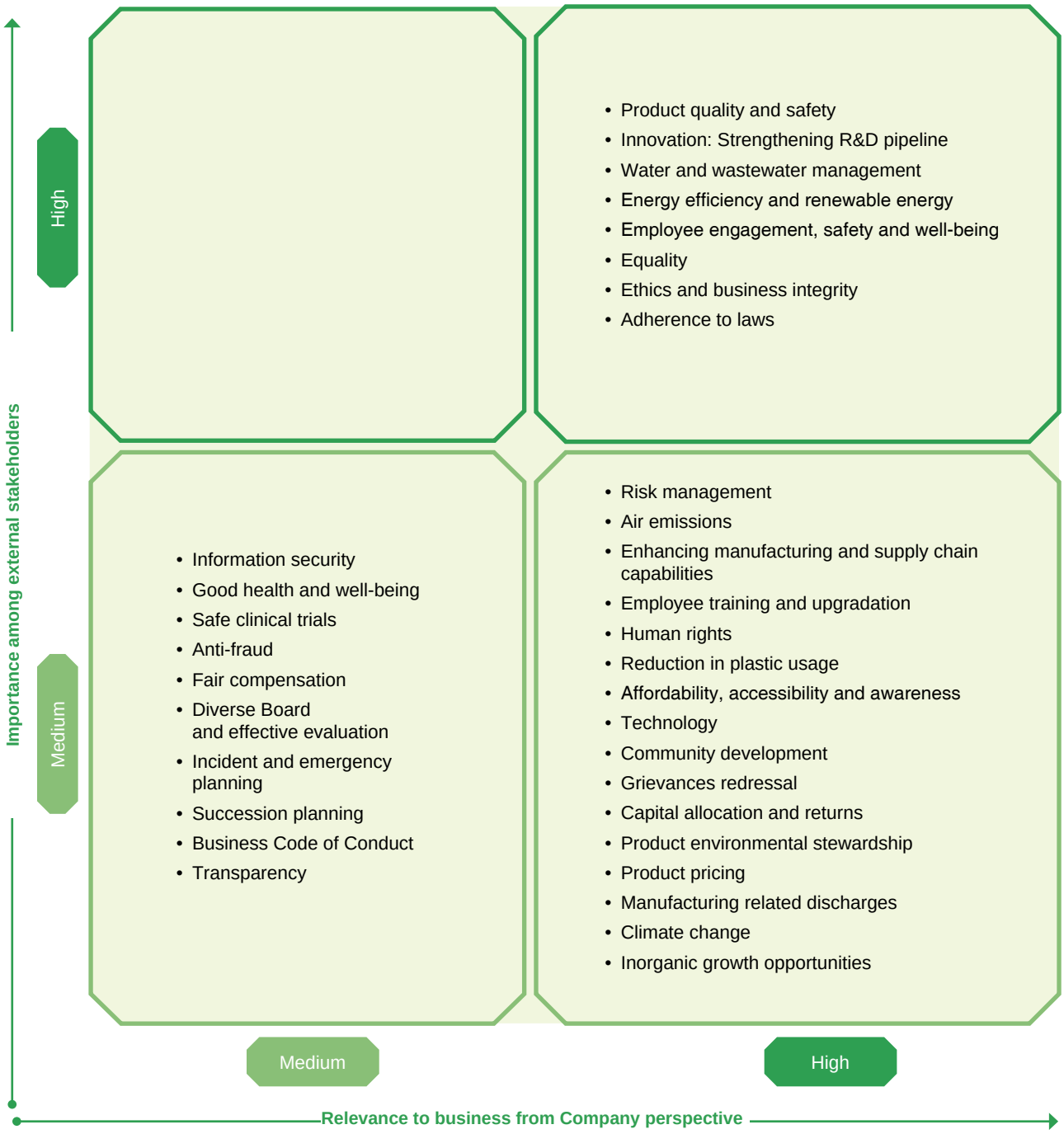
Torrent Pharma's approach towards conducting the materiality assessment process is highlighted below:



Materiality Matrix

The Materiality Matrix summarizes the results of the materiality assessment and was developed after consolidating inputs from the senior management interview and materiality survey. The relevance of topics to Torrent Pharma's value creation is shown on the horizontal axis, while the relevance of the topics to stakeholders is depicted on the vertical axis. The high priority material issues were identified that are both highly rated by stakeholders and has the highest potential for Torrent Pharma to impact or influence. These topics are also integrated in the overall strategy framework and concentrated by the Company to deliver long-term value to the stakeholders.

Materiality matrix - Torrent Pharma (Relative Rating)



High Priority Material Issues

Economic

	Material Issue	Capital Linkage	UN SDGs Linkage
M1	Product Quality and Safety		
M2	Innovation: Strengthening R&D Pipeline		

Environment

	Material Issue	Capital Linkage	UN SDGs Linkage
M3	Water and Wastewater Management		
M4	Energy Efficiency and Renewable Energy		

Social

	Material Issue	Capital Linkage	UN SDGs Linkage
M5	Employee Engagement, Safety and Well-Being		
M6	Equality		

Governance

	Material Issue	Capital Linkage	UN SDGs Linkage
M7	Ethics and Business Integrity		
M8	Adherence to Laws		

RISK MANAGEMENT

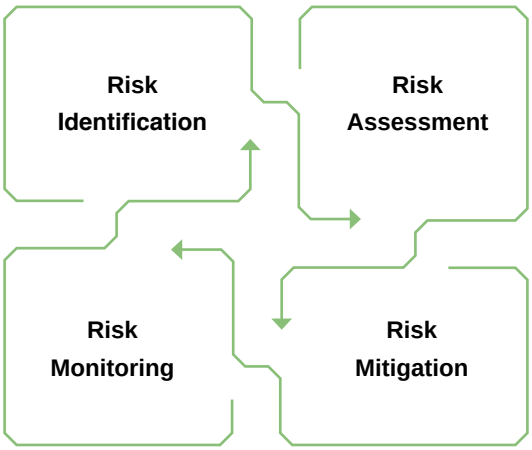
GROWING WITH ROBUST RISK MANAGEMENT

As a responsible organisation, Torrent Pharma ensures that all the potential risks are identified, monitored and appropriate mitigation plans are implemented to consistently deliver value to the stakeholders. The risk management perspective in Torrent Pharma has evolved over a period of time to an integrated, continuous and broad approach and an Enterprise Risk Management (ERM) framework has been implemented.

ERM is an integral part of the organisation's strategy for enhancing stakeholder value. Hence it is embedded into the governance and decision-making processes. The Company's risk management process enables it to proactively monitor the potential risks surrounding the business and implement effective measures to mitigate their impact. In addition to this, the risk management exercise provides the management with a basis to make sound decisions. Torrent Pharma's ERM thus supports its reputation and operating environment while also helping its long-term growth and success strategy.

Our Risk Management Process

All the potential risks and opportunities that arise from market forces, political, economic, regulatory, technology as well as environmental changes are discussed and deliberated with functional heads. Each functional head is responsible for identifying the probable risks in their area of operation, which are escalated to management with mitigation strategies for their consideration. A comprehensive 'risk register' is continuously updated to capture new risks, assess its likelihood of occurrence and possible impacts, arising from changes in the internal and external environment.



ERM Framework

Undertaking business activities inevitably leads to taking risks. An integrated risk management framework enables a consistent, collaborative and comprehensive approach to identify, monitor and minimise the adverse impact of risks across the business operations. The Company's risk appetite is the level of risk it deems acceptable to achieve its business objectives. The risks are broadly categorized as strategic, operational, financial, and compliance risks based on their nature. Communication and training are an essential part of the framework.

The ERM framework is implemented through a Risk Management Committee that includes risk owners, spanning across the Company, including functional heads, subsidiaries and manufacturing facilities.

The ERM framework is also integrated in Company's Strategy and Performance, ensuring that the same are embedded with the organisation's decision-making processes.

Risk Governance

Risk governance at Torrent Pharma is driven by the Board of Directors through the Risk Management Committee (RMC) working directly under the Board. The RMC is responsible for reviewing and strengthening the risk management policies and processes adopted by the Company. It also reviews the potential risks faced by the Company and the progress in the mitigation plans. The ERM team led by Chief Risk Officer (CRO) reports the progress of implementation of mitigation strategies and its impacts directly to the Board. Torrent Pharma has adopted a bottom-up and top-down approach to drive enterprise risk management.

ERM Framework aligned with COSO Framework

While Risk assessment is a continuous exercise, the Company undertook an independent and comprehensive review of its ERM framework under the aegis of COSO framework. The review entailed the following:

While the above exercise enabled the Company to align risk management practices with contemporary COSO framework, there was no major change in the organisation's risk profile.

Enterprise Risk Management

Risk 1: Competition risks

Intensification of competition and threats of new entrants in existing key markets and therapies impede Company's ability to drive improvements in market share. Increased competition also lead to cost and margin pressure.

Strategic Themes Linked

ST1 ST2

Material Issues Impacted

M1 M2

Capitals Deployed

Mitigation Strategies

Branded Generics markets

- Specialty-driven approach and building big brands, resulting in high prescription stickiness.
- Delivering innovative products in diverse dosage forms and fixed dosage combinations to meet evolving patients' needs.
- Differentiating Torrent Pharma's offerings through scientific promotion, delivery of quality products and competitive pricing.
- Therapeutic focus sales structure, together with low attrition, ensuring concentrated sales efforts, high in-clinic effectiveness and improved brand equity.

Generic Generics markets:

- Ensuring supply continuity through a robust and agile supply chain and manufacturing infrastructure.
- Portfolio optimisation by incremental investment in R&D on complex drugs, diversified dosage forms and value-added generics.
- Continually optimising cost structures and manufacturing productivity, to strive in price in the competitive markets, while also sustaining margins.

Risk 2: Commoditization risks

The regulators across the markets are encouraging the use of generic products through various initiatives. This may impact Torrent Pharma's future business.

Strategic Themes Linked

ST1

Material Issues Impacted

M1 M2

Capitals Deployed

Mitigation Strategies

- Continuous monitoring of regulatory landscape and being proactive to drive business model changes, as and when necessitated.
- Diversifying business portfolio by foraying into Trade Generics segment, ensuring that it remains mutually exclusive to existing BGx segment.

Risk 3: Pricing control risks

Regulatory agency of various markets, particularly BGx markets, regulating prices by capping the drug prices or defining a ceiling for price increase. For example, the Government of India, regulating the drug prices through expansion of National List of Essential Medicines.

Strategic Themes Linked

ST1

Material Issues Impacted

M1 M2

Capitals Deployed

Mitigation Strategies

Risk of price regulation is a systemic one, whose impact is mitigated through continuous portfolio optimisation and various cost initiatives to sustain margins. In India, Torrent Pharma has only 9% of its total portfolio under price control versus 17% for the industry.

The recent revision of NLEM (National List of Essential Medicines) list had minimal impact on Company's portfolio under price control.

Risk 4: R&D risks

Challenges and uncertainties are inherent in innovation and development of new and improved products and technologies on which its continued growth and success depend. These include uncertainty of clinical outcomes, additional analysis of existing clinical data, obtaining regulatory approvals, health plan coverage and customer access and initial and continued commercial success.

Strategic Themes Linked

ST1 ST2 ST3

Material Issues Impacted

M2

Capitals Deployed

Mitigation Strategies

Torrent Pharma manages the risks related to the launch of new products and their regulatory approvals through careful market research for selection of new products, detailed project planning and continuous monitoring. These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project, while continuing to develop NCEs for India. The Company is also evaluating the feasibility of extending the market outside India where it has a reasonable understanding of the branded products space. It's R&D activities are complemented with insurance programs suited to nature and propensity of risk.

Risk 5: Compliance risks

The Company operates in different geographies, each having its own regulatory landscape, which continuously evolves, changes and undergoes increased scrutiny from the regulators. Any non-compliance with regulations or scrutiny process can result in dilution of financial position or jeopardize Torrent Pharma's reputation.

Strategic Themes Linked

ST1 ST2 ST3

Material Issues Impacted

M7 M8

Capitals Deployed

Mitigation Strategies

Regulatory risks are managed through a strong governance mechanism based on the philosophy of 'zero tolerance to non-compliance'. This is implemented through:

- Assessment of regulatory and compliance requirements on regular basis.
- Robust internal controls.
- Compliance management systems and continuous monitoring.
- Internal communication and training on various requirements of laws, regulations, including ethics standards and compliance systems.
- Independent assessments and audits.
- Monitoring of legal and regulatory compliance by senior management and the Board.

Risk 6: Quality and Product Liability risks

Quality risk entails failure to comply with GxP (Good Laboratory Practices, Good Manufacturing Practices and Good Clinical Practices). Product liability risk stems from concerns on product efficacy or safety, potentially resulting in product withdrawals, recalls, regulatory action on the part of the United States Food and Drug Administration (or international counterparts), declining sales, reputational damage, increased litigation and increased litigation expenses.

Strategic Themes Linked

ST3

Material Issues Impacted

M1 M8

Capitals Deployed

Mitigation Strategies

- Risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance systems.
- Audits by Quality Assurance department for high quality products
- Robust Pharmacovigilance function responsible for monitoring and managing the safety of all the products throughout the product lifecycle. A comprehensive approach ensures redressal of drug safety related complaints over products have favorable risk benefit profile.
- Adequate insurance cover for clinical and product liability.

Risk 7: Risk of operating in overseas markets

The Company's presence in different overseas territories and markets exposes it to geo-political, economic and currency fluctuation risks, which can potentially impact earnings, cash flows or net equity.

Strategic Themes Linked

ST1 ST2

Material Issues Impacted

M1

Capitals Deployed

Mitigation Strategies

Geo-political or economic or regulatory risks are mitigated through due diligence at the time of new investments in any market. These risks are continuously assessed through management oversight and appropriate investment or divestment decisions are taken, wherever necessary.

In order to mitigate impact of currency fluctuations, Foreign Exchange Risk Management policy is developed and currency exposures are hedged through long-term derivative instruments.

Risk 8: Business Continuity risks

COVID-19 outbreak has disrupted supply chains across domestic and international markets, affecting business continuity and supply of pharmaceutical products to the patients.

Strategic Themes Linked

ST1 ST2 ST3

Material Issues Impacted

M1 M2

Capitals Deployed

Mitigation Strategies

Torrent Pharma has instituted various 'business continuity' measures, including the following:

- Alternate sourcing strategies.
- Carrying adequate inventory levels for both raw material and finished products.
- Vertical manufacturing integration for complex inputs.
- Digital interventions for remote working.

Risk 9: Environmental, Social and Governance risks

Organisation must sustain growth in a continuously evolving global eco-system with unpredicted externalities. They be challenged, if they do not aim for holistically enhancing stakeholders' value, including striving to mitigate risks associated with environmental and climate change. Sustainable value creation can no longer be agnostic of ESG risks, which has now evolved as new yardstick in addition to profitability and capital efficiency returns.

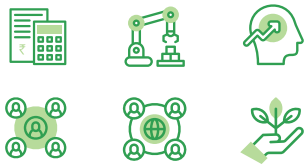
Strategic Themes Linked

ST3 ST4 ST6

Material Issues Impacted

M3 M4 M5

Capitals Deployed



Mitigation Strategies

During the year, Torrent Pharma has embarked on a structured process to better understand and manage evolving ESG risks. This includes adopting a structured ESG framework and strategy, based on international standards and structures such as GRI, SASB, UN SDGs and many others.

The Company has designed a multi-fold strategy, with four core ESG pillars, i.e., Responsible Consumption, Responsible Practices, Responsible Communication and Responsible Supply Chain, that will enable it to navigate its growth in a manner that maximises stakeholders' value, consistently and sustainably. It has also instituted suitable governance processes to monitor progression and mitigation of ESG risks on regular basis.

Risk 10: Information Technology risks

Risk of loss or disclosure of trade secrets, confidential or proprietary information to competitors or to unauthorized sources including external attacks on the Company's IT network.

Strategic Themes Linked

ST5

Material Issues Impacted

M7 M8

Capitals Deployed

Mitigation Strategies

- Complete IT framework on Information security policy will be made available.
- The data in the network/on the servers are guarded by access control at domain level. Unauthorized access is restricted. Administrator privilege are restricted and is not provided to end users. Systems are adequately secured to constrain the access and use of data.
- Vulnerability assessment and penetration testing performed yearly.
- E-mails are decently protected as they have all the seeds related to O-365. Microsoft filters also exists. Encryption is installed on all the laptops.
- IT Roadmap study.

OUR INTEGRATED STRATEGY

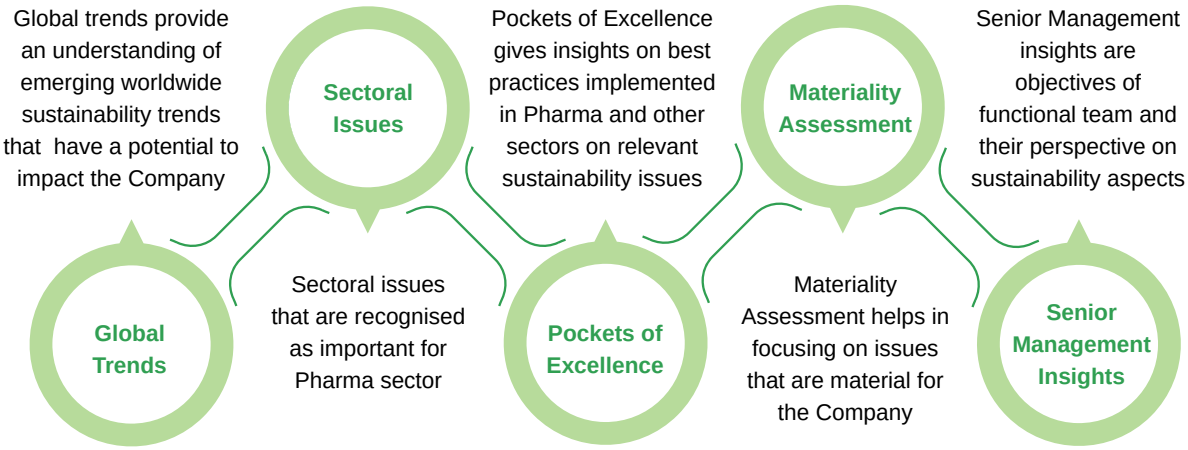
KEEPING SUSTAINABILITY AT THE CORE

Torrent Pharma's endeavour is to achieve business Growth with Sustainability and in the process to create long-lasting value for its stakeholders. With this objective as the focus, the Company has enhanced its strategic framework. The integrated strategic framework will not only bolster business and financial objectives but equally contribute towards the environment and society, in a responsible manner.

Integrating growth and sustainability in our business strategy

The Company has enhanced the integration of growth and sustainability aspects in its business strategy by conducting an extensive exercise for identifying the various facets and gaining insights from materiality assessment. Moreover, its strategy is also guided by recognised global frameworks such as the GRI, SASB, and UN SDGs.

The sustainability aspects were identified with a detailed review of Global Trends , Sectoral Issues, Insights from Materiality Assessment, and Insights from Pockets of Excellence. Furthermore, exhaustive interactions with senior management were conducted to understand their perspective and objectives on sustainability.



Integrated Strategy

The comprehensive integrated strategy framework is developed to enhance Torrent Pharma's business strategy and to deliver value responsibly to its stakeholders. The foundation of the strategy is provided by organisational values, which are diligently respected.

Guidance

The Company's vision and mission have always been its guiding light, which is the reason why they are placed right at top of the framework. Below which, several objectives have been identified which placed to provide the strategic direction for organisation's long-term sustainability. Besides material issues, emerging trends, business opportunities and business challenges are also considered to enable the Company to always remain updated, with dynamic global changes happening all the time.

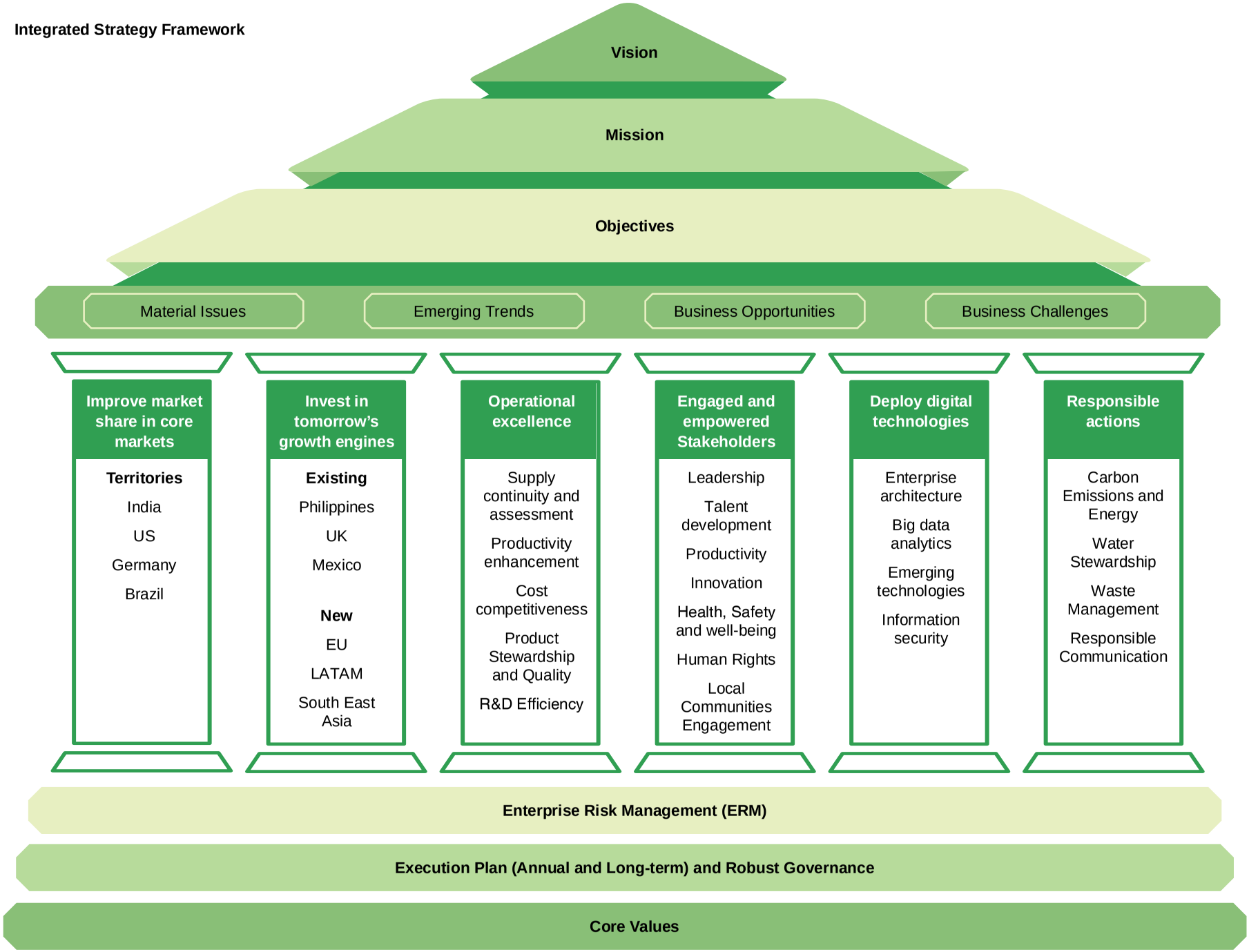
Implementation

Torrent Pharma has further bifurcated the objectives into six strategic pillars, which provides a clear path to implement the strategy. For integrating sustainability in Organisation's ethos, a new pillar, **Responsible Action** has been introduced, for increasing the long-term efforts in this direction. There are focus areas identified under each strategic pillar, which helps the Company in effectively implementing the framework and to enhance the process of covering various aspects of sustainability and increasing the boundary for creating impact.

Monitoring

A comprehensive Enterprise Risk Management system acts as a strong support to the integrated strategy. The ERM has been implemented to ensure that proactive measures are taken for risk mitigation. Furthermore, Torrent Pharma's robust governance structure ensures accountability and responsibility of each department for implementing the strategy and monitoring it on continual basis.

Integrated Strategy Framework



Overview of Strategic Themes

	Strategic Themes	Focus areas	KPIs	Capitals Deployed
ST1	Create sustainable and profitable growth by achieving market share gains and therapy expansion in the Company's core geographies	India business US business Germany business Brazil business	Market share Launches/Filings Productivity R&D spend	
ST2	Create sustainable and profitable growth by investing in new markets to develop them as tomorrow's growth engines	Achieve scale in emerging markets by leveraging learning curve of BGx markets and new launches Invest in new emerging markets by leveraging current pipeline and throughout-licensing	Revenue growth New markets New launches Collaborations	
ST3	Drive operational excellence through focus on quality, productivity and cost competitiveness	Supply continuity and assessment Productivity enhancement Cost competitiveness Quality R&D Efficiency	Monitoring quality matrix Product/Customer complaint Per unit cost	
ST4	Build engaged and empowered workforce with focus on leadership innovation and productivity	Leadership Talent development Productivity Innovation Safety and well-being	Leadership pipeline Productivity metrics across R&D, Operations and Sales	
ST5	Deploy digital technologies to drive business model improvements	Enterprise architecture Big data analytics Emerging technologies Information security	IT spend IT strategy roadmap	
ST6	Enhance responsible actions by integrated sustainability across business operations	Carbon Emissions and Energy Water Stewardship Waste Management Responsible Communication	GHG emissions (Scope 1 and Scope 2) Water withdrawal Waste recycled No. of Internal newsletter No. of External disclosures	

Strategic Theme 1

ST1 Create sustainable and profitable growth by achieving market share gains and therapy expansion in Torrent Pharma's core geographies

India Business | **Capitals Deployed**

Overview

Around 85% of Company's revenue comes from four core markets viz. India, United States, Germany and Brazil. India continues to be the largest market, contributing around 50% of revenue.

Torrent Pharma's business mix (~70% BGx and 30% Gx) is highly optimised, as it balances consistent financial returns while accounting for operating leverage and cost competitiveness.

Outlook

Over near to medium term, IPM is poised for double-digit growth in the backdrop of growth enablers, such as:

- Increase in the government's healthcare spending
- Sanguine growth in the hospital and diagnostics sector.
- Accelerated penetration of health insurance at a rate of over 20%.
- Aging population, increasing per capita income, and changing lifestyle patterns

Trends, Opportunities and Challenges

- The Indian pharmaceutical market (IPM) which is valued at more than $23 billion has demonstrated its resilience in 2021-22 during the Covid-19 pandemic.
- IPM has been one of the fastest growing markets, owing to its demographics and unmet medical needs, under-penetrated health insurance markets and changing lifestyle.
- Increased exposure to NLEM and any changes to DPCO regulations may have a transitional impact on overall portfolio growth.

Focus areas

1. **Specialty focus:** Increasing prescription share and building bigger brands through specialty focus.
2. **New product offerings:** New introductions, particularly in space of NDDS, Fixed Dosage Combinations (FDC) and line extensions: leveraging ensuing patent expiry in chronic space.
3. **Market share gain**: Sustain competitive positioning in anchor therapies viz. CVS, CNS, GI and VMN and build a presence in therapies where Torrent Pharma's market share is relatively low.
4. **Field force expansion and productivity:** Investing in field force expansion to increase prescription base and enhance reach, while sustaining current productivity levels on medium terms basis.
5. **Enhanced digital initiatives:** Increasing digital promotional footprint to maintain competitive advantage.
6. **Trade generics:** Foraying into Trade Generic segment with a portfolio that is mutually exclusive with Branded Generic portfolio.
7. **Inorganic growth:** Driving growth through inorganic opportunities and in-licensing collaborations

KPIs 1. Market share 2. New launches 3. PCPM 4. Inorganic growth

Performance highlights

8th IN IPM

6th AMONGST SPECIALISTS

2nd IN CARDIAC MARKET

5th IN GI MARKET

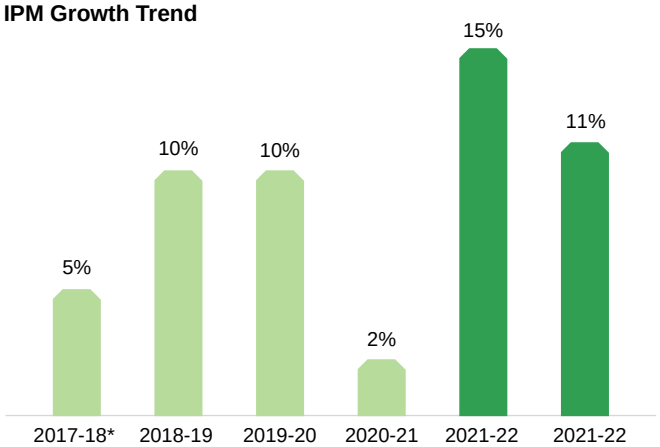
4th IN CNS, VMN

74% CHRONIC AND SUB-CHRONIC (AIOCD)

17 BRANDS AMONGST TOP 500 BRANDS (AIOCD)

11 MOTHER BRANDS MORE THAN ₹ 100 CRORES (AIOCD)

IPM Growth Trend



*GST disruption
**Pandemic disruption

US Business | **Capitals Deployed**

Overview

Torrent Pharma is ranked 12th among Indian companies operating in the US generic market, with a share of around 10.5% in the covered market. It is ranked among the top 3 players in the covered market of 26 products.

The Company has pending USFDA inspection for the Indrad and Dahej facilities, the new product approvals are on hold.

Outlook

- With the highest per capita spending on pharmaceuticals in the world, the US pharmaceutical market is expected to continue to grow at the rate of 3-6% each year.
- Growing incidence of chronic diseases, faster approval of generic drugs and loss of exclusivity yield to key opportunity for scaling in the US markets.
- The USFDA continues to support the generic drugs industry by issuing guidance for bringing complex generics to market. It is also granting incentives, such as exclusivity, competitive generic therapy for first generic entrants.

Trends, Opportunities and Challenges

- USFDA approvals have been increasing over the last 5 years, particularly after GDUFA I and II (Generic Drug User Fee Amendment) guidelines, leading to intensification of competition.
- Price erosion continues in the range of mid to high single-digit by virtue of buyers' consolidation and new entrants.
- Companies are gradually diversifying their portfolio and moving up the complexity curve, in terms of specialty drugs, complex generics, biosimilars and immune therapy.
- Brand loss of exclusivity, including biosimilars, is likely to reduce generic spending.
- Increase in testing leading to product recalls

Focus areas

1. Quality focus: Torrent Pharma has invested significantly in upgrading its quality systems at its facilities around the world. The goal is to remain in full compliance with current and future expectations of the most demanding regulators in the world.
2. Base business growth: Growing base business through market share gain in existing molecules and optimisation of product mix.
3. Pipeline focus: Torrent Pharma has continued to strengthen its ANDAs pipeline every year and believes it can find a path to growth due to its large number of filed products (ANDA pending approval 57), once it starts receiving new product approvals. The Company has filed 20 ANDAs in 2018-19, 12 in 2019-20, 12 in 2020-21 and 5 in 2021-22. Several of these filings are for complex products space that poses challenges in the formulation and is sometimes required in patient clinical studies. Torrent Pharma is building a comprehensive pipeline for its oncology facilities.
4. Cost competitiveness: US generic market is characterized by price erosion, whereby customers expect suppliers to continuously work on increasing productivity and overall efficiencies, which can help bring down the cost of drug products. In 2021-22, Torrent Pharma has taken incremental cost optimization measures to counter the pricing pressures

KPIs

1. **USFDA clearance of facilities**
2. **ANDA filings**
3. **Product launches**
4. **Market share**
5. **Implementation of Cost optimisation measures**

Performance highlights

12th AMONGST INDIAN PLAYERS IN US MARKET

26 PRODUCTS RANKED AMONGST TOP 3 PLAYERS

5 ANDA FILED DURING THE YEAR

57 ANDA PENDING APPROVAL

10.5% MARKET SHARE IN COVERED MARKET

US Office

Germany Business	Capitals Deployed

Overview

Torrent Pharma's presence in Germany started with the acquisition of Heumann Pharma from Pfizer in 2005.

The Company is the 5th largest generic Company player in German market, with a 6.6% market share.

It also has licensing arrangements in the German market with several other manufacturers who have a low-cost base.

Outlook

- The market is expected to grow at CAGR of 4.5% to 7.5% over the medium term.
- Intensification of competition and threat of new entrants bringing pricing pressure.

Trends, Opportunities and Challenges

- Majority of the market comprises tenders issued by various sick funds or insurance companies. Tenders are either in the single winner or three winner models.
- German generics market size is about €5.9 billion, and the market growth is pegged at low to mid-single digits.

Focus areas

1. Grow base business through aggressive tender bidding and cost competitiveness.
2. Increase coverage of the German generics market to 65% over the near to medium term from the current level of around 55%.
3. Continue to expand OTC business.
4. Launch high volume of single to double-digit products per year.
5. Target high volume products and day 1 launches of new products.
6. Expand portfolio beyond the retail market into specialty channels and hospitals.

KPIs

1. Market coverage

2. Product launches

3. Day 1 launches

4. OTC revenue share

5. New customer segments.

Performance highlights

6.6% MARKET SHARE

€ 111 Mn
2021-22 REVENUE

Germany Office

Brazil Business | **Capitals Deployed**

Overview

Torrent Pharma has been in Brazil since 2003. It is the largest Indian pharma Company in this geography.

The Company operates in the BGx and Gx segments, with a team of 250+ sales representatives.

Outlook

- Despite several economic challenges, some of which are linked to COVID-19, the Brazil pharma market continues to demonstrate strong growth.
- This market is estimated to grow by 10-12% p.a., depending on expected improvements on macro-economic parameters under government controls and its policies.

Trends, Opportunities and Challenges

- Large size of the BGx market at about R$49 billion and continued preference of physicians and patients for brands from well-reputed companies.
- Fast growth of the Gx market, particularly in the more rural and remote parts of the country. The Gx market is currently estimated at R$11.9 billion.
- In 2021-22 Brazilian Pharma market has grown in double digits.

Focus areas

1. Grow the base business through portfolio expansion in current core therapeutic areas of Cardiovascular, Diabetes and CNS, together with field force expansion.
2. Expand the Gx business.
3. Entry into new therapies.
4. In-clinic effectiveness.
5. Building large brands.

KPIs

1. Product launches in existing therapies of BGx market

2. Increase market share in Gx market

3. New therapies

Performance highlights

2 BRANDS IN TOP 100 BRANDS

7 BRANDS IN TOP 500 BRANDS

6 BRANDS MORE THAN ₹ 50 CRORES

1st RANKED IN BRAZIL BGX COVERED MARKET

1st RANKED AMONGST INDIA PHARMA COMPANIES

Brazil Office

Strategic Theme 2

ST2

Create sustainable and profitable growth by investing in new markets to develop them as tomorrow's growth engine

Capitals Deployed

Focus areas

1. Leverage existing product pipeline to scale up and strengthen presence in other existing growing markets.
2. Venture into new markets by pivoting already proven business model and go-to-market strategies from existing markets.
3. Incrementally invest in other existing as well as other new markets to develop them as growth engines over medium to long term.

KPIs

1. Revenue growth
2. New markets
3. New launches
4. Collaborations

Strategic Theme 3

ST3

Drive operational excellence through focus on quality, productivity, and cost competitiveness

Capitals Deployed

Focus areas

1. Ensure supply continuity through, alternate sourcing and manufacturing strategies.
2. Drive productivity enhancement and cost competitiveness across manufacturing operations and procurement.
3. Optimise R&D efficiency by building a market-centric portfolio that targets unmet medical needs, deploying the right technology and encouraging a culture of 'disciplined innovation'.
4. Continue to strive for excellence in quality through the confluence of:
   - Strong quality systems and processes.
   - Connected technologies and reduced manual interventions
   - Strict adherence to regulatory standards.
   - Quality culture with strong governance structure for continuous monitoring, audits and resolution.

KPIs

1. Monitoring quality matrix
2. Product/Customer complaint
3. Per unit cost

Aerial View Of Dahej Facility

Strategic Theme 4

ST4 Build engaged and empowered stakeholders with focus on leadership, innovation, and productivity

Capitals Deployed

Focus areas

1. Nurture leadership talent with an entrepreneurial mindset through succession planning at each level, structured coaching programmes with 360-degree feedback and crafting individual development programs.
2. Encourage a culture of 'disciplined innovation' that balances risk taking and productivity while instilling learning through ideation and experimentation.
3. Improve 'in-clinic effectiveness' through therapeutic-focused sales structure, focused sales training programmes and ensuring high employee engagement.
4. Value creation for different stakeholders.

KPIs

1. **Leadership pipeline**
2. **Productivity metrics across R&D, Operations and Sales**

Strategic Theme 5

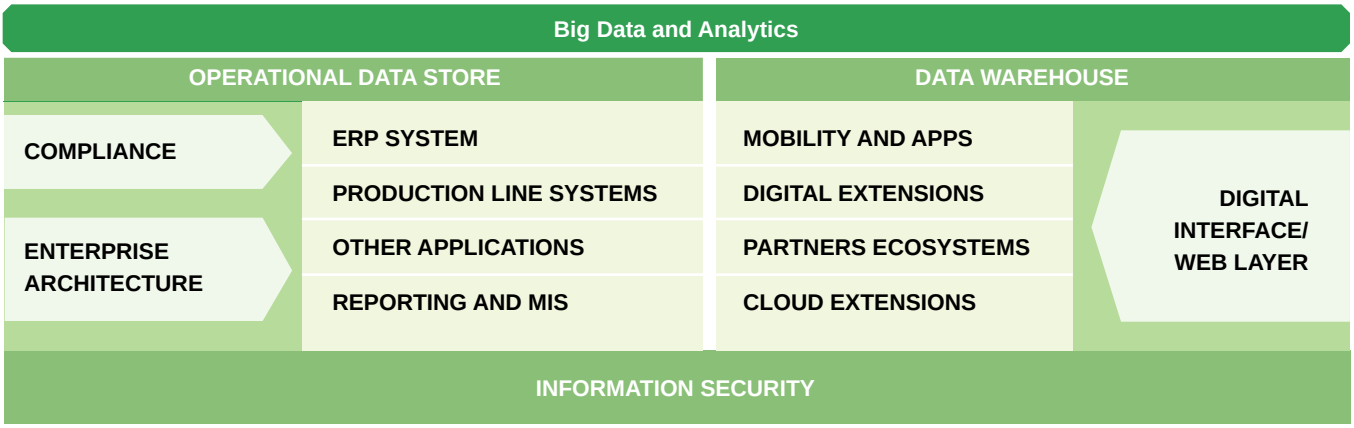
ST5 Deploy digital technologies to drive business model improvements

Capitals Deployed

Overview

Torrent Pharma's technology stack is built around the bedrock of Information Security, Enterprise Architecture and Compliance. These provide a controlled environment for **Growth with Sustainability** and transformation in order to achieve the strategic objectives of enhanced business performance, improved productivity, higher quality, optimised costs and superior customer experience. At the core is the central state-of-the-art ERP, to which all other systems integrate (manufacturing and other applications), supported with a robust MIS and analytics framework.

Recognising the changing dynamics and the need to integrate with external players and systems, the digital interface and the web layer provides a controlled mechanism, to both reach out and for external ecosystem partners to reach in. Interfaces for public-cloud-based apps and mobile app stores are also addressed via this layer. The architecture supports the projects identified via the IT roadmap strategic initiative, as it helps accelerate the introduction of emerging technologies as well as external interfaces and forms a basis for fast and quick experimentation and proofs of concept, all critical in the adoption of Pharma 4.0 initiatives.



Focus areas

1. Invest in technology to create a robust, scalable and open framework to support transformation and accelerated adoption of emerging technologies.
2. Leverage emerging technologies to gain competitive advantage across various business verticals.
3. Execution of technology projects under the governance framework of Information security, infrastructure management and compliances.

Technology permeates across the fabric of the organisation, and the same is reflected both in terms of initiatives implemented as well as undertaken during the year. These include a system for Project Management, implementation of Electronic Lab Notebook (ELN) and MES for production line. Other initiatives that have been undertaken from a futuristic perspective, include initiation of a completely revamped Sales Force Automation product, a renewed focus on supply chain automation, as well as a business- focused MIS and analytics framework.

Recognising the dynamic impact of emerging technologies and its benefits, a project for designing a new IT roadmap has been initiated to address the demands of sustainability, growth, and transformation aligned with Pharma 4.0. This has been done keeping in mind the needs for an enhanced information system programme, additional controls and automation, and the changing compliance and regulatory needs. A new greenfield enhanced ERP implementation has also been initiated, with clearly defined business benefits.

KPIs

1. IT spend

2. IT strategy roadmap

Strategic Theme 6

ST6 Responsible action towards environment and society by ensuring optimal use of natural resources and transparent communication

Capitals Deployed

Overview

Torrent Pharma strongly believes in operating reliably for its stakeholders, environment, and society. This strategic pillar details the focused efforts and commitments on taking accountable action across the Company's operations. As a responsible organisation, it is our constant endeavour to protect and nurture environment and communities that surround us. Therefore, consistent measures are taken to ensure that business activities have minimal adverse impact on Torrent Pharma's stakeholders.

The Company proactively strives to manage and compensate the effects of its operations on the environment and society. It also strives to deliver value that goes beyond profitability and brings a lasting positive impact in the lives of all the stakeholders. Torrent Pharma understands that implementing right and thoughtful measures will enable to minimise the impact of its business activities on the environment and communities, which is why it consistently develops and executes practices that can generate true value.

Focus areas

1. Carbon Emissions and Energy
2. Water Stewardship
3. Waste Management
4. Responsible Communication

KPIs

1. GHG emissions (Scope 1 and Scope 2)
2. Water withdrawal
3. Waste recycled
4. No. of Internal newsletter
5. No. of External disclosures

Refurbished Victoria Garden

VALUE CREATION MODEL

DELIVERING LONG TERM VALUE TO THE STAKEHOLDERS

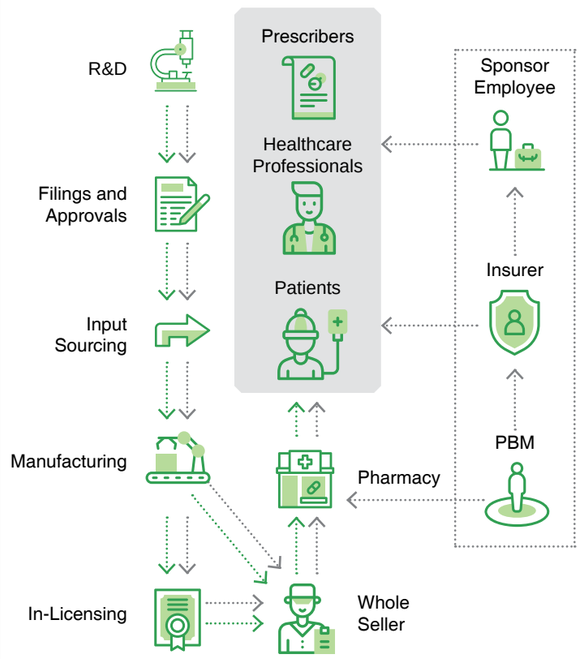
Inputs	Value Creation Process	Outputs	Outcomes	Impact*	SDGs
Financial • Net Worth – ₹ 5,953 crores • Borrowings – ₹ 4,018 crores	**Vision** To become the Most Respected Pharma Company **Mission** We commit ourselves to total customer care by delivering world-class products and services. **Values** • Integrity • Passion for Excellence • Participative Decision Making • Concern for Society & Environment • Fairness with Care • Transparency	• Revenue – ₹ 8,508 crores • EBITDA – ₹ 2,621 crores • ROE – 18%	• Maximizing shareholder value • Consistent growth trajectory	• Investors • Employees	• UN SDG 8
Manufacturing • 7 Manufacturing Units • 90 MT API Manufactured • 2100+ crores Tabs		• 2,000+ Products registered • 54% Capacity Utilisation	• Strong manufacturing capabilities • Competitive product portfolio	• Patients • Community • Government	• UN SDG 6 • UN SDG 7 • UN SDG 9 • UN SDG 12 • UN SDG 13
Intellectual • 790+ Scientists • R&D Spent – ₹ 516 crores • 105 ANDA Approved		• 179 filings • 13 Patents filed • 120+ projects pipeline	• Innovated product development • Increased technological interventions	• Patients • Community	• UN SDG 9 • UN SDG 12
Human • No. of Employees - 13,923 • 4.86+ lakhs Training Manhours		• 85% employees upskilled • Zero fatalities and no accidents.	• Diverse and motivated workforce • Upskilled talent pool	• Employees	• UN SDG 3 • UN SDG 5 • UN SDG 8
Social & Relationship • CSR and Social Donation: ₹ 41 crores • 6500+ Vendors • 4800+ Stockists		• 78,000+ CSR beneficiaries • 7,500+ malnourished children screened in medical camps	• Enhanced stakeholder relationship • Positive impact on communities	• Community	• UN SDG 4 • UN SDG 10 • UN SDG 17
Natural • 855.88 TJ Energy Consumed • 0.97 Mn M^3 Water Withdrawal		• 48% water recycled • 78% waste recycled • 36% increase in renewable energy generation	• Robust environmental stewardship • Operational excellence with resource conservation	• Investors • Employees	• UN SDG 6 • UN SDG 7 • UN SDG 12 • UN SDG 13

Governance

Performance Management

Strategy & Resource Allocation

Outlook



*Impact depicts the stakeholder groups impacted with respective capital

FINANCIAL CAPITAL

FUELING OUR GROWTH SUSTAINABLY

Torrent Pharma believes in building a relationship of trust with investors, shareholders and providers of capital. Even as the Company pursues **Growth with Sustainability**, it practices financial prudence and aims to optimise capital allocation.

Performance Highlights 2021-22

Torrent Pharma registered EBITDA margins of **31% (2020-21 32%)**. The previous year's margins were higher to the extent of Covid induced cost moderation. The current year margins had impact of pricing pressures in the US base business coupled with lack of new launches pending re-inspection of facilities by USFDA.

The Company reduced debt by **₹ 807 crores** and with leverage (Net Debt to EBTIDA) of 1.3x (2020-21 1.6x)

Stakeholders in Focus

Shareholder and Investors

Alignment with UN SDGs

Strategic themes

ST1 ST2 ST3 ST4 ST5 ST6

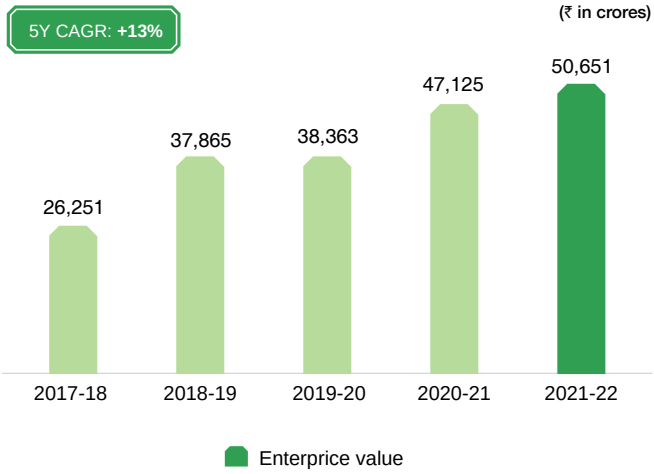
Material Issues

M7 M8

In line with its philosophy, investments in manufacturing, infrastructure, technology, marketing and human talent are done judiciously. This helps provide quality products at affordable prices to customers and drives business growth. Torrent Pharma strongly believes that a robust balance sheet and free cash flows are essential pre-requisites for ensuring long-term value and returns to investors.

Stakeholders' value

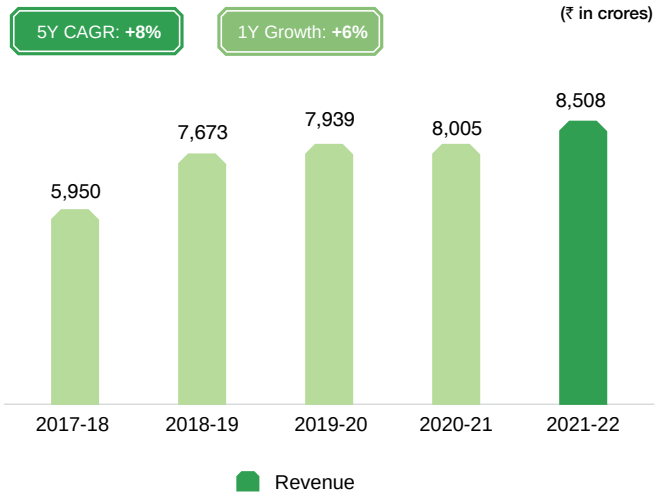
Torrent Pharma has invested in organic and inorganic opportunities, turning its investments cash accretive in the initial years. With philosophy of **Growth with Sustainability**, the Company has over last 5 years, delivered annual accretion of 13% Compounded Annual Growth in terms of Enterprise Value. The Company stands 5th amongst Indian Pharma Companies in terms of Enterprise Value as on 31st March, 2022.



Revenue

For 2021-22:
Despite intermittent Covid disruptions during the year, revenue grew by 6% backed by gradual recovery trends across the markets. This was further aided by a strong growth momentum in branded generic [BGx] markets which grew by 14%, complemented by market recovery and better performance of top brands and new launches across these regions. The revenue from Generic [Gx] markets witnessed a de-growth due to continued pricing pressure in the US, coupled with a lack of new approvals which were pending re-inspection of facilities and a sluggish German market due to increasing competition.

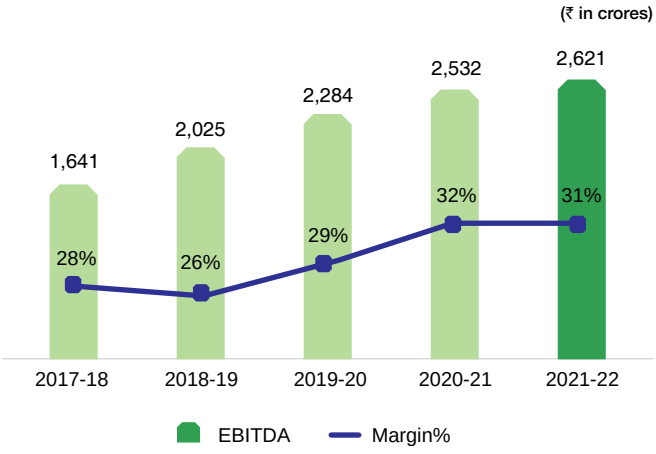
Long-term trends:
Despite the Covid disruptions in 2020-21 and 2021-22, revenues registered steady growth due to high chronicity and prescription stickiness of the portfolio. Lack of new product launches in US, pending re-inspection of facilities in India, has impacted the overall growth. We expect US to contribute positively to the overall growth of the Company, post re-inspection of facilities aided by new product launches.



EBITDA

For 2021-22:
2020-21 margins were higher to the extent of Covid induced cost moderation. 2021-22 margins had impact of pricing pressures in the US base business coupled with lack of new launches pending re-inspection of facilities by USFDA.

Long-term trends:
Torrent Pharma expects to deliver consistent and sustained improvement in margins backed by cost optimization measures, higher mix of BGx business and operating leverage benefit.

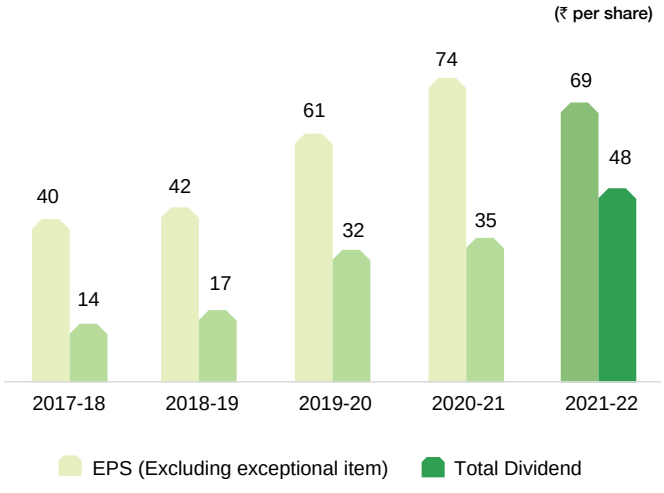


Earnings per Share and Dividend Per Share

For 2021-22:
Net profits were lower due to the high tax rate. During the year, the Company entered into a normal tax regime compared to MAT tax regime in the previous year. However, cash tax for the Company continued at ~18%.

To commemorate accomplishment of milestone of 50 years, the Board of Torrent Pharma has additionally approved a special dividend of ₹ 15/- per equity share and a bonus issue of 1:1.

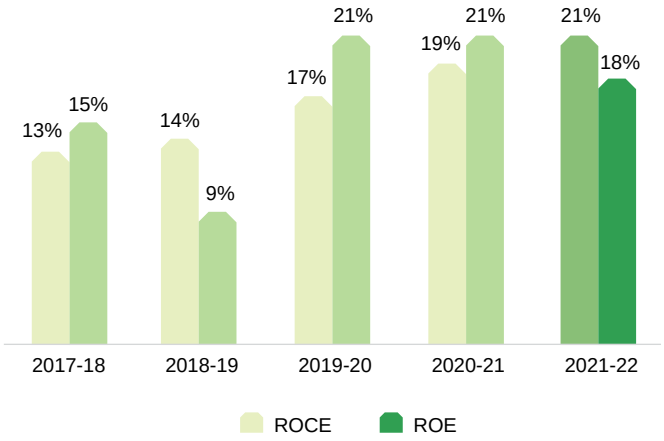
Long-term trends:
Torrent Pharma has been consistent in the dividend distribution. From 2020-21, the Company has revised its dividend distribution policy to distribute at least 40% (instead of the erstwhile policy of 30%) of its annual consolidated Net Profit After Tax (NPAT) (without taking into account non-cash charges relating to business acquisition).



Return on Capital Employed and Return on Equity

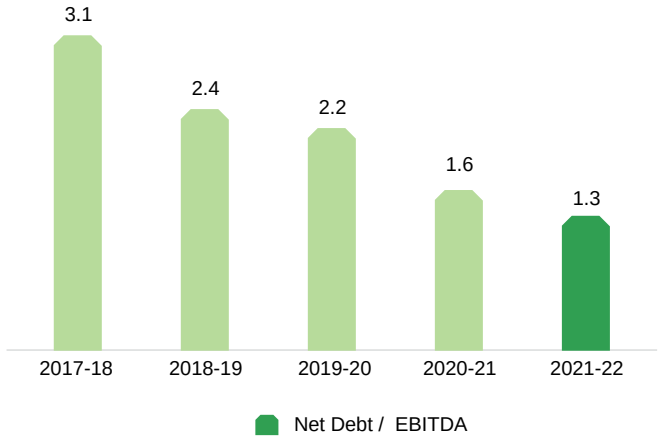
Over the years, Torrent Pharma has been prudent in its capital allocation across business segments. Financial prudence, together with sustained margin improvement, has resulted in a consistent improvement in capital efficiency and enhancement of shareholders' value.

Returns were lower in 2017-18 and 2018-19 due to Unichem acquisition in December 2017. However, the Company was able to achieve pre-acquisition capital returns within a period of three years of acquisition, through a successful turnaround of the acquired portfolio.



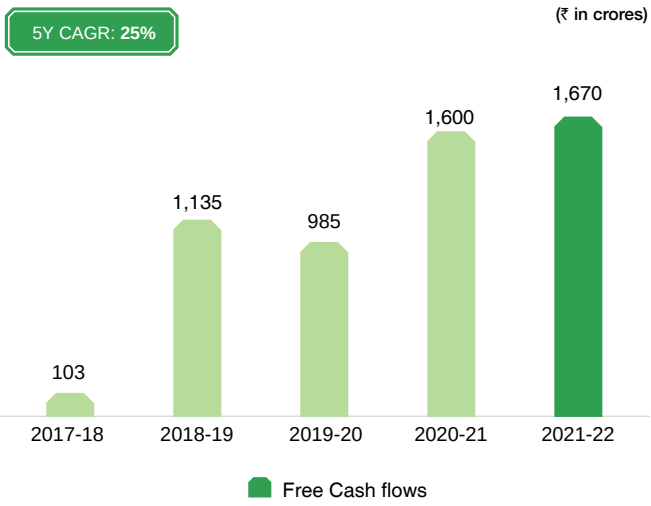
Leverage

In 2021-22, debt reduced by ₹ 807 crores, thereby reducing leverage in terms of net debt to EBITDA to 1.3x as of 31st March 2022 versus 1.6x as of 31st March, 2021.



Free Cash Flows

Sustained margins and earnings growth, successful turnaround of acquired portfolio and consistent improvement in capital returns has led to a compounded annual growth of 25% in free cash flows (FCF).



MANUFACTURING CAPITAL

MAKING HEALTHCARE ACCESSIBLE AND AFFORDABLE

Torrent Pharma believes in having a robust manufacturing base, best-in-class and confirming to global standards which are essential for effectively converting resources and inputs into high quality products. The Company takes inspiration from the value “PASSION WITH EXCELLENCE” and consistently delivers long-term value to its stakeholders

Performance Highlights 2021-22

7
Manufacturing Facilities

90 MT
API Manufacturing Capacity

2,100 crores+
Unit Dose Formulation Manufacturing Capacity

2022-25 Strategic Focus areas and Targets

Supply Continuity and Assessment

Product Stewardship and Quality

Technology Advancement

Targets		
100% suppliers compliance under supplier Code of Conduct 100% critical suppliers assessed on ESG Parameters	Conduct Life Cycle Assessment for major product portfolios	AI Implementation Pharma 4.0 progression

Stakeholders in Focus

Channel Partners | **Suppliers** | **Patients**

Alignment with UN SDGs

3 GOOD HEALTH AND WELL-BEING | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Strategic Themes

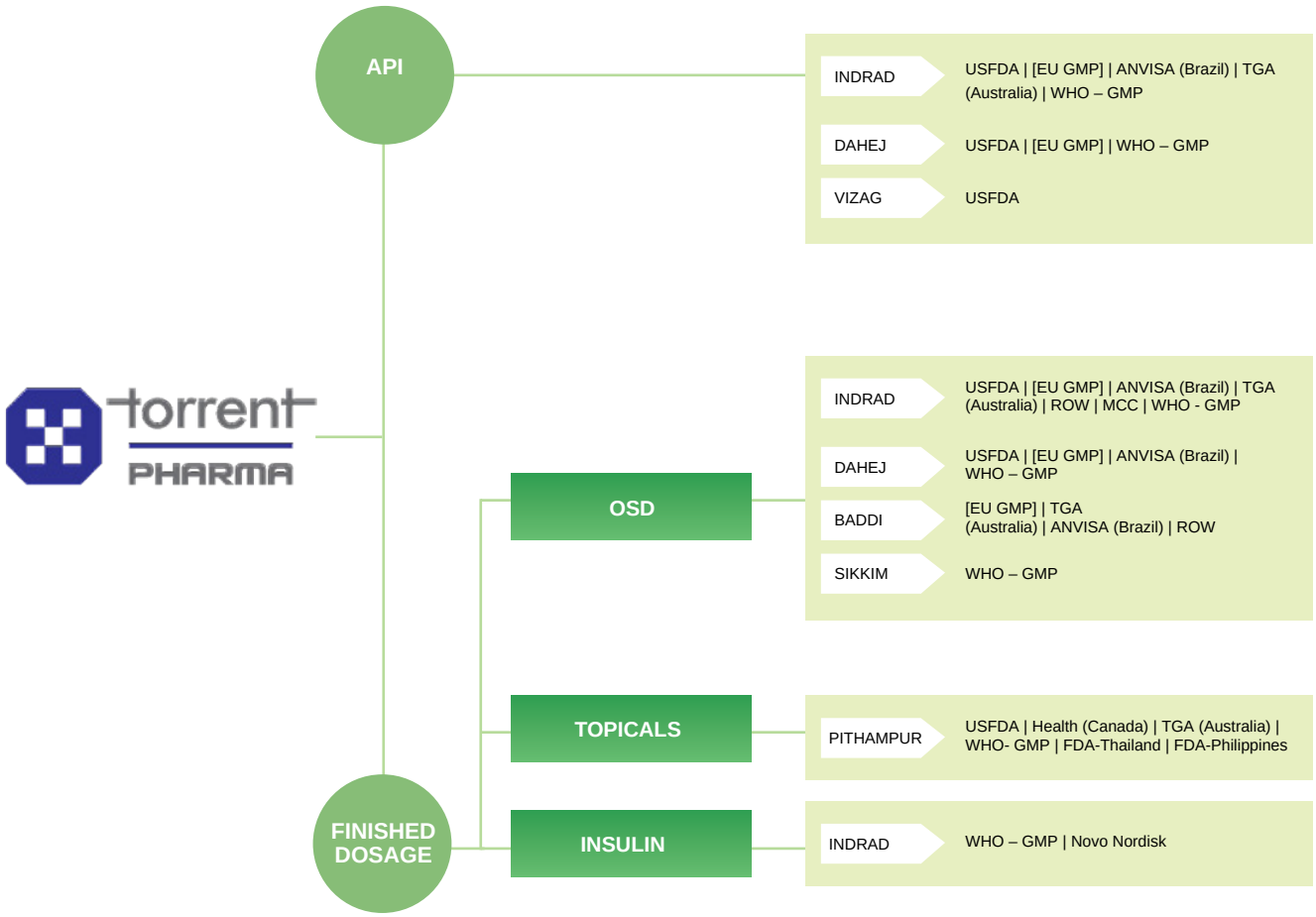
ST1 | ST2 | ST3

Material Issues

M1 | M7 | M8

Manufacturing capital plays a pivotal role in accelerating the Company's growth with utmost responsibility towards the environment. Torrent Pharma's strategic investments in infrastructure, state-of-the-art-equipment and technological system for producing the best healthcare products at affordable price, are done in the most viable manner that create long-term stakeholders' value. These actions have led to enhanced production as well as the safety and reliability of operations. Additionally, it has also enabled the Company to effectively manage its environmental footprint and comply with the regulatory requirements.

As one of the leading players in the pharmaceutical space, Torrent Pharma believes in creating processes and systems that meet the expectations of the market and society at large with care. The range of products manufactured by the Company includes therapeutic divisions of Cardiovascular (CV), Central Nervous System (CNS), Gastro-Intestinal (GI), Women healthcare, Diabetes, Oncology and Anti-infectives. Manufacturing excellence has enabled the Company in establishing itself as the market leader in several categories. Its Products manufactured across 7 facilities are of the highest quality and are in conformity with global standards.



Manufacturing facilities

Torrent Pharma derives its competitive advantage from economies of scale, supply continuity and the state-of-the-art manufacturing facilities. These facilities manufacture a variety of products for diverse markets, including Oral Solids, Topicals, Human Insulin and synthetic API (this is primarily for captive consumption). The Company is confident of achieving its current and future commercial objectives, given its strength, variedness in production capabilities and competencies.

Approach and Implementation

Torrent Pharma strives to create long-term value by building resilient structures and operations which enables it to leverage its strength and capabilities in the most sustainable way. The Risk Management Committee guides in building adaptive and agile manufacturing processes by developing effective risk culture, creating awareness, conducting efficient risk assessment and implementing mitigation measure. The Company's core value 'PASSION FOR EXCELLENCE' demonstrates its commitment to drive value creation by Manufacturing Capital.

The Company aspires to achieve stability and consistency without compromising on quality and efficiency. Towards this endeavour, Torrent Pharma has identified focus areas to accelerate the growth by incorporating sustainable practices in its manufacturing processes.

Oncology facility, a green field facility at Bileshwarpura, Gujarat on progress with regulatory submission in pipeline

The Company has set-up dedicated manufacturing facilities for international markets at Indrad and Dahej (Gujarat) and Baddi (Himachal Pradesh). The topical formulations manufacturing facility at Pithampur is targeted at both the Indian and International markets. The Sikkim facility manufactures products for the Indian market. The API facilities in Indrad, Dahej and Vizag captively support other facilities satisfying API demand .

54%
Installed Capacity Utilization in 2021-22

20+
Dosage Forms

40+
Countries Served

Accessibility and Affordability

Even as the Company plans its growth by expanding in core geographies and investing in new markets, the commitment to make medicine accessible and affordable at all times stays and grows strong.

The Company realises that, it is an imperative that medicines and cures should be made accessible and affordable to all. Torrent Pharma considers this as a moral responsibility to make medicines accessible to the markets and communities where it is currently unavailable. This would in the truest sense, contribute towards building sustainable systems that ensures a healthy and safe life for the present and future generations.

The Company is focused on safeguarding both the quality and quantity of medicine needs for the under-privileged. The robust manufacturing technologies and state-of-the-art facilities bolsters the efforts placed by the Company in providing healthcare products to the needful. **Over the years, Torrent Pharma has proven its expertise in the provision and distribution of vital medications to both the domestic and foreign markets. It has the appropriate technology that enables cost optimisation and high quality, backed by superior management and strong governance structure**. At the same time, the Company also invests in emerging technologies.

Collaboration: The Company has achieved collaborations with peer players towards its goal of accessibility and affordability, a case in point is its non-exclusive license agreement with Medicine Patent Pool (MPP), for manufacture and commercialisation of the generic version of COVID-19 antiviral Paxlovid in 95 middle- and low-income countries.

Supply Continuity and Assessment

Torrent Pharma's future objectives include a strong commitment to achieve accelerated growth with sustainability. It has selected alternate manufacturing sites as part of its plan to attain supply preparedness and mitigate any exigencies. This means that technology is transferred seamlessly across locations and various locations are prepared to meet the variety of demands, assuring business continuity. The Company prioritises compliance with applicable norms and standards including GMP. During the pandemic waves, its facilities were operational, ensuring an uninterrupted supply of therapeutics.

Reliable and Transparent Chain: For Torrent Pharma, ensuring a high-quality, safe and consistent supply of medicines for patients and consumers has always been a top focus. Supply issues, unforeseen demand and counterfeit items have been identified as potential risks. Patient safety is jeopardised by counterfeit products hence the Company's goal is to prohibit the development and sale of counterfeit products by following international rules such as the European Union's Falsified Medicine Directives (FMD).

To provide traceability across the supply chain, technologies such as serialisation (track-and-trace) are used to consistently track the product. Also, product visibility is increased through greater supply chain visibility and adherence to regulatory norms. This allows the systems to verify products at the point of dispense thereby preventing theft, counterfeiting and stock diversion.

Local Procurement for Consistent Provisioning: The Procurement function is integral to business advancement. The focus during the fiscal remained on local suppliers and local contractors. This had a dual benefit of promoting the local economy and reducing negative externalities associated with the transportation of material. During this year, global supply chain challenges continued to affect production, making alternate sourcing more significant.

The Company has largely been able to address this headwind by promoting domestic vendors and actively monitoring the supply chain continuity. **All the third-party manufacturers and loan licencing manufacturers were guided by safety protocols.** To drive profitable growth through continual production, Torrent Pharma focused on the alignment of operational, production and commercial plans. This led to efficient capacity utilisation of in-house abilities. The products were supplied to the market through a regulated supply chain.

Supplier Assessment for Sustainability Edge: Torrent Pharma is on its ESG transformative journey wherein it considers collaboration with suppliers as an imperative. As a key to doubling their impact with an aim to drive sustainable behaviour beyond plant boundaries, the Company took up the responsibility to sensitise and encourage its vendors on the path of sustainability. It has developed guidelines for suppliers for a greater alignment with its own goals and mission.

The emphasis is on ESG parameters beyond the generic capabilities, finances and capacities. Further, a lot of importance has been given during the reporting year to operations and processes to minimise waste production and make the same more energy efficient. Further, this year the Company took the procurement process a step ahead by ensuring that its association with suppliers are ecologically and socially responsible.

Moreover, the existing supplier Code of Conduct has been enhanced by integrating ESG aspects in the same. The Company trusts that this will help in developing a responsible value chain and the ESG performance of the suppliers will also be enhanced. The supplier assessment questionnaire has also been developed and it is focused on assessing the existing frameworks of associated suppliers with the intent to build their capacity on ESG parameters.

Leveraging Collaborations: Wherever possible, the Company uses external collaborations such as Loan License Manufacturing (LLM) and P2P to ensure supply continuity. The Company has also collaborated with 3 other players to enhance its manufacturing capabilities.

Other Notable Partnerships: Three decades ago, Torrent Pharma formed a strategic relationship with Novo Nordisk, a Danish pharmaceutical Company. It has been supplying cost-effective and high-quality insulin for many years as a result of this cooperation.

Product Stewardship and Quality

The Motto: 'One Product - One Globe - One Quality' is ensured through building the culture of excellence that is guided with a robust framework including SOPs, trainings, digitalisation, performance metrics reviews and audits.

Torrent Pharma has always placed a great emphasis on the quality of its products and the trust it has built, is with its distinguished and state-of-the-art manufacturing facilities. It strives to maintain its impeccable record through strategic investments in automation of processes - to increase efficiency, output and minimising failures and defects. The Company produces nearly 85% of required intermediaries in-house which has enabled it to meet market demand with consistent quality and low prices, as well as prompt delivery.

Automated Processes: Manufacturing processes at Company's facilities can function without an active operator with minimum manual intervention with the use of Programmable Logic Control (PLC). Process machinery has been automated as well, with next generation systems managing feeding and process salience. To coincide with the strategy of supporting automation and making facilities paperless, Torrent Pharma is in the process of further boosting automation by integrating production equipment data and converting straight to electronic batch manufacturing records. Similarly, it is using Laboratory Management Software to automate its quality control laboratory and make it paperless.

Optimised manufacturing: To enable the Company to maintain its manufacturing advantage at optimal costs, each site is subjected to tight budgetary restrictions. With costs tied to the production of each unit of medicine, an ERP-based system improves back-end efficiency. The tracking of certain operational KPIs reveals critical information, such as raw material costs and cycle time reductions, which aids in the management and continual optimisation of operations.

Quality Management System: It applies globally to all operations and each site's Quality Performance Indicators have been defined to analyse opportunities for improvement and ensure that the necessary actions are done. Process and procedure simplifications, supervisions and automation are used to achieve higher productivity and enhanced quality. This automation process tracks, monitors and identifies external and internal quality indicators (quality metrics). Close monitoring of metrics aids in identifying the robustness of manufacturing operations, the Quality Management System and the QC laboratory and so aids in identifying the health of manufacturing operations and ultimately ensures customer satisfaction.

Reviews and Audits: A dedicated quality assurance team monitors product development and ongoing production operations to ensure that they meet the highest quality requirements. A dedicated team of SMEs from several cross-functional teams has been formed to conduct internal quality audits on a regular basis**. Product quality evaluations are also undertaken on a regular basis to evaluate product and process performance and process enhancements are implemented as needed to maintain quality throughout the product life cycle**.

Torrent Pharma's manufacturing facilities are subject to routine GMP inspections by global drug authorities from the United States, Europe, Brazil, Australia and other countries. The Company uses certified third-party GMP consultants from time to time to ensure that its GMP facilities are in compliance with regulatory requirements. Consultants also assist it in assessing the completeness of its regulatory commitment offered as part of the inspection response, as well as the continual Quality Management System improvements, through mock-audit.

Pharmacovigilance: In reviewing the safety of its goods, it is critical to detect, assess, explain and avoid adverse drug effects or any other drug-related problem. Torrent Pharma collaborates with regulatory authorities to improve reporting methods in this regard. It is always working to promote harmonised methodologies and procedures for medication development and safety evaluation, as well as to comply with required laws and regulations.

Technology Advancement

The Covid-19 pandemic has depicted the strength and need for technological advancement with digital transformation to keep pace with increasing demands. The Company focuses on bringing efficiency and transparency for seamless continuity of business. As the Company has already invested in new technologies to boost productivity and respond to the gigantic changes in the business environment, the manufacturing operations and process have also been evolved. Newer ways of working and culture were also adopted for achieving operational excellence.

Accelerating the Pharma 4.0 programme, Torrent Pharma has also adopted relevant technologies to exploit digitally enabled manufacturing facilities in the following core areas.

Manufacturing Operation: The Company has also introduced digitalisation into product manufacturing and quality management systems through innovative technologies. The Company is consistently exploring the use of mobile tablets and gaining easier access to information which may lead to 'paperless' processes.

Complied Medical Quality: The data provided by sensors mounted on production equipment and laboratory operations can assist in ensuring that medications meet the highest quality requirements.

Connected Networks: Connecting processes, assets and people across sites to improve operational excellence on a continuous basis.

Real-time Supply Chain: The data created by real-time supply chains will aid in the digitisation of supply chain forecasts, guaranteeing that production can be modified to correct delivery.

Advanced analytics adoption and Artificial Intelligence are emerging technology trends. Torrent Pharma strives to be one of the early adopters of new technology solutions and lead the race. Sustainable operations intertwined with technological transformations is crucial to ensure accelerated growth with sustainability.

Automated Drug Manufacturing at Baddi Facility

INTELLECTUAL CAPITAL

ACCELERATING GROWTH WITH PRUDENT RESEARCH

Torrent Pharma's Intellectual Capital is a reflection of its steadfast dedication to creating high-quality products and establishing effective processes as a result of intensive research and development. The Company has built its reputation and goodwill on the strength of its extensive intellectual property and expertise base.

Performance Highlights 2021-22

₹ 516 crores
R&D Expenditure

13
Patents Filed

120+
Projects under development

790+
Number of Scientists

190+
Support Staff

Strategic Focus Areas and Commitments

Innovation and R&D have always been essential to Torrent Pharma's success as seen in the lifecare medications introduced by it. The Company's philosophy - 'Not Just Healthcare…. Lifecare' underscores Company's dedication to superior excellence in product development and research. The Company strives to invest in cutting-edge research and development which enables it to enhance its portfolio, explore new therapeutic areas and create long term value for all the stakeholders.

R&D Efficiency

Leveraging Data and Technology

Intellectual Property

Collaboration and Strategic Partnerships

Stakeholders in Focus

- Government Regulators
- Industry Associations
- Employees
- Communities

Alignment with UN SDGs

3 GOOD HEALTH AND WELL-BEING
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

Strategic Themes

ST1 ST2 ST3 ST4

Material Issues

M1 M2 M7 M8

Torrent Pharma considers intellectual capital as a vital asset which is a key to its business success and stakeholders value creation in the long-term. The Company is firmly committed to encouraging research and development for foraying into new therapeutic areas, expand its portfolio and contribute to better lifecare for all. These principles coupled with embracing new technological developments and encouraging innovations will immensely assist the organisation in achieving **Growth with Sustainability**. The Company's assets are a rich repository, comprising a robust knowledge base, patents, copyrights and licenses, R&D policies, digital systems, procedures and controls. It endeavours to continually strengthening its Intellectual Capital which has significantly driven its evolving business, brand building and earning goodwill.

Approach and Implementation

Torrent Pharma is aware of the fact that sustainable and accelerated growth can be attained with a deep commitment to R&D. The Company believes that R&D contributes not just to developing more efficient processes, but even to the creation of innovative products that promote **Growth with Sustainability**.

Through innovation, the Company is committed to increasing the affordability and accessibility of high-quality pharmaceutical products, driven by the core value of 'PASSION FOR EXCELLENCE'.

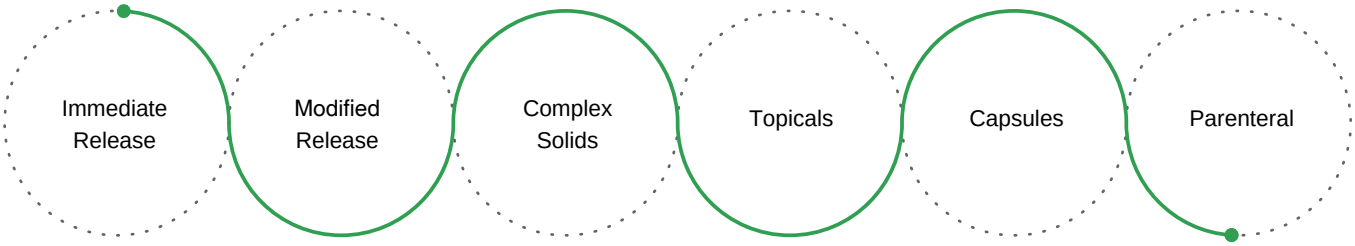
R&D Efficiency

Torrent Pharma's emphasis on efficient and effective R&D has accelerated the expansion of its product portfolio. Product development efforts are focused on meeting unmet market needs across therapeutic categories, utilising the available market opportunities to propel the development of novel products and formulations. The extensive portfolio of BGx and Gx exemplifies the organisation's exceptional research capabilities and operational excellence.

Torrent Pharma is the market leader in generic products within the target categories. The in-house API manufacturing allows it to offer a distinctive value proposition based on efficient and integrated product development. The Company leverages data analytics and digital technologies to improve the efficiency, efficacy and reliability of the drug discovery and development process.

In the past 5 years, Torrent Pharma has received approvals for over 100 Abbreviated New Drug Applications (ANDAs). In Europe, the Company has been granted approval for over 20 new molecular applications. Based on such permissions, it has successfully registered and launched them in India and other emerging markets. **For 2021-22, the Company has filed 5 ANDA's and its pipeline consists of 57 pending approvals not including tentative or partnered filings.**

Complex Generics as one of the focus areas of R&D Strategy



One of Torrent Pharma's strategic focus is on complex generics in the areas of oral solids, foams, ointments, creams, and nasal administration. Incremental investments made in complex generics portfolio is a crucial differentiating factor for sustained competitive advantage. This also contributes to the Company's mission of cost-effective accessibility and affordability for major therapies.

Accelerating Active Pharmaceutical Ingredient (API) Development Process

To augment product development, the Company is boosting capabilities by accelerating the research activities at R&D by taking up new initiatives on the discovery as well as generic API process development. **By adopting new technologies, techniques and green chemistry approaches, the Company successfully eliminated the use of toxic and hazardous materials, reduced waste, improved cost and resource efficiency and incorporated environment friendly processes.**

The dedicated teams are working in various functions and our research initiatives are enabled with the use of sophisticated instrumentation such as NMR, LC-MS-MS, GCMS, XRPD, multi-Raman spectroscopy /Microscopy and G3-Id. In addition, the Company is also equipped with PAT tools for solid state engineering and have capabilities for developing novel polymorphs, cocrystals and their characterization.

Focusing on product and process safety, in-house safety-screening lab is unique and equipped with Reaction Calorimetry that helps in identifying hazards in our manufacturing processes and eliminates them during the development phase itself. The R&D and Tech Transfer team plays a key support role in conducting these Hazard and Operability (HAZOP) studies.

The integrated efforts are adopted for development of sustainable commercial manufacturing process for New Chemical Entities (NCEs), Generic API process development and API process intensification as described herein with few examples.

For a late-stage clinical candidate being developed for improving cardiovascular risk in subjects with diabetes, dyslipidemia and hypertension, a sustainable route for large-scale commercial synthesis to reduce safety and environmental risk was established. As a result, E-factor got improved by around 70% and the process efficiency got improved by 100% along with process intensification, which further improved VTO (Volume Time Output) by 90% and substantial API cost reduction.

For another clinical candidate for management of heart failure in diabetic patients, process enhancement with E-factor improvement by around 70% was achieved.

R&D teams are also engaged with process development of Generic APIs for cost-effective and environment friendly processes through lowering the use of toxic / hazardous raw materials, reducing waste and enhancing atom economy. The same concept is implemented for the process development of an Anti-viral drug Penciclovir, a GABA receptor agonist Zolpidem, an anticonvulsant drug Perampanel and anti-inflammatory drug Indomethacin.

In continuous cost improvement plan for commercial API, the process intensification done for Duloxetine, Olmesartan and Nebivolol as part of Life cycle management.

Duloxetine, used for the treatment of depression, a sustainable commercial route for large-scale synthesis is developed. The process intensification done with reducing processing cycle time by 55% and process efficiency improved by 20%. In addition to this solvent consumption and effluent is reduced by 70% which improved E-factor and process mass intensity around 70% and 75% respectively which can increase the overall manufacturing capacity by two-fold.

Olmesartan used for the treatment of hypertension, a sustainable commercial route for large-scale synthesis is developed having reduced unit operations and process efficiency improved by 25%. A reduction in solvent consumption is identified and effluent generated is also reduced by around 30% along with improved E-factor and Process mass intensity of around 35% and 25% respectively. This also resulted in substantial reduction in the API cost.

Nebivolol used for the treatment of hypertension, large-scale synthesis is adopted using flash chromatography technique in Isomer separation stage which resulted in solvent reduction by 80% in particular stage. Spent of silica gel avoided by recycling it. The overall process efficiency improved by 40% and API RM cost.

Formulation Development

The formulation pipeline at Torrent Pharma comprises complex generics, the products include form of oral solids, injections, inhalational products, long-acting depot injections, ophthalmic and nasal solutions, semisolids for external application and multi-particulate prolonged release oral formulations, primarily developed for global markets. The focus is on therapeutic categories of CNS and antipsychotics, cardiovascular, gastrointestinal, anti-diabetic, anti-cancer, anti-acne, corticosteroids and cosmeceuticals.

For maximising therapeutic synergies, limiting side effects and improving patient compliance, the Company has developed novel products of Fixed Dose Drug Combinations (FDCs). These include multilayer tablets, laser drilling osmotic drug delivery systems, long-acting injectables, tablet-in-tablet technologies, prolonged-release dosage forms for molecules accessible in immediate release dosage form and fixed dose combinations.

Pregabalin with duloxetine addresses significant unmet need for patients with neuropathic pain by allowing them to reach the optimal dose for pain relief without adverse effects that limit daily activities otherwise with monotherapy. Repaglinide with voglibose is another new fixed dose combination product which offers a convenient and effective second line therapy for fasting as well as post pradial glycemic control. Dapsone gel is a complex topical product for common condition like acne, which was developed successfully for US market, to name a few.

Filings in market

The Company strives to expand its submissions in various markets to enhance its outreach. The below given table provides a snapshot of submission done in 2021-22

No. of Submission	No. of DMF Submission
179	18

Innovating for enhanced lifecare and healthcare

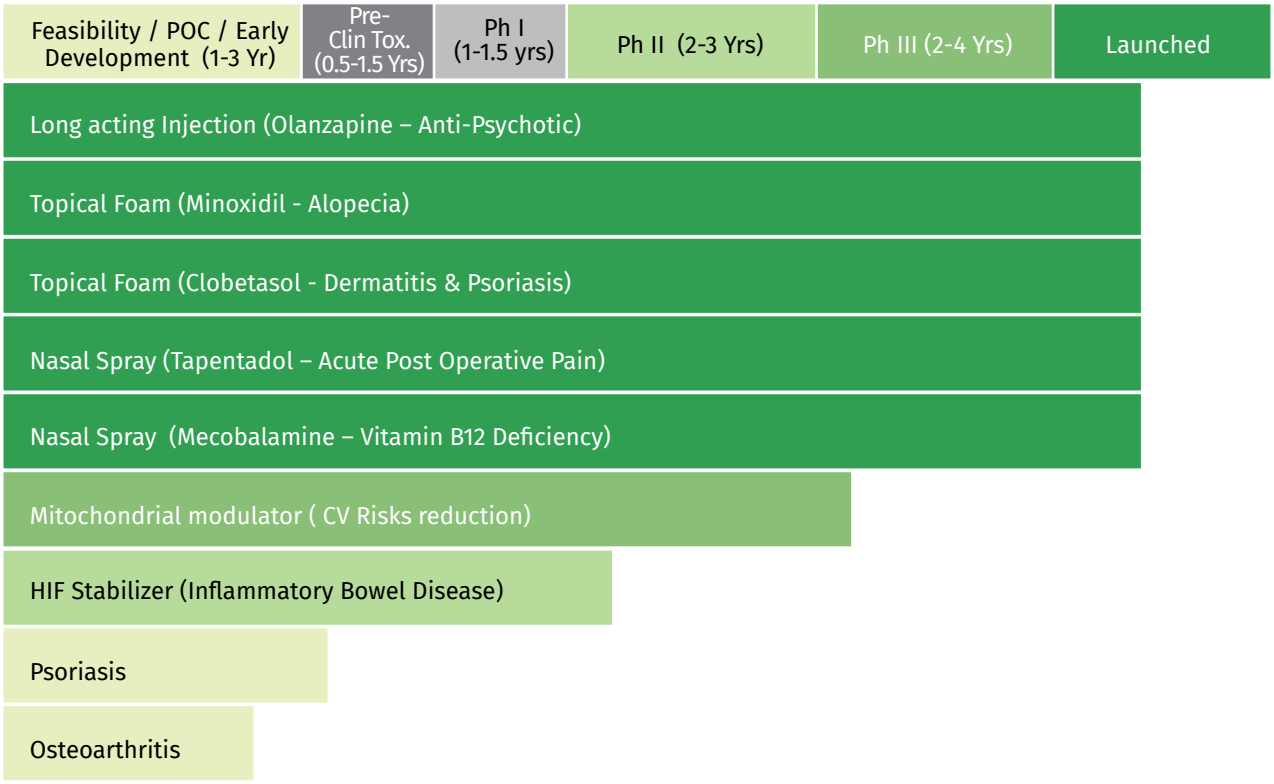
Innovation is the key to improvement and Torrent Pharma recognises its responsibility towards the discovery of life-changing therapies. The Company is committed to driving value through initiatives across API and formulations. Its successful R&D outcomes are due to untiring efforts and unwavering commitment of 797 highly competent scientists.

Planning and Prioritizing

The Company's R&D team has developed a comprehensive framework for leveraging new drug discovery platforms and modalities along with finding compounds that are genuinely first in their class. There is a consistent focus on evaluating strategic opportunities to address the global pharmaceutical market.

Torrent Pharma's most advanced research programme concentrates on potentially life-changing therapy for large number of patients with diabetes, high cholesterol and high blood pressure, i.e., CARDIOMETABOLIC–BASED CHRONIC DISEASE(CMBCD) which will be completing global phase 3 clinical trial this year

New Drug Delivery System (NDDS) and New Chemical Entities (NCE) Pipeline



Highlights on NDDS and Novel FDC

Novel Drug Delivery Systems (NDDS) evolved through the use of new technological platforms to build products to reposition current medications through a different route of administration, if necessary. The goal is to increase their efficacy, safety and patient compliance by increasing bioavailability, reducing the dosage and increasing the frequency and commencement of the action.

Unmet medical needs addressed through alternate routes, by adapting to new technology platforms for delivery, has been a continuous effort. After launching products such as topical foam and analgesic nasal spray, the Company adapted the nasal spray delivery to address a significant gap in the treatment of vitamin B12 deficiency.

In India, the prevalence of vitamin B12 deficiency stands at a staggering 47%. Frequent painful intramuscular injections followed by daily oral dose pose a challenge when it comes to compliance and therefore achieving the desired levels. Vitamin B12 nasal spray, named Cobaswift NS, launched this year achieves and maintains the desired levels with once-a-week administration. Cobaswift NS nasal spray helps to replenish vitamin B12 level in human body.

Collaborations with academic and government laboratories are an integral part of the development and Torrent Pharma actively pursues such opportunities.

Imbibing and Leveraging Technology

Acceleration of the ambitions towards better lifecare makes it imperative to improvise the business models in alignment with technological advancements. Mindful of this fact, the Company invested in technologies that add to long-term sustainability by reducing costs and increasing productivity.

The adoption of Electronic Laboratory Notebooks (ELNs) has led to automation in documentation processes during product development. This has resulted in a paperless R&D and higher productivity through improved collaboration.

A fully integrated project management tool has added to ensure transparency and accessibility that serves as information repository for all projects for ready reference. This also supports scheduling, tracking, execution of projects, monitoring timelines, costs, prioritisation and business potential through various reports and dashboards for the cross-functional teams.

Advanced analytics incorporating simulations have been developed through smart software development for reducing experimental work, assessing process capacities, real-time release and scaling up operations.

Pharmacovigilance

Torrent Pharma places great emphasis on quality, hence all its products undergo meticulous testing for safety and efficacy through clinical trials before they are authorised for use. However, a robust Pharmacovigilance system has been implemented to ensure that timely measures are taken in the event of any adverse effects of products, that may be visible only after a wider use, including in people with other concurrent diseases and over a long period of time.

The Company works with the regulatory agencies to enhance systems to monitor the safety and benefit-risk profile of its medicines throughout the product lifecycle.

For ensuring easy accessibility for Torrent Pharma's stakeholders to report any adverse event or product complaint, a reporting form has been provided on its website. In addition to this, a dedicated phone line and mailbox too have been provided, which are consistently monitored.

The Company's independent global pharmacovigilance group, comprising of doctors and pharmacists manage inter-linked domestic as well as affiliates' pharmacovigilance system under the supervision of a Global Pharmacovigilance Responsible person.

As a standard procedure, a report is submitted to the R&D centre on a weekly basis and relevant actions are taken immediately. The Company's field employees are extensively trained on the use of medicines.

For adverse event intimation or product related issues, the Company's dedicated email id is pv@torrentpharma.com and there is also a toll-free number for easy access to stakeholders. The complaint can also be logged on the Company's website.

Collaboration and Strategic Partnerships

Patient safety and efficacy of products are a priority for the industry and Torrent Pharma. The Company regularly engages with peers, regulators and industry associations to deliberate on an enabling framework for strengthening collaborations and strategic partnerships.

Entered 3 licensing collaborations [Baricitinib, Molnupiravir and Paxlovid] to strengthen the Covid portfolio

Partnerships with Academic Institutions

The Company takes advantage of the country's scientific ecosystem by forming mutually beneficial academic collaborations that includes Ahmedabad University, IIT Gandhinagar, BITS Hyderabad and SICART Vallabh Vidyanagar.

Intellectual Property

Intensive investments in R&D has enhanced the Company's Intellectual Capital. The tangible impact of intellectual capital is new drug discoveries, developments of novel drug delivery systems and improvements in the safety and efficacy of products. These attributes are crucial for meeting the Company's philosophy - 'Not Just Healthcare…. Lifecare'.

The broad patent portfolio is one of the pillars of the Company's success in global markets. To safeguard the interests of investors, sustain competitive advantage and incentivise R&D, the Company has a robust mechanism for securing the patents filed.

Torrent's innovations have resulted in the filing of 1229 patents for New Drug Delivery Technologies and New Drug Discovery initiatives, as well as new API and formulation techniques for various geographies, with 636 patents granted so far.

Proprietary technology

- Dual Retard Inlay Technology, Compact Tablet Technology, Gastro Retentive System
- Multiparticulate / Matrix Based SR / Modified Release Formulations
- Long Acting Injectables
- Nasal Drug Delivery
- Topical Foams

DISTINGUISHED PORTFOLIO WITH WORLDWIDE PATENTS

NCE Research – 3 molecules under Development

Generic Development – Focus on various dosage forms

Value added generics – Indigenous technology oral, solids, nasal and topical forms

Response to Covid 19

As a service provider for life-saving drugs, Torrent Pharma ensured to deliver on its values and motto.
The urgency to continue with biostudies was effectively communicated and permissions has been obtained both from the centre and the state. Adequate precautions were carried out, including use of PPE kits for successful execution of the studies.

World Class Quality

GLP certificate issued by NGCMA, DST, Government of India (https://dst.gov.in/ngcma) is in compliance with OECD Principles of GLP

Update - ISO 50001:2018, ISOQAR Ltd. UK

APPROVALS FOR RESEARCH CENTRE AND BIO EVALUATION CENTRE

National Accreditation Board for Testing and Calibration Laboratories (NABL), India

ISO 14001:2015 and ISO 45001:2018, ISOQAR Ltd., UK

BIO-EVALUATION CENTRE ACCREDITATIONS

- The Drug Controller General (India) (DCGI)
- ANVISA (BRAZIL)
- Ministry of Health (UAE)

STUDIES INSPECTED AND APPROVED

- USFDA
- AFFSAPS (ANSM)
- DKMA
- AGES
- ANVISA

STUDIES ACCEPTED BY REGULATORY AGENCIES IN

- Russia
- CIS Countries
- Australia
- ASEAN countries
- South Africa
- African countries
- South American countries

HUMAN CAPITAL

EMPOWERING ENGAGEMENT FOR PURPOSEFUL GROWTH

Torrent Pharma believes that motivated workforce and stakeholders will enable it to pursue Growth with Sustainability, maintain competitive advantage, ensure profitability and create stakeholders' value. As a responsible Company, we adhere to our values - PARTICIPATIVE DECISION MAKING, CONCERN FOR SOCIETY & ENVIRONMENT, FAIRNESS WITH CARE and TRANSPARENCY, which are focused on ensuring a safe and healthy environment for the stakeholders.

Performance Highlights 2021-22

13,900+
Total Employees

40+
Specially abled employees

85%
Employees Upskilled

95+
Internal Safety Audits Conducted

4.86+ lakhs
Man Hour Trainings

2022-2025 Strategic Focus areas and Targets

Leadership and Talent Development

Health, Safety and Wellness

Human Rights

Targets

Leadership and Talent Development	Health, Safety and Wellness	Human Rights
Employee Satisfaction Survey for 100% of Employees 16 Hours of ESG training per employee	100% coverage of all operations for reportable accidents	Human Rights Assessment for 100% of operations

Stakeholders in Focus

- **Healthcare Professionals**
- **Employees**
- **Communities**

Alignment with UN SDGs

Strategic Themes

ST1 | ST2 | ST4 | ST5 | ST6

Material Issues

M5 | M6 | M7 | M8

The Company has an inclusive approach to its human resources and is steadfastly focused on building a healthy organisation and a capable workforce. The organisation's policies and initiatives pertaining to talent acquisition and development, talent retention, gender diversity and employee benefits are comprehensive. The Company is dedicated to recruiting and retaining talent which is a fine blend of experience and fresh graduates from leading institutions.

Torrent Pharma has an empathetic approach and addresses the needs and aspirations of its employees for their bright future. Its commitment is towards creating a work environment that ensures employee safety, guarantees equality and provides encouraging and varied opportunities. This has been further embodied in the Company's core values of fairness with care, and participative decision making.

Approach and Implementation

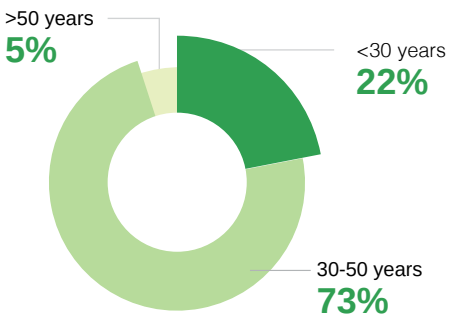
Integrity is core to the organisation's policies for creating better work culture with a righteous approach, that gives meaning to life and purpose. Having a people-centric approach enables the organization to give due importance to the health and safety of the Company's employees under all circumstances. The Company's HR strategy embodies and propagates the true Torrentian culture. **The safety committee held 87 meetings leading to several successful initiatives with a focus on maintaining safe workplace.**

The Foundational Strength

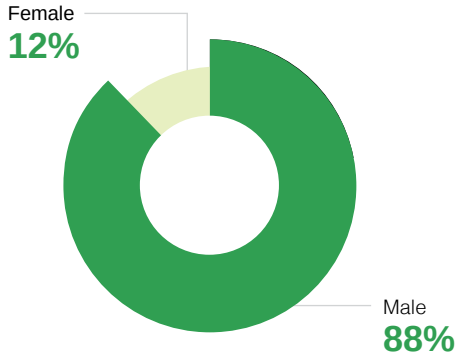
The Company acknowledges the importance of diverse workforce, which helps in getting varied perspective, inspires creativity, fosters open communication and innovation. The below given table provides a snapshot of Torrent Pharma's workforce including India operations, representative offices and subsidiaries.

	<30 years		30-50 years		>50 years		Total	
Head Counts	Male	Female	Male	Female	Male	Female	Male	Female
2021-22	2,393	598	9,194	988	629	121	**12,216**	**1,707**
2020-21	2,218	610	8,997	944	607	122	**11,822**	**1,676**

Age Diversity



Gender Diversity



Leadership and Talent Management

Building of capacities through trainings and growth opportunities with an aim to provide complete career satisfaction to employees is integral to Company's HR strategy. The existing resource base is upskilled and updated with latest developments in the sector to ensure a strong resource pipeline. The whole process starts from day of induction and continues during the entire tenure of employment.

The culture of developing leadership and technical talent is instilled within the Torrent culture through periodic processes of feedbacks and appreciations in form of awards.

Training, Engaging and Upskilling

Well organized and engaging on-boarding strategies are implanted to inspire new employees, set out an organization's mission and vision for them and acquaint them about the Company's legacy, culture and values. Induction sessions are conducted for new employees and also visit to other locations such as nearby Torrent Pharma facilities and R&D centre are organized. It allows new employees to lay the foundations for important relationships within their teams and across and gives them the best possible start in the organization.

Learning is critical in growth curve of any individual and at Torrent Pharma the same is ensured through identification of training programs, assessment of gaps in knowledge, need of enhancements for employees at all levels. Regular trainings are organized in alignment to requirements and thus helps employees to fulfil their personal and Company expectations.

As part of the obligatory compliance with the POSH Act, a mandatory workshop on raising awareness about the Sexual Harassment Policy is held once a year.

"Baatcheet" sessions conducted to maintain two-way communication between employees and their HODs. It facilitates employees in keeping updated on important information pertaining to work, having better understanding of the goals and visions of the Department and the organisation and sharing concerns, suggestions with an aim to improve overall department performance and employee engagement.

"Sampark" Program is conducted for our new joinees to solicit their feedback. During such interaction, presence of at least one Senior management personnel is ensured to provide them with a holistic view of the Company. This is a regular monthly interaction, where feedback of employees are obtained at pre-determined intervals i.e. - after one month of joining, then after three months of joining and after one year of joining. This aims to engage and retain our new employees.

Organizational value seminars, which define organization-specific behaviors, are also being organized to guarantee that all new recruits are culturally aligned. This aids in the comprehension of the organization's culture and value systems, as well as the adaptation to the new environment.

During the reporting fiscal, the following trainings were conducted:

Behavioral Trainings

- MDP
- Upskilling the Pharma Industry workforce
- Orientation Program under the POSH Act
- Behavior of personnel at workplace
- Communication skills
- Skill building
- Leading with passion
- Covid awareness
- Personal health and hygiene
- Stress management stability studies for Pharmaceuticals and its regulatory requirement

Technical Trainings

- IPA
- Data Integrity
- 21 CFR Part 11
- Good documentation
- cGMP, Analysis related trainings
- GLP training
- Audit related training
- Various other technical trainings
- Pharmacovigilance training
- Product training
- Job specific technical training

Safety Trainings

- General safety
- Job specific safety training
- First aid training
- Occupational health, safety and productivity in industries
- New hire inductions
- Hazards / risks associated with various gardening activities
- Organizational goal- zero incident and safe and defensive driving skills
- Hazards associated with canteen activities
- New safety topics were conducted to aware work force for enhancing safety culture at plant

SOP Training

- Job specific awareness trainings for compliance
- New hire inductions training

Appreciable participation was observed for all the programs that the Company had conducted. In such a fast-paced working environment, it has been recognized that such learning and development programs form an important parameter for onboarding and retaining talent within the organization.

The importance of ESG performance is material not just for financial gains of the Company but also developing resilience against global challenges such as climate change and events such as pandemic, which challenged global operations. Hence, the Company identifies ESG training as important for its employees because it will not only add to Company's role in value creation but also make them more responsive to planet.

Several programs like Sangini and Sakhi continue to celebrate womanhood and encourage the female force. The two programs take care of health and hygiene where former is focussed on talks and latter is responsive to the issues and concerns that are brought forward. Neev is another initiative that promotes engagement to the level of families. It can also be considered as a methodological tool to communicate across the safety that Torrent offers and ensures.

Women Empowerment

Sangini: A platform for women to express and celebrate womanhood, with health seminars held twice a year for all female employees.

Sakhi: A project aimed at addressing female hygiene issues. Women's representatives gather on a regular basis to discuss and understand their challenges and concerns.

Neev: An initiative to encourage the sense of belongingness. Family orientation of Torrent Group, its foundation, values, female welfare initiatives and CSR activities followed by a facility visit affirms the safety, care and well-being provided to female colleagues. All these measures are helpful in hiring and retaining women employees at Torrent Pharma.

Leadership Development

Building environment that supports adoption of leadership roles can add to organization's efficient growth. The recommendations on different leadership skill requirements trickle from the HODs. Further, complete calendar of required trainings is prepared during the start of year by HODs. These are submitted to the HR department by HODs with annual appraisals. The HR department further works on it and classifies the same into technical / functional and behavioral categories.

Internal trainer and facilitators (subject matter expert) are identified by HR in coordination with HODs. Such facilitators impart the technical/ functional trainings to our employees. They further play the role of mentors within the organization. This way Torrent creates the foundation of culture of learning and development.

Company also sponsors Global MBA Executive program to help our High potential employees in accelerating their careers. This program has blend of learning from all of areas such as manufacturing, R&D, marketing etc., which helps the high potential employees to appreciate the business requirement from a broader perspective. These employees will have greater vision for strategic planning and other disciplines besides an understanding to analyze the challenges. Such employees can be involved in the decision-making roles. Thus, Organization prepares itself better for the future meeting Company aspirations.

The sessions in India Business are focused on a practical approach with a high level of applicability in their day-to-day work. Written assignments and field-related tasks are used to assess the training program's efficacy. Senior line managers also give their observations from the field.

2 out of 8 Board members are women

To improve their managerial and administrative skills, the Company organizes an annual training programme for all newly promoted managers and assistant managers. In addition, need-based programmes are held for all units to improve their skill and managerial capacities. External training programmes are also undertaken on a regular basis based on feedback from HODs in order to build certain competencies. A set of rules and policy ensures the transparency in process of employee leveraging. Thus, provides a long-term vision to all associated employees.

Succession Planning

A strategic succession planning framework is objectified to nurture and foster the abilities of high potential executives. An inspiring leadership adapted from a collaborative culture is what it foresees and identifies as important for Company's growth and development.

Torrent Pharma's succession planning has been an integral aspect of the Company's strategy on future preparedness, growth and development. Internal promotions have been a key part in the organization's human resource development and they have helped the Company become more competitive and build a collaborative culture.

Job rotation has been an important aspect in assisting young talents in developing into future leaders by allowing them to work in a variety of roles.

Individuals with identified talents are challenged to define and improve their skills in specific talent domains. The emphasis is on learning the necessary competencies in all domains of a certain function.

The organization plans to identify high-potential personnel in the future based on the criteria provided and nominations from HODs. It also intends to identify key positions based on a set of criteria. The critical position identification exercise is recorded in an online manner and then evaluated on all critical positions across all units.

Diversity and Inclusion

A key to enhanced performance is diversity in workforce. People from diverse backgrounds, gender, culture, origins and physical abilities are recruited. Equality in opportunities is ensured at Torrent through set of policies and their strict adherence. The recruitment process is based on qualification and competencies only. The diversity improves the Company's understanding of stakeholder expectations across geographies and leads to better connection with customers.

Significance is also given to onboard younger workforce and provide them with an accelerated growth path that can boost their careers. Torrent Pharma hires from prestigious institutions across the country and onboards new employees with a focus on growth and cultural fit.

Gender diversity

Torrent strives to promote gender diversity with representation of women across operations of the organization. The Company promotes safe, respectful, balanced and globally agile work environment. There are equal opportunities for learning and growth for all genders.

The Company maintains a diverse mix of human resource in terms of qualification, experience, behavioural competencies that aligns with our business objectives. The recruitment is unbiased on caste, creed, colour, sex, or religion. The workforce in their own ways contribute to success of any organisation and the realisation of the same is well imbibed in Company's culture. Therefore, the Company ensures there is no differentiation and acknowledgement of all the portfolios.

Diversity in new hires in 2021-22:

Torrent Pharma strives to maintain diversity across the organisation by employing female employees at various levels. The below given table provides a snapshot of gender diversity in new hires across the organisation including India operations, representative office and subsidiaries.

#	Breakup of personnel joining the organisation (NEW HIRES)	Gender		
		Male	Female	Total
1	Senior management	17	2	**19**
2	Middle management	54	13	**67**
3	Junior management	1,369	249	**1,618**
4	Staff	392	164	**556**
5	Worker	546	114	**660**
	Total	**2,378**	**542**	**2,920**

Workforce details

In line with the aspiration, Torrent Pharma is consistently working towards maintaining an inclusive and diverse workforce. The below given table provides a snapshot of gender diversity across the organisation including India operations, representative office and subsidiaries.

#	Particulars	Male	Female	Total
PERMANENT EMPLOYEES				
1	Permanent Employees	12,018	1,664	13,682
2	Fixed Term Employees	198	43	241
Total Employees		**12,216**	**1,707**	**13,923**
CONTRACTUAL EMPLOYEES				
Contractual Workers		1,555	253	1,808
Total Workforce		**13,771**	**1,960**	**15,731**

Inclusivity

A purposeful growth in true sense is when employees have a sense of belonging within the organisation and this is when best output and productivity can be expected. Our strategic approach is also to encourage their voices and opinions and facilitate them to be participative in decision making at different levels. The Company believes in creating leaders under leaders.

Importance to inclusivity and morality towards equal opportunity principle within the Company stems from the fact that it has identified due importance of creating suitable positions for differently abled people with appropriate infrastructural developments that meet their needs best. As the overall objective is also to create opportunities that cater to talents, Torrent does not want to miss out on high potential personnel.

The Company has employed 48 employees and 15 Contractual workers who are specially abled.

Work-Life Balance

Several activities during festivities promotes cultural development at work with leaves and compensatory offs, project Company's idea of making employee feel connected and responsive to Company's needs. Furthermore, there are initiatives specific to attend and cater to challenges of female workforce. This also empowers women in a way to maintain a balanced life and grow without societal bottlenecks.

For Female Employees

- Flexible work timings
- Conducive maternity policies
- Safe work environment with POSH policy
- Creche facility
- Learning platform for female employees (Sangini)

Other Initiatives

- 30 days leave, mandatory availment of 14 days
- Compensatory off against extra work hours
- Incentive leaves to acknowledge the long-term association
- Positivity and Joy with cultural event celebrations

Performance Culture

Equitable chances for all employees to learn and grow is a primary factor at Torrent for organizational and personal success. There are set of policies to assure empowerment with challenging work environment which gets coupled with rewards and recognition mechanisms.

Rewards: Contribution to Company's vision and mission in all forms is special and therefore a motivating culture is assured by rewarding and recognizing work of employees. There is a performance management system where performances are reviewed. It decides the compensation and appraisals.

Recognition: Torrent Group recognises and honours two of its most deserving employees with the 'Torrentian of the Year' award. These people are chosen through a participatory process based on their contributions to the organisation. The recognition is celebrated on Founder's Day to pay gratitude to its founder chairman, the visionary late Shri U.N Mehta.

Our Field Force – Our Engines for Field Productivity

Torrent Pharma's field force productivity is higher than the industry average, because of its chronic-focused portfolio and high customer retention. Its representatives are therapeutic specialists who keep in touch with medical doctors on a regular basis. They cultivate stakeholder relationships based on knowledge sharing and drug quality.

The specialised reward structure at Torrent Pharma, in which the field force is explicitly rewarded for their performance is the key to encouragement of field force. Torrent Pharma has been listed among the Top 3 Indian pharma businesses in terms of field force productivity as a result of these activities and sales strategy. Our field force productivity is ₹ 9.2 lakhs per month, an improvement of 10% over previous year.

It is a renowned honour given to those who have exhibited authentic Torrentian characteristics. These are the people who have demonstrated professional competence, gone above and beyond the call of duty and are dependable and committed to the Company.

Promoting Innovation: Innovative thinking is something that Torrent always advocates and promote. It is already grounded in its culture as it augments the same through rewards and recognition of people who go beyond to innovate and develop products which serves to the purposeful growth of organization. This is what enabled Torrent Pharma to formulate and develop new molecules and drug delivery systems.

The organisation considers investments in intellectual capital, such as talent development and competence advancement, to be critical. Torrent Pharma's beliefs include cultivating an environment that promotes lifelong learning, fosters risk taking and embraces and learns from errors as part of the innovation process.

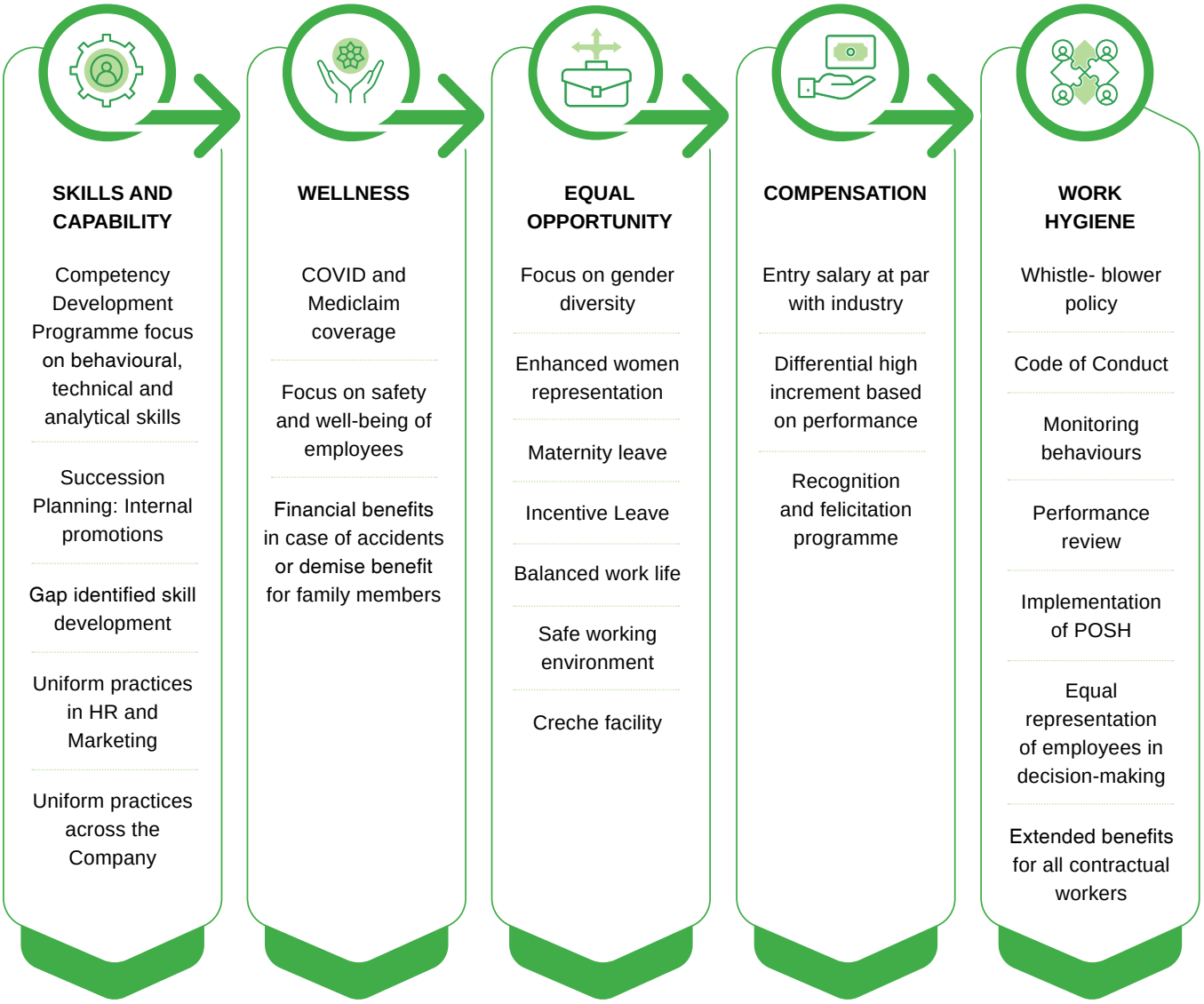
Code of Conduct

The Company's Code of Conduct principles Company's work culture in terms of ethics and law. The policy in real sense is subjected to promote honesty, trust, accountability and transparency. The code establishes key corporate and organisational principles that influence the value system and business operations.

Every new employee receives a Code of Conduct orientation at the time of hire, ensuring that they fully comprehend, embrace and adapt to the Code.

Its implementation and adherence is aided by a powerful vigil mechanism that monitors deviations or disrespect in any form. Each and every employee respect and uphold the Code of Conduct in both word and deed within the workplace.

HR Strategy



HR practices that reinforce the Torrentian culture

COMMITMENT

- Low attrition
- Job satisfaction
- Job enrichment

COMPETENCE

- Adaptability
- Skill development
- Opportunity to shoulder higher responsibility
- Confidence building

CONSISTENCY

- Consistent performance
- Consistent practices

Health, Safety and Wellness

Safe workplaces prioritizing health: We have made it a cornerstone of our mindset at Torrent Pharma to have a Mission Zero Accidents for health and safety of our workforce. With a high premium on health and safety it is a non-negotiable aspect. The Company works hard to ensure that all of our workers, contractors and visitors feel safe and enable an accident-free workplace.

The safety leadership is encouraged throughout the firm and is core to HSE Management. **The facilities and operational systems are strengthened with integration of ISO 14001:2015 and ISO 45001:2018 standards.** Torrent Pharma is committed to establishing safe work environment for all. The Company has a well-established system in place for EHS audit of its operations and key suppliers.

Torrent's action plan on zero reportable accidents for all its units is being ensured with a strong EHS governance and internal audits. Moreover, it also foresees technology-based systems and mobile apps that guides through enhancement of health and safety of employees.

Employee Health

A comprehensive health check-up is conducted for our employees. Every employee undergo 30-32 important medical examinations at reputed medical centre, followed by doctor consultation. A full-time doctor takes care of all kinds of medical emergencies at all the manufacturing facilities. There is medical insurance for employees and their immediate families that backs their hospitalization expenses in cases of accident or unforeseen medical emergencies.

100% of the Company employees obtained training on health and safety in 2021-22

Employee Safety

Every employee's health and safety is crucial to Torrent Pharma and these values are ingrained in our basic organizational ethos. Continuous process and system improvement aids us in reducing risks to safety. We frequently train our personnel on health, safety, security, emergency preparedness and crisis management as part of our safety management practices.

Throughout the year, competent internal trainers held a variety of safety initiatives and trainings that were produced in-house. It is for all employees including the contract workforce.

Health and safety training is provided to all employees and contract workers on a regular basis by external and internal HSE specialists. Mock drills and fire drills are used to test Torrent Pharma's emergency preparedness, as well as safety measures to deal with any unexpected or unwelcome situations. Monthly meetings of the safety committee are held to go over HSE performance, activities and initiatives in detail. Moreover, department-wise safety manuals are developed and circulated with relevant team members to ensure effective safety practices are undertaken.

List of Safety Trainings

- General Safety Awareness and HSE Management System
- Training on ISO 14001 and ISO 45001
- Behavior Based Safety
- Road Safety and Preventive Safety Measures
- Vehicle Information System
- Defensive Driving Training
- Laboratory Safety
- Electrical Safety
- Training on Solvent handling
- First Aid Training
- Industrial Petrol
- Fire drill training
- Slip/Trip hazard training
- Material handling and storage
- Job specific safety training
- Mass toolbox talk training to contractors
- Emergency Preparedness
- Industrial Hygiene
- Safe behaviour at workplace and home

In order to ensure that adequate trainings are provided to the employees, the Company also has a robust safety training system. There are mandatory safety trainings provided to the employees along with department-wise safety trainings. Also, to remain updated with the latest developments, refresher trainings courses are also available to the employees. In case of any location transfer, the employee is provided with plant-specific mandatory trainings, including various safety practices implemented, high-risks zones, work permits required and others.

To foster a healthy HSE culture inside the firm, we encourage all employees, including contract workers, to embrace safe working habits and behaviour. They have the ability and responsibility to report and stop any unsafe work or act that they feel necessary.

In the event of an accident, the Company provides substantial compensation to the employees and their families. The employees may support the cause with voluntary contributions.

Uncompromising on Safety: ZERO Fatalities

Robust Safety Mechanisms for field force

As regard to the field force who usually take two wheelers for commuting, safe driving has been given immense importance in the organization. Safety training focuses on education and reinforcing employees on importance of road signs, markings, safety rules of the road, managing emergencies, driving skills for different road and weather conditions. All accidents are classified based on a severity / risk matrix.

Every accident that happens in the field is documented and the reason for accident is enumerated by the Unit Doctor and EHS personnel. Based on the reasons cited for every accident a webinar is organized on a quarterly basis to educate every member of the field team emphasizing as to how the accident could have been avoided.

A vehicle information system has been formulated and the database of vehicle of all field members is maintained. Periodic mails are sent reminding field on servicing the vehicles, providing “Pollution Under Control” certificate etc.

Furthermore, regular communication emphasizing safety is circulated so that safe driving is inculcated in every field employee. With implementation of all these steps, the Company ensures safe driving. **The result is there has been no fatal accident over the last two years and the number of accidents has also reduced by 22% over the previous year.**

Prevention and Investigation of Incidents

It is necessary that the implementation of HSE protocols and reported incidents are monitored and investigated. This is to ensure implementation of corrective action as well as to learn and prevent future occurrences. All manufacturing locations track incident sharing and safety adherence. All levels of employees, contractual workforce and stakeholders can report safety concerns (unsafe activity/conditions) and near miss using a defined and regulated protocol, advisory notes and Corrective Action and Preventive Action (CAPA) compliance by all facilities on a priority basis to avoid any recurrence of events.

Audits: Environmental, health and safety audits of the Company’s safety initiatives and those of major supply chain partners are part of a comprehensive program. The audit program's goal is to identify HSE hazards and potential compliance gaps, as well as best practices for addressing these risks and gaps. A third-party inspection agency is hired to deep dive in our health and safety management systems and processes. The result of the study confirmed that our systems are resilient enough for potential hazards and risks. However, we intend to further enhance our systems by integrating state-of-the-art technologies in our operations and plants.

Emergency Preparedness: The organization's disaster readiness are reviewed on a regular basis in order to maintain Company continuity. **At the manufacturing plants, qualified and experienced safety professionals and fire crews are on call 24 hours a day, 7 days a week to cope with any emergency.**

Drills to battle emergencies are held on a regular basis to boost confidence and emergency preparation. All institutions feature well-equipped fire and emergency control centers to deal with any emergency situations.

Technology-enabled incident reporting platform

At Torrent Pharma, we strongly believe in effective use to technology for ensuring safe workplace. We have implemented an incident reporting system which helps us in constantly monitoring the incidents occurred at any location. In case of any incident, the authorised HSE team member provides a detailed incident report in the system within 24 hours of incident, including the measures taken to prevent such incident in future. As soon as the report is uploaded, a notification is sent to all relevant members across other plants to ensure that proactive safety measures are taken. This platform also contains the plant and activity-wise incidents reported for past five years.

To maintain the safety culture, there is a feature in the platform which enables employee to report any unsafe act or behaviour observed in the workplace along with adequate proof. Once reported, a notification is immediately shared with HSE head of the plant and then forwarded to Head of Department mentioning the details of employee associated with unsafe act. As per the degree of unsafe act, relevant actions are taken and it is ensured that such behaviour is not repeated in the workplace.

Safety Initiatives taken up during the year are:

- Fire Safety Audits
- External Safety Audits
- Safety Trainings

Safety measures that continue as a part of proactive safety culture includes a pre-start up safety review (PSSR), a departmental safety manual and general safety.

Indicator	2021-22 (Nos.)
No of Fatalities	0
Lost Time Injury Frequency Rate* (LTIFR) (per Mn man hour)	0.10
Total recordable injury	2
Total Non-reportable injuries (Including near misses)	44

* includes figures of industrial premises only

Spearheading Road Safety

Torrent Pharma strives to maintain a safe workplace for employees as well as contractors. As a prime example, we ensure that our contractors dealing with commutation of employees adhere to road safety guidelines. In all the buses wherein employees commute, we have installed camera and other sensor-bases devices to consistently monitor the road safety performance of the contractors. The display of camera could be monitored live by authorised HSE team member. In case of any unsafe act or behaviour conducted by contractor while driving such as not wearing seatbelt, using mobile phone, over speeding and others, immediately a notification is sent to authorised member. The relevant steps to prevent such behaviour are immediately taken and the contractor is informed on the same.

Navigating the COVID-19 Pandemic Resurge with Support and Care

Continued business without compromising on well-being of all our stakeholders was important. Priority was given to employees' health and safety during the pandemic and its recurring waves. There were defined safety protocols with reporting at OHC for all employees and visitors. **The vaccination drives organized by the Company ensured 100% vaccination of all its employees.**

During the pandemic, employees reported to office based on their personal health, family's health and other relevant Covid-19 related considerations. The full return to office was successful with strict safety protocols where individuals were expected to follow measures such as wear face mask, maintain social distancing, regularly sanitization, others and the virus transmission was prevented within the office premises.

Human Rights

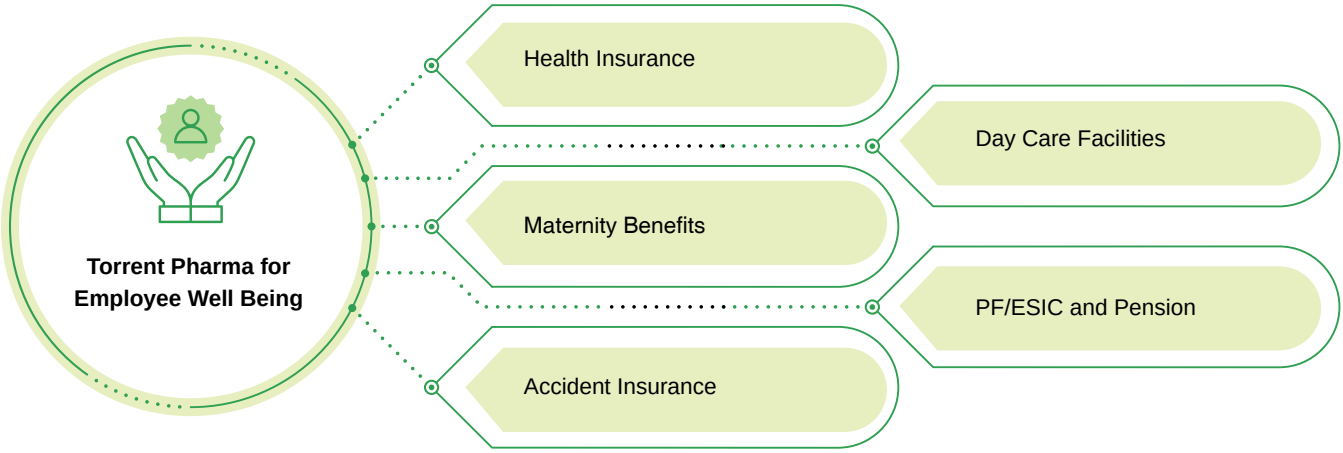
Company's Code of Conduct policy framework strongly aligns to United Nations Guiding Principles on Human Rights, Labour practices, Environment and Anti-corruption. The endeavour is to do business in fair and transparent manner maintaining highest ethical standards that supports and protects Human Rights. It applies across the group companies of India, suppliers and contractors amongst others. The same is an integral part of our contracts, due diligence processes, training and communications.

Women's safety is taken care with highest respect to their dignity. The Company has a strong process in place to report any unethical business practises, as well as a gender-neutral policy on Sexual Harassment Prevention (POSH). The goal of POSH is to protect employees from sexual harassment while also lowering the Company's liability. The Company has a whistle blower policy to ensure corruption free sustainable business.

The key activities that we shall uptake to cover 100% of our operations for human right impact assessment:

- Develop Human Rights Policy and dedicated mailbox for Human Rights related complaints
- Develop Human Rights Strategy for assessing the human rights issues in operations
- Engage with value chain partners on human rights issues
- Conduct Human Rights Assessment for the operations by third-party agency

There were no cases of child labour, forced labour, involuntary labour, or discriminatory employment, breach of Human Rights throughout the reporting period. Torrent Pharma complies with the minimum wage rates as necessitated in different states of India and as per the Minimum Wages Act of India, 1948.



Women's Day Celebration at R&D Centre

SOCIAL AND RELATIONSHIP CAPITAL

CONTRIBUTING TOWARDS STRONGER AND HEALTHIER COMMUNITIES

Torrent Pharma places a substantial emphasis on social development and invests in communities for their development. This is integral to the Company's goal of achieving **Growth with Sustainability**. Torrent Pharma's social initiatives are aligned with UN SDGs to create long-term positive impact in the lives of communities.

2021-22 Highlights

₹ 23 crores
CSR Spent

649
Villages served

Torrent CSR Focus Areas

Torrent CSR

Community Healthcare, Sanitation and Hygiene

Education and Knowledge Enhancement

Social Care and Concern

R EA CH

શિક્ષા સેતુ

પ્રતીતિ
અનુભૂતિ તમે, તમારાં, તમારાં અને જાહેરાત થી વધારે અને વિશિષ્ટ

રંગતરંગ rangtarang

abhivyakti
• THE CITY ARTS PROJECT •
Arts • Music • Dance • Theatre

Alignment with UN SDGs

3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 17 PARTNERSHIPS FOR THE GOALS

Strategic Themes

ST4 ST6

Material Issues

M7 M8

Strong partnerships have also been established with our key stakeholders, including investors, lenders, suppliers, employees and communities. These relationships help maintaining and strengthening our licence to operate, build long-term trust and thereby creating accretive value from business. Torrent undertakes several programs and initiatives aimed at empowering people and the vulnerable. Catering to the medical needs for a healthier world has been a prime focus.

Partnering with our Communities for Inclusive Development

Torrent Group firmly believes in the philosophy of "Think of others also, when you think about yourself". With this philosophy of our Founder, Late Shri U. N. Mehta, the "UNM Foundation", a not-for-profit organisation has been established to drive the Group's social activities. The Foundation carries out Social and Philanthropic activities of the Torrent Group, with a focus on Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. Our commitment is to promote holistic growth of communities goes beyond the regions we operate in.

Torrent Pharma's Corporate Social Responsibility and Sustainability (CSRS) Committee oversees the Company's social responsibilities and, is envisioned by the goal of creating a more inclusive and healthy society. The Company has pioneered a holistic approach to address the society's multidimensional development concerns and contribute to its collective aspirations. Provisions of Schedule VII, Section 135 of the Companies Act, 2013 form the foundation of the CSR policy, including our objectives and focus needs. The Company's dedication towards social upliftment goes beyond declaring the intentions. We channel a part of our resources and activities towards enabling meaningful social, ethical, and environmental impact.

We have undertaken several activities to enhance society's quality of life and add value to the communities. We track the impact of our decisions, projects, activities on society and the environment regularly led by transparent and ethical behaviour that is:

- Consistent with the sustainable development and welfare of society
- Takes into account stakeholder expectations

Governance - CSRS Committee

A CSRS Committee is developed at the Board level, which has oversight on the community facing initiatives. A well-structured and holistic CSR Policy highlights focus areas, project categories, programme types, delivery methodologies and resources. It provides guiding principles for community engagement for all relevant employees and partners.

The CSRS Committee develops an Annual Action Plan (AAP) outlining the chosen projects, activities and budgets for the year and seeks Board approval for the same. It also tracks AAP implementation and meets at least twice a year. For more information, please refer to Director's Report.

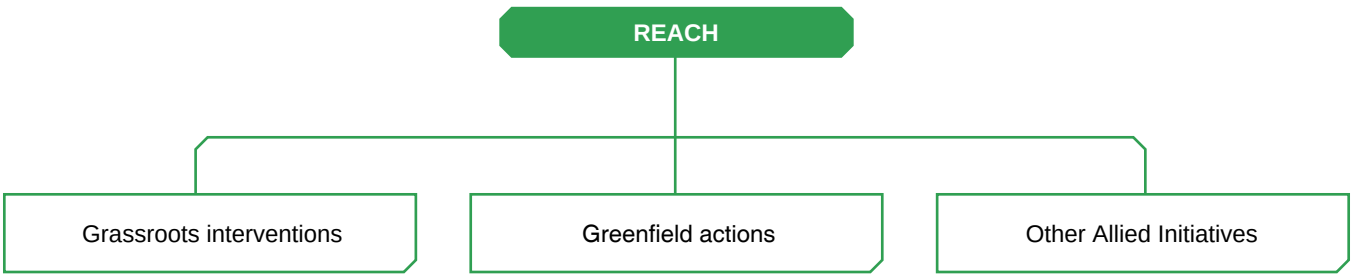
REACH (Reach EAch CHild), a child health-centric initiative

Sustainable development requires ensuring healthy lifestyles and encouraging well-being for all. One of the challenges facing the healthcare industry and providers including the government and the medical profession is to prioritise the needs of patients and guarantee access to quality healthcare. At Torrent Pharma, we have always put our best efforts to foster equitable healthcare. With this objective in mind, **REACH**, our flagship community development programme, was launched in 2016 by UNM Foundation.

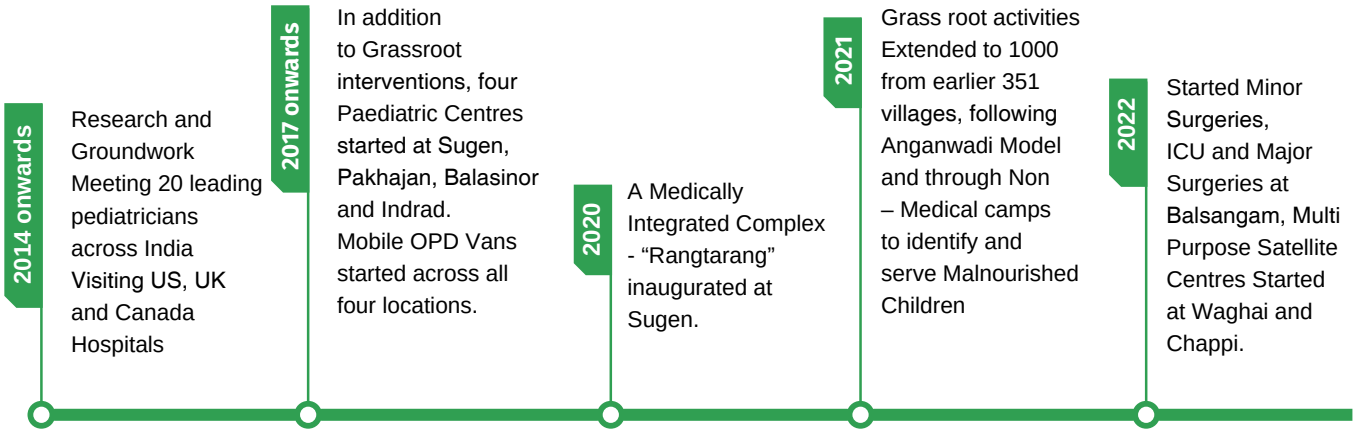
Reach EAch CHild, or REACH, is the umbrella community development programme that aims at prevention of child health problems through proactive Grassroot Interventions and Greenfield Actions. It also provides access to specialist, medical services for diagnosis, treatment for children with chronic ailments and supports interventions for enhancing women's health and hygiene, amongst various allied initiatives including but not limited to awareness.

Moreover, Rangtarang is also a focused program implemented by the Company to address healthcare issues. Rangtarang comprises Sumangal, a multi-disciplinary clinic for patients of all age groups and Balsangam, a 150-bed, state-of-the- art paediatric hospital, which is fully operational and is expanding its facilities post Covid – specially from June 2021.

REACH: Programme Pillars



Major Milestones Paediatric Healthcare



Grassroots Interventions

Grassroot interventions, the first pillar of the programme, targets to establish the baseline health status of children aged 6 months to 6 years. Children are screened for anaemia, malnourishment or chronic ailments, and necessary interventions are taken.

Medical camps

649
villages reached

7,500+
children screened during medical camps

To provide medical care to children between six months and six years, we conducted medical camps in 649 villages around Gujarat's SUGEN, Dahej, Balasinor, and Indrad districts.

Initially, the programme started by providing Ready to use Therapeutic Food (RUTF) – Balamul to malnourished children and the progress was closely monitored. It was identified that the taste was monotonous and to counter the same, the Group experimented and evolved with Mauji biscuit having same nutritional components as that of Balamul and a number of different flavours.

For anaemic children, adequate iron supplements are provided in order to bring them up to medically desired level. In addition, if any children require additional supplements, medication, or advice, they are directed to one of our existing paediatric centres to avail of the best course of action to ensure long-term health.

Expanding sphere of influence

Our experience and structured impact assessment provide us with the impetus to increase the reach of our community development interventions. During 2021-22, as the second wave of the pandemic ebbed, starting from June 2021, the REACH programme was extended to an additional 649 villages, taking total number of villages to 1,000. Anganwadi model is followed in additional villages to identify and serve malnourished children, with 7,511 children being identified as malnourished and provided with Mauji Biscuits. Till now, 39% of children from additional villages have been brought out of malnourishment.

Expanding through Concentric circles

We are extending the reach of the medical camps and diet supplements to the children, registered with Anganwadis in the new villages we are reaching. We collect data on moderate and severely malnourished children from the Anganwadi staff given their understanding of the children under their care.

Strengthening Awareness

We conduct public awareness campaigns to raise awareness about malnutrition, anaemia, good health and hygiene, - causes, symptoms, cure and care across all villages we support through our CSR programmes. These are shown in the form of Audio-Visual films in vernacular language in various villages. Demonstrations on ways to cook nutritious food using ingredients commonly found in the homes of caregivers and parents are also undertaken as part of these engagements. **Educational videos are also used to drive public awareness.** These interventions aim to make the parents self-sufficient in managing their children's health and preventing malnutrition.

649 Villages Covered in 2021-22

7,500+ undernourished children identified in 2021-22

Impact Assessment on Malnourished and Anaemic Children

We start our programmes with a detailed need assessment through surveys and one on one discussions to understand our community requirements. Our programmes are designed to meet these stated needs. Thereafter, while the programme is being implemented, we continually review the progress and impact it is creating on the beneficiaries.

A systematic survey was undertaken in the villages across SUGEN, Dahej, Balasinor, and Indrad districts in Gujarat. Programme interventions have been intensively implemented in these villages and has helped numerous children overcome malnourishment and anaemia.

MALNOURISHMENT

The average weight of close to 4,000 children (Malnourished to Normal category) assessed. Approximately 78% of children were found to have normal weight long after treatment ended.

ANAEMIA

Haemoglobin of close to 1,000 children (Anaemic to Normal category) assessed. Approximately 94% of children were found to have normal haemoglobin levels long after treatment ended.

Setting up multi-purpose satellite centres

A hub and spoke model to establish a network of satellite centres around the core area we already support will help us reach and serve many more malnourished children. **These centres serve as nodal points to deploy various interventions under grassroot programs, including medical camps, awareness campaigns, and facilitating teleconsultations with doctors at the existing Primary Health Centers (PHCs)**.

Children with critical conditions are sent to our medical centres and other hospitals designated by the programme. A survey and feasibility assessment have been undertaken to expand infrastructure and medical coverage in the underserved areas of North, Central and South Gujarat.

Locations	No. of villages	No. of Beneficiaries
Sugen	197	3,334
Dahej	150	1,112
Balasinor	148	1,366
Indrad	154	1,699
Total	**649**	**7,511**

Greenfield Actions

Under the second pillar of REACH, i.e. Greenfield Actions, healthcare support is provided to children up to 18 years of age in remote areas with inadequate medical services through three greenfield multi-disciplinary physical OPD centres in Dahej, Balasinor, and Indrad. These centres provide access to medical advice for free, basic laboratory services and medicines to the underprivileged. While regular services from these centres were put on hold owing to COVID related limitations, we transitioned to tele-consultations to continue serving the communities. Facilities for physical OPD and teleconsulting OPD services were resumed from June 2021, onwards.

Since 2017, we have conducted more than 3.25 lakhs OPD consultations across these centres.

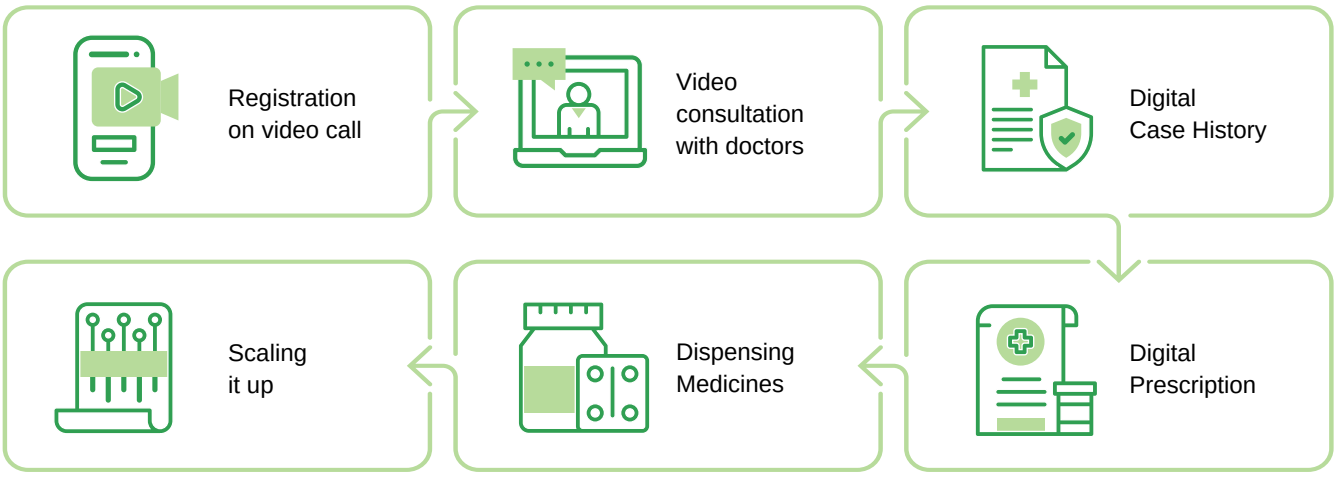
In 2021-22, 2 multi-purpose satellite centres were added at Waghai and Chhapi and 3 are under development in Radhanpur, Naswadi and Dediapada. These multi-purpose satellite centres will be scaled up appropriately depending on feedback and demand for healthcare services from the local population.

Continuing consultations for Covid-19 treatment in Q1 2021-22

Tele-consultation has become the new 'Minimum Human Intervention' model adopted during the Pandemic.

40,000+
consultations

4,300+
Pathology tests conducted



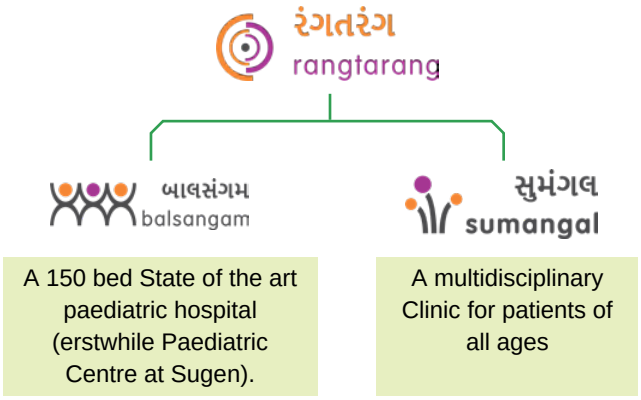
Community engagements underway at the centre in Waghai

State of the Art Medical Facility for the Underserved

Rangtarang is an integrated medical complex developed by the Torrent group at SUGEN to provide best in class medical care to community members living in nearby 500 villages. Rangtarang comprises Sumangal, a multi-disciplinary clinic for patients of all age groups, and Balsangam, a 150-bed, a state-of-the-art paediatric hospital, spread over 20 acres.

To encourage villagers to avail of the services, we undertake widespread dissemination of information to create awareness about the hospital, facilities, doctors and their availability through mass communications channels including leaflets. Through 2021-22, more than 80,000 leaflets have been distributed as newspaper inserts. Leaflets are also provided to the village volunteers, Anganwadi workers, ASHA workers, Schools, etc. for door-to-door distribution and given to villagers when they visit the facility to spread the word around.

Other forms of communication include WhatsApp messages to village level community connection (Anganwadi workers, Anganwadi helpers, ASHA workers, etc.), digital displays in the hospital reception and communication through staff and other contractual staff, who hail from neighbouring areas.



Balsangam: Torrent's world-class multi-speciality hospital

Spread over 20 acres, Balsangam is a multi-specialty hospital. It offers free medical services to the underprivileged categories of patients. The hospital houses modern facilities, high-end equipment and super specialist doctors and is built per NABH norms.

Facilities at Balsangam

- Advanced Operation Theatre (OT) for complex surgeries
- Paediatric Intensive Care
- Isolation ward with negative pressure for infectious diseases
- Laboratory with equipment adhering to global standards
- Special Pneumatic Tube System for sending medicines & samples from one ward to another
- Plasma sterilisation process at par with international standards for instrument and linen disinfection

The hospital follows environment friendly arrangements to dispose of solid waste and wastewater through sewage and water treatment plants. The treated water is used in the toilets and for horticulture.

Throughout 2021-22, we undertook minor and major surgeries, set up a 24x7 Emergency facility and offered free transportation to patients to and from the hospital with pick up from nearby points.

In line with our focus on children's health, children who continue to be severely malnourished despite intensive curative activities are treated as special cases and treated at Balsangam without cost for up to 15 days. A screening camp of 108 children deemed to be Special Cases was undertaken across 50 villages in SUGEN, covering Ophthalmology, Orthopaedics, ENT and General Paediatrics disciplines.

Aerial View of Integrated Medical Complex - Rangtarang

Sumangal: A multi-disciplinary clinic for all ages

Sumangal is a multi-speciality clinic primarily treating adults. It was set up in September 2012 as an OPD clinic (earlier named Swadhar) with just one doctor providing general medical consultations to the community. Since it is difficult for rural patients to afford expensive specialised consultations, the clinic added dental, ophthalmology, dermatology, gynaecology, orthopaedics and physiotherapy disciplines in 2018. Today, more than 4,000 patients from 500 nearby villages avail services at the clinic.

Sumangal

Total OPD	Tele-consultation	Number of Patients	Number of Tests	Number of X-ray	Number of Sonography
28,900	19	4,169	13,988	715	261

Other Allied Initiatives

The programme was started to remove the taboo associated with menstruation and create awareness about menstrual hygiene among adolescent girls. The programme interventions encouraged women to use sanitary napkins and liberate them from traditional methods, taboos and other social restrictions. Sanitary napkins are distributed by the women employees supported by women volunteers from the village at common community spaces like schools. Counselling sessions were conducted for rural adolescent girls around SUGEN, Dahej & Indrad centres, and free health and hygiene kits were provided.

Environment friendly sanitary napkins

In line with our focus on reducing the environmental impact, we proposed distributing biodegradable and reusable sanitary napkins to reduce used menstrual napkins finding their way to landfills. We distributed these sanitary napkins to 100 girls as part of a pilot study to gauge the response of recipients. More than 90% of the girls were pleased with the product laying the ground for us to distribute.

We have started distributing bio-degradable and reusable sanitary napkins targeting 1,300 beneficiaries in 22 villages from Q4 2021-22. We plan to cover approximately 3,000 beneficiaries in 85 other villages in 2022-23. The napkins can be reused for up to two years. . **We distributed hygiene kits to 14,000+ adolescent girls between 11 and 18 years of age every month under this programme.**

Creating awareness about menstrual hygiene among adolescent girls

Voices of happy women using bio-degradable sanitary napkins

"Happy and fully satisfied with the replacement over the conventional pad. Since the material is cotton/ fabric; no complaints about rashes and leakage; more comfortable to carry with the reduced thickness."

"After multiple washes, the quality of usability remains as earlier; hence, no issue in using it for a longer period. It is hassle-free to change frequently"

"Issues of buying as well as the disposal of the pad on a monthly basis are resolved and privacy could be maintained, which was otherwise embarrassing earlier"

Education

We launched the Shiksha Setu programme in 2011 to provide children with high-quality learning and improve age-appropriate abilities at the primary school level. This is a one-of-a-kind effort to improve the quality of education for children studying in government and trust-sponsored schools by bridging the gaps between teaching and learning processes using new technological approaches.

Academic institutions in Gujarat and other states have been closed since March 2020 due to the pandemic. This has substantially impacted learning outcomes for children. The pandemic had also spurred reverse migration from the cities, with many families returning to their hometowns. Many children dropped out of school, with some having to work or due to poor learning skills, especially in a remote learning mode. The challenge was to enable such children to gain basic schooling skills, reintegrate them into regular education and teach them vocational skills to help them find work.

The Shiksha Setu Project (Phase II) started in 2016 and ended in 2021-22. It aimed to improve primary education quality substantially and was implemented in 13 schools located at SUGEN, Chhatral, Chappi, Memadpur and Ahmedabad locations.

Interventions deployed under Shiksha Setu

In line with governmental directives, teachers continued to conduct online classes when schools were closed during the lockdown. However, these initiatives were greatly hampered by the lack of smartphones, computers and robust internet connectivity in villages. We decided to supplement the digital learning interventions with paper assignments for students to practice and strengthen their concepts to overcome these hurdles.

Technology-based teaching

Four assignments covering five disciplines were administered to almost 4,000 students from Grades 3 to 8. These assignments included questions and activities connected to the curriculum. They covered subjects that needed conceptual understanding and other age-appropriate essential abilities. 500+ students were given additional remedial tasks.

Through an online course developed with the Vikram Sarabhai Community Science Centre (VSCSC), 52 teachers were trained on mathematics and science concepts. VSCSC also hosted an online computer training session for 35 teachers.

Technology-based educational tools were developed under the sLEd Studio, which included the following:

- sLate: Technology-based teaching tool for teachers on the school curriculum
- sLearn: Skill-based learning tool for students provided on 'Tablets'
- sLquiz: Technology-based assessment tool to measure learning improvement year on year

sLate: Technology-based teaching tool for teachers on the school curriculum

sLate is based on the GSEB school curriculum to scale teacher capabilities using smart channels to explain topics and subjects for Grades 5-8 using animated stories, poems and experiments. It has been updated to adhere to the new NCERT Maths and Science curriculum. Twenty smart classrooms were built for teachers. A total of 90 teachers from 13 schools were trained in using sLate. The attendee teachers continue to use the tool regularly.

sLearn: Skill-based learning tool for students provided on 'Tablets':

It is a skill-based tool that allows students of all learning levels to practise topics at their own pace and level. A total of five disciplines (Gujarati, Maths, EVS / Social Science, Science, and English) are available. 3,600 children (80%) from Grades 3-8 have frequently practised on sLearn. Thirty-seven tablet labs with 1,247 tablets were set up for the students to practise and test their learning through question-and-answer sessions and activities. The tool is regularly updated for technology and content.

sLquiz: Technology-based assessment tool to measure learning improvement:
Each year, the learning level of students is tested using the structured annual student assessment tool, sLquiz, to measure the impact of programme activities and monitor development. Based on the analysis of the results and identifying weaker abilities, workshops with teachers were held, and action plans for improving performance were developed. Overall, the programme schools enhanced performance by 20.26%.

Through 2021-22, 4,500 students from Grades 1 to 8 and 150+ teachers were covered through various initiatives under sLED studio.

Way Forward
We are now rolling out Shiksha Setu Phase III to consolidate and expand the gains of the earlier phases. The goals of this phase of the programme include:

- Enhancing foundation skills of primary and upper primary students
- Providing a second chance to school dropouts
- Enabling them to obtain vocational skills to improve their livelihood opportunities

The three-pronged roadmap to meet these objectives will be built on:

- **Learning Enhancement Programme:** To strengthen age-appropriate foundation skills of children in Grades 1 to 5 and 6 to 8 by creating an environment within the community and family conducive to learning
- **"Second Chance Programme - SCP" or Secondary Education for school dropouts**: For school dropouts to receive assistance to encourage them to return to school and prepare for their Grade 10 board exams. This initiative also seeks to create a healthier pipeline of students who could pursue higher education or vocational training after their exams.
- **Vocational Skills Development Programme:** To increase the employability of youth who have finished their basic schooling. Vocational skills will be imparted to such youth to equip them to access better livelihood opportunities and foster their long-term development.

Development and maintenance of public parks

Under the 'Pratiti' programme, we have taken the responsibility of redeveloping and maintaining public parks for citizens' use. To date, we have redeveloped eight parks in Ahmedabad covering ~ 62,300 sq. mts. Three parks in Surat covering 63,300 sq. mts. and one garden at Ahmedabad admeasuring 36,700 sq. mts. are under development. The Group also undertakes maintenance of these gardens.

Parimal Garden

ShaishavMitrs

We encourage our employees who share our vision and values of fostering inclusive and holistic growth to be part of our community engagement efforts. A unique concept called 'ShaishavMitrs' enables employees to volunteer their time, effort and skills to empower communities through our CSR programmes. **ShaishavMitrs are a key part of our community facing endeavours and have contributed 14,592 hours through the reporting year.**

Relationship capital

Torrent Pharma's stakeholder relationship is based on tenets of transparency, trust, open communications and shared values. By way of its business conduct, the Company strives to sustain a respectful and beneficial relationship with its stakeholder groups. The Company focuses on its business model that allows it to improve its course while remaining accountable and responsible to stakeholders. The Company's value chain comprises healthcare professionals, channel partners, government, suppliers for goods and services, shareholder community, industry bodies, media, regulatory authorities, employees and society.

Patients

Torrent Pharma's motto of 'Not Just Healthcare... Lifecare.' is realised by its patient-centric business model. Patients across therapeutic segments and geographies are the customers of these products, and their health assumes utmost priority in everything that the Company does, maintaining a stringent focus on the quality of medicines that produced, to ensure that customers can access products in the most affordable way possible. Their trust and belief in the Torrent Pharma brand is key to the Company's market success.

On a regular basis, the Company has targeted interactions with customers through clinical trials and other methods, to take their views into consideration and augment product development. Torrent Pharma ensures that all product-related complaints received from customers are recorded, investigated and responded as per the SOPs laid down by quality assurance team. This ensures that corrective and preventive actions are undertaken to prevent recurrence of similar complaints. Torrent Pharma also has in place SOPs for providing facts about its products, which cover aspects of creating awareness with respect to dosage compliances and guidance on taking the complete course of a prescribed treatment. For product complaint or adverse event intimation, Torrent Pharma has a dedicated email id: pv@torrentpharma.com, alternatively it can also be lodged on the Company's website - www.torrentpharma.com. This helps in faster resolution of the complaints. The Company follows packaging and labelling standards, regulations and guidelines for producing any promotional material.

Investors and Shareholders

Torrent Pharma maintains a long-standing shareholder base owing to its ability to deliver consistent and superior returns to its investors. Similarly, the Company works with its debt providers with the dual promise of consistency and transparency.

Torrent Pharma engages on a regular basis with the investor fraternity through conferences, roadshows, quarterly earnings calls, analyst meets as well as press releases and encourage them to attend annual general meetings to directly discuss any relevant issues with the management and understand their expectations

and apprise them of strategic and operational developments, through dedicated investor relations function. The engagement is further enhanced with proactive and voluntary disclosures, along with transparent practices. The Company maintains a strong grievance redressal system that ensures that any concerns from the investor community are addressed on priority.

Government regulators and industry associations

Torrent Pharma's relations with regulators and government bodies are steered by transparent participation while ensuring compliance with all applicable legislations and regulations. The interactions are either managed by own teams and/or through industry associations where forums are organised for various matters, including improving the processes and regulatory framework to ensure product quality. To protect the interests of the industry, and advocate its needs and requirements, Torrent Pharma actively participates in various forums. Apart from policy advocacy, this participation also helps Torrent Pharma remain abreast of industry developments and further its position as a thought leader in the industry.

The Company's objective is to facilitate the government in developing regulations that are suited to and aligned with the needs of the economy at large and the industry. The regulatory body provides licences and marketing authorisations to operate and manufacture in compliance with the regulatory framework. This helps in ensuring high quality medicines and sustainability to serve global healthcare needs. The Company has built its network and relationship by active participation in industrial bodies like Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Pharmaceutical Export Promotion Council (PHARMEXCIL), Gujarat Chamber of Commerce and Industry (GCCI) and Indian Drug Manufacturing Association (IDMA). The Company engages with the Government in India both at the centre as well as state level with departments like Ministry of Health and Family Welfare, Drug Controller General of India, Department of Pharmaceuticals, National Pharmaceutical Pricing Authority, Ministry of Chemicals & Fertilisers and Food and Drug Administration, through association of Indian Pharmaceutical Alliance (IPA) in matters related to drug pricing, drug price control order (DPCO) and suggestions on Pharma policy matters.

Continuous Medical Education (CME)

CME includes educational activities that serve to maintain, develop or increase knowledge, skills, professional performance, and relationships that a physician uses to provide services for patients or the public. These scientific programmes help healthcare professionals to obtain the latest accurate information and insights on therapeutic areas and related interventions that are critical to the improvement of patient care and overall enhancement of the healthcare system. These programmes are fair, balanced, objective and designed to allow the expression of diverse theories, recognised opinions on the current standard of care, limitations and/or new formulations, chemical or biologic entities while creating increased awareness on the current perceptions, threats and unmet medical needs in the local geography of consideration.

Suppliers and Vendors

The Company's suppliers are business-critical stakeholders support it with a continuous supply of APIs and other material, which are building blocks for products. Torrent Pharma maintains a very cordial and professional relationship with the supplier community. Together, the Company ensures that the value-chain is maintained with control, and customers are able to access their medications on time.

The Company actively manages the supply chain to help reduce risk, improve product quality, as also overall performance and value creation. To drive responsible and sustainable practices throughout the supply chain, the Company interacts with them to educate and engage suppliers that support the organisation's global manufacturing operations. Over the past decade, the Company directly engaged with suppliers to verify compliance and build capacity to address the foreseeable and emerging risks. Through supplier audits and identification of critical direct suppliers to engage through capability-building programmes, which help suppliers build sustainability acumen.

On a regular basis, the Company engages with its suppliers for operational and non-operational activities, such as training and audits. Quality products is a hallmark of the Torrent Pharma brand, and stringent quality audit process is maintained while selecting suppliers. Torrent Pharma has a well-established supplier Code of Conduct that guides the selection, retention and relationship with the partners. Over last few years, Torrent Pharma has been expanding its global footprint through strategic partnerships, business alliances and institutional partners. The Company's support to its partnerships extends to product development and out-licensing, sourcing of raw materials and manufacturing finished products for distribution. In addition to being continuously engaged with its partners to provide cost-efficient operational alternatives, Torrent Pharma actively establishes new partnerships and strengthens the existing partnerships through regular meetings, facility/site visits and other global partnership forums like CPHI worldwide and others.

Key tenets of Torrent Pharma's supplier Code of Conduct

Since Torrent Pharma is a global player, the ecosystem supports local suppliers who match its quality and other criteria. In India, the Company sources from large and small suppliers, including MSMEs, supporting the nation's dream of self-reliance, and reduction of imports.

NATURAL CAPITAL

CARING FOR NATURAL RESOURCES AND HABITAT

Torrent Pharma strongly believes that businesses should judiciously use natural resources and strives to minimise its impact on the environment. In line with its value “CONCERN FOR SOCIETY & ENVIRONMENT”, Torrent Pharma continues to create a positive difference in the quality of environment.

Performance Highlights 2021-22

36% Increase in Renewable Electricity from 2020-21

24% Increase in waste recycling from 2020-21

16% Decrease in surface water withdrawal from 2020-21

55+ Rainwater harvesting structures

300+ MT recovered solvent reused

53% Decrease in waste sent to landfill from 2020-21

2022-25 Strategic Focus areas and Targets

Carbon Emissions and Energy Management

Water Stewardship

Waste Management

Targets

Carbon Emissions and Energy Management	Water Stewardship	Waste Management
Reduce 21% Scope 1 and Scope 2 emissions from 2020 levels Estimate 100% Scope 3 Emissions	Reduce freshwater withdrawal by 25%	Promote Circular Economy through recycling of 100% of Non-Hazardous waste

Stakeholders in Focus

- Shareholder and Investors
- Government and Regulators
- Employees
- Communities

Alignment with UN SDGs

Strategic Themes

ST3 ST6

Material Issues

M3 M4 M7 M8

Torrent Pharma is firmly committed to optimise the use of natural capital in its operations – that of producing more with utilising less resources, employing state-of-the-art technology and reducing waste. In line with its vision, the Company judiciously leverages natural resources to pursue its business goals and create stakeholders' value. Further, as a responsible organisation, Torrent Pharma is cognizant of the global climate change crisis and aims to reduce its carbon footprint, increasingly use renewable energy sources in operations and positively strive to give back to the environment.

Torrent Pharma has identified three key areas – Carbon Emissions and Energy Management, Water Stewardship and Waste Management to enhance its positive impact on the environment. The Company is committed to utilise natural resources responsibly, minimise any negative impact from the operations and remain compliant with applicable laws and regulations.

Approach and Implementation

Torrent Pharma's philosophy – 'Think of others also, when you think about yourself' enforces its efforts to give back positively to the nature which is directly related to the benefits of society and future generations to come. The Company's operations have direct as well as indirect impacts on the climate change and is consistently working towards minimising the same. Its commitment towards preserving natural capital means that it is mindful of the fact and shall continuously strive to reduce the environmental footprint.

The Company's sustainability roadmap has clear focus areas along with KPIs and targets which serve as a guiding light. It details the activities that enables achievement of the set targets including use of low carbon fuels and investments in renewable energy.

Moreover, the Company is also focusing on rainwater harvesting techniques wherever possible, identification of recyclers and sustainable alternatives to plastic packaging materials, identification of biodiversity conservation means amongst others. Torrent Pharma complies with all national and local environmental laws. Moreover, there is a robust system installed for effective implementation and management of ISO 14001 - Environmental Management System along with ensuring accountability of all employees in conserving the natural capital in daily operations.

Carbon Emissions and Energy Management

Torrent Pharma recognises the importance of managing energy consumption and carbon emissions for conserving the environment. The Company has taken firm steps in this direction and aims to put focused efforts towards investment in renewable energy, energy efficient processes and logistics, building green infrastructures, reduce dependency on carbon intensive fuels and energy management projects.

The Company has already been working over the years to enhance the energy efficiency of the operations and transitioning towards low carbon future. It has established a robust system of monitoring the Scope 1 and 2 emissions. The major contributors of these emissions profile are the fuels combusted in boiler, cafeteria, D.G Set and purchased electricity. The data management system records and documents fuel and electricity consumption. **Use of natural gas is prioritised in utility operation instead of fossil fuel furnace oil.** Some of the other Torrent Pharma's environmental initiatives are listed below:

- Energy management certification ensures that energy is managed effectively and efficiently.
- Use of Natural gas for boiler and cafeteria over coal/gasoline. Considering natural gas has low carbon emission profile and is an eco-friendly choice.
- Solar Energy usage by solar panel installation thus remarkably reducing consumption of grid power which in turn reduces the dependency on non-renewable sources of energy.
- Renewable energy plant of 1,688 kW has been installed and is on track to increase the renewable energy component in overall energy mix.
- The Non-recyclable material has been diverted for co-processing in cement plants rather than conventional method of incineration.
- Installation of a sludge dryer to reduce moisture levels, reducing the number of waste transportation trips to the landfill. This is reflective of opportunity to impact scope 3 emissions.
- Evaluating and deploying energy-saving equipment and technology.
- Vehicles that meet BS VI standards have been added to the pool to comply with current regulations and cut carbon emissions.
- Compilation of data from across the organisation to identify areas where emissions can be reduced.
- The green building idea was applied to all new infrastructure, ensuring low energy usage, ample natural lighting and a minimum of 40% green coverage.
- Community carbon offsets outside of the Company's premises, village pond creation, city garden development and reduced personal fleet for business visits.
- Most of the sites are certified for ISO 50001 (Energy Management System). The audits are held yearly and improvement plans are taken up.

Torrent Pharma's operations considers energy management in its business planning and implements technology and systems that can reduce energy consumption.

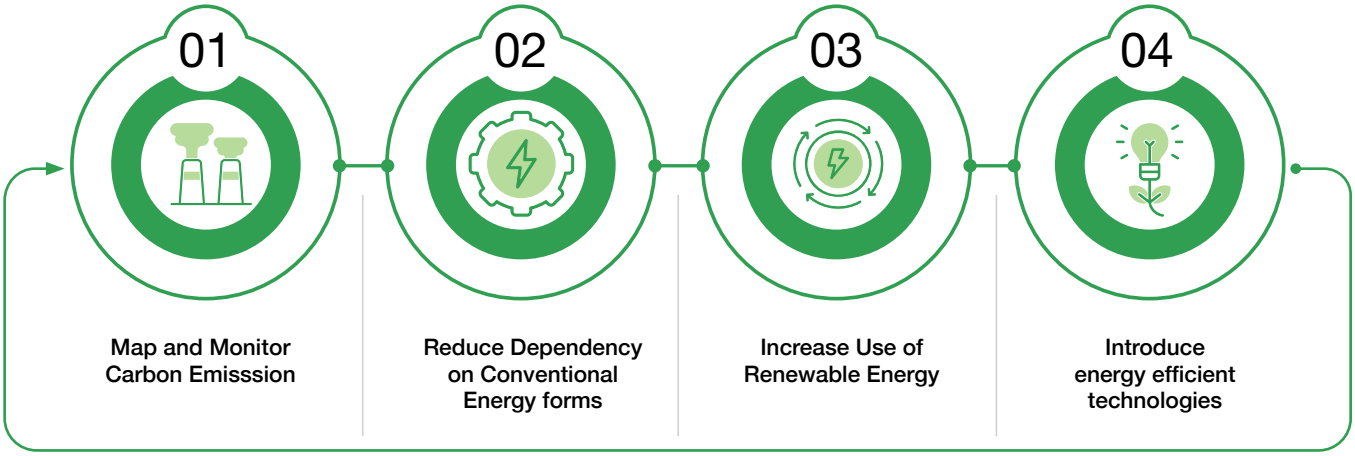
The Company focuses on consistently monitoring the carbon emissions generated and has updated its methodology to calculate the same. The below given table provides a snapshot of GHG emissions profile. The Company has also enhanced its data capturing mechanism to ensure transparent reporting. The emissions in 2021-22 has increased by 2.27% from last year primarily due to change in emissions calculation methodology, enhancing data capturing mechanism amongst others.

GHG Emissions Profile (in tCO_2 Eq.)

Parameters	2020-21	2021-22
Scope 1 (includes emission from combustion of fuels used as per Table below)	28,072	28,009
Scope 2 (includes emission from purchased electricity)	96,026	98,916
Total	**1,24,099**	**1,26,926**

Emissions Reduction Process

Torrent Pharma strives to decrease carbon emission generated from the operations. For the same, a robust monitoring system is in place which helps in understanding the Company's progress. The emissions sources are firstly mapped and relevant carbon emissions are calculated. Focused efforts are then carried out towards reducing the emissions, this is done by reducing the dependency of operations on fossil fuels, enhancing usage of renewable energy and implementing energy efficient technologies.



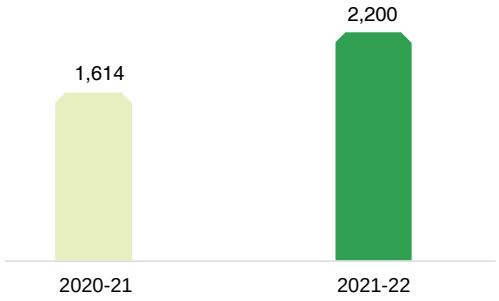
Torrent Pharma strives to increase use of the renewable energy and bio-fuels in the overall energy mix to lower dependency on fossil fuels. The below given table represents the sources of energy used by the Company as per fuel type.

There has been a notable increase of 36.28% from last year in usage of solar electricity and the Company intends to further increase the same in upcoming years. The renewable energy along with energy obtained from bio-fuels constitutes for around 2% in overall energy mix.

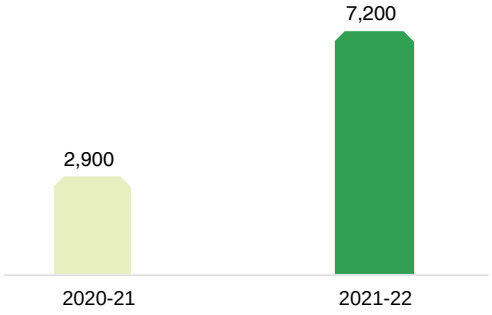
Energy Consumption details (in GJ)

	Type of Fuel	2020-21	2021-22
Non-renewable Sources			
Boilers	Natural Gas	70,718	80,930
	Furnace Oil	2,41,038	1,12,208
	High Speed Diesel	16,121	10,389
	Light Diesel	24,633	32,321
	Low Sulphur Heavy Stock (LSHS)	-	1,15,619
D.G Set	High Speed Diesel	32,778	36,038
Electricity	Grid Electricity	4,37,588	4,50,758
Renewable Sources			
Electricity	Solar Electricity	5,812	7,921
Bio-fuels			
Boiler	Briquette (Bio-fuel)	12,709	9,530
Cafeteria	Biogas	67	166
Toal		**8,41,463**	**8,55,880**

Electricity (Solar Energy) Consumption (in MWH)



Waste to Energy - Bio-gas generation increased Used in Cafeteria (in SCM)



Torrent Pharma recognises that air emissions in form of flue gases and VOCs besides SOx and NOx are emitted from manufacturing facilities and has already taken proactive measures to curb the same. **The Company has taken steps to reduce these air emissions by using natural gas in boilers, installation of primary and secondary condenser and nitrogen blanketing at solvent storage tanks.** Moreover, condensers on reactors for online recovery of solvents and scrubbers to control VOC emissions have also been installed.

This year, the Company has enhanced its air emissions calculations methodology and the data for SOx and NOx emissions is provided in the below table. Torrent Pharma has successfully reduced 41.46% SOx Emissions by using low-sulphur containing fuels, such as Natural Gas and LSHS (Low Sulphur Heavy Stock), in the operations.

Furthermore, the following air quality monitoring initiatives have been implemented by the Company:

- Established a continuous emission monitoring system for several plants.
- At Dahej, the Company has built online emissions monitoring system for process gases.
- At Dahej and Vizag, online VOC monitoring has been established.
- Monitoring ambient air with a high-volume air sampler in accordance with the national ambient air monitoring notification of 2009, with in-house SOPs in place. In addition, third-party monitoring is performed on a monthly basis by a government-approved laboratory.

Air Emissions details (in MT)

S. No.	Air Emission Type	2020-21	2021-22
1	SOx Emissions	0.41	0.24
2	NOx Emissions	83.82	95.53

Water Stewardship

Torrent Pharma has taken stewardship towards conserving water and has implemented various measures reducing the freshwater consumption. There is a great degree of dependency on uninterrupted supply of water for continued operations. The Company is not only maintaining its regulatory requirements as envisaged by Central Ground Water Authority but also has taken the ownership for reduction in water consumption with efficient recycling. The ETPs and RO system allows 80% reuse of recycled water for utility and horticulture purposes.

Operations in water stressed areas namely Bileshwarpura, Indrad, Pithampur and R&D has efficient water recycling systems. The water efficient designs limit the amount of water that can be utilized in different operations. Water usage monitoring across units enables Torrent Pharma to strategize the reduction efforts.

To encourage water conservation, all systems are designed to be water-efficient and each process has a set amount of water that can be utilised. **To reduce the amount of water used, touch-free sensor taps, waterless urinals are installed and digital metres are maintained to properly monitor water consumption on a daily basis.** Torrent Pharma intends to conduct a comprehensive water audit across various plants in the future to further optimise and improve water savings.

Effluent Treatment

- There are separate ETPs for API and Formulation facilities in Indrad and Dahej.
- A three-stage effluent recycling RO system was installed, achieving over 93% and 88% recovery at Indrad and Dahej respectively, which is considered amongst the best in the industry.

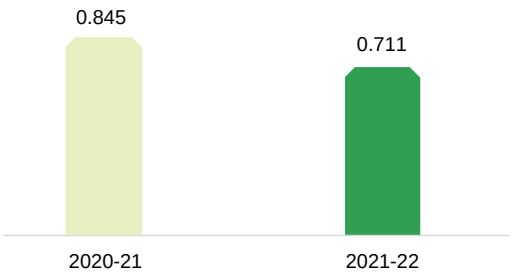
- High-quality permeate from ETP RO is fully reused for cooling tower operations.
- Sewage water systems installed at Torrent Pharma are based on SBT technology, which is chemical-free and far more environmental friendly than traditional STP systems.

The Company consistently monitor its water stewardship parameters including water withdrawal, recycle, discharge and consumption. With the focused efforts on achieving water stewardship, the Company has successfully decreased 8.52% in total water withdrawal and 11.44% in water consumption from 2020-21. The below given table provides more information on water-related parameters.

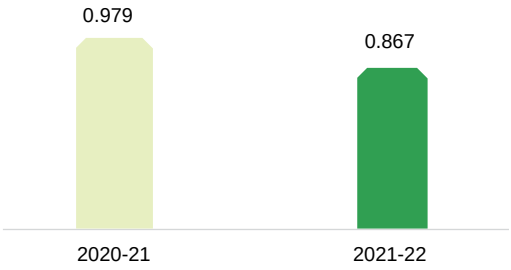
Water Stewardship Data (in Mn m³/annum)

Particulars	2020-21	2021-22
Surface Water	0.845	0.711
Ground Water	0.211	0.255
Total Water Withdrawal	**1.056**	**0.966**
Water recycled and reused (From ETP and Process RO)	0.523	0.462
Treated water Discharged outside Premises	0.077	0.099
Water Consumption	0.979	0.867

Surface Water Withdrawal (in Mn M³)



Reduction in Water Consumption (in Mn M³)



Waste Management

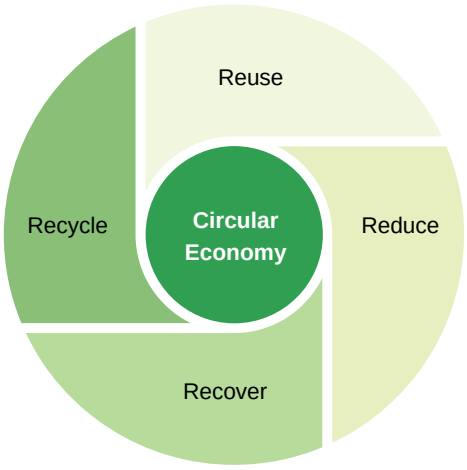
Torrent Pharma trusts that effective waste management system can lead to enhancing environment as appropriate disposal treatment is provided to the waste. The importance of waste recycling is recognised and focussed efforts are in place to reduce the quantity of waste sent to landfill.

The Company has been complying through take back program for effectively collecting plastic waste equivalent to 100% of its post-consumer waste. Also, collaboration with various waste management agencies is done in line with regulatory laws to manage the waste. The plastic waste is collected in brand agnostic manner from the market via urban local bodies, waste pickers and scrap aggregators.

The plastic waste so collected is responsibly disposed through recycling, co-processing or through energy recovery in waste to energy plants. Other categories of waste like hazardous waste, e-waste, biomedical waste are also managed and disposed off in a compliant manner through State Pollution Control Board registered vendors.

4R approach and Waste Management Hierarchy

Torrent Pharma has an aspiration to become "zero waste to landfill" and to achieve the same, 4R philosophy – Reuse, Reduce, Recover and Recycle has been adopted. Also, the Company follows a robust waste management hierarchy which helps in aligning with the concept of circular economy.

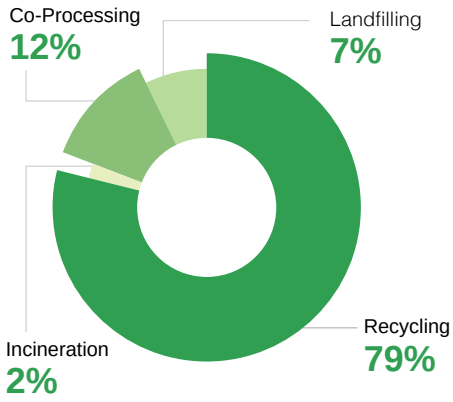


The Company has placed focused efforts on integrated concepts of circularity in its waste management processes. In 2021-22, Torrent Pharma has developed robust mechanisms to reduce waste sent to landfill and successfully achieved reduction of 53.14% from 2020-21. The Company has also enhanced its recycling capabilities by sending the waste to registered recyclers as preferred mode of disposal and as a result, 79% of total waste generated is recycled. The below given table provides more information on waste generation and disposed.

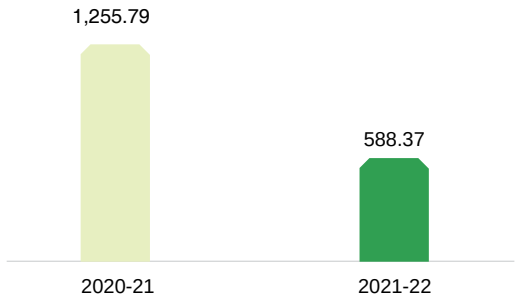
Waste Generation and Disposal Data (in MT)

Waste Category	Disposal Methods	2020-21	2021-22
Biomedical Waste	Incineration	48.86	47.27
Plastic Waste	Recycling	1,046.00	1,016.00
Solid Non-Hazardous Waste	Recycling	845.94	1,807.26
Solid Hazardous Waste	Incineration	446.00	147.55
	Co-processing	946.33	1,087.99
	TSDF Landfilling	1,255.79	588.37
	Recycling	3,603.45	3,975.22
Total Waste		**8,192.37**	**8,669.66**

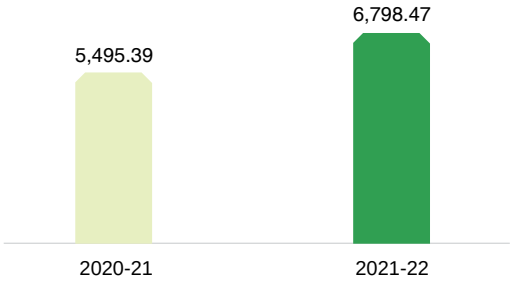
Waste Disposal Methodologies



Total Waste send to Landfill (in MT)



Waste Recycled (in MT)



Cause for healthy planet, Cause for Us – Plastic Waste Management in Gujarat Villages

Torrent Pharma actively contributes to initiative taken by regulatory bodies of rural plastic waste management under 'Azadi ka Amrut Mahotsav'. The Mahotsav was launched by Government of India (GOI) to celebrate the 75 years of glory, legacy and pride of Independent India.

The Company's efforts are always directed to execute actions beyond compliance and therefore for a period of 122 days, plastic waste collection and disposal awareness programs were organised across eight villages of Gujarat. The villages nearby to the two facilities in Indrad and Dahej were strategically selected. The sarpanch was contacted for efficient implementation and administrative support. This activity resulted in collection of 6.3 MT of plastic waste and its responsible disposal through co-processing with energy recovery in cement plants and waste to energy plants.

Awareness and Sensitisation are key to success of any program and therefore extensive awareness sessions were carried out to inculcate the habit of segregation and responsible disposal in dustbins. The sessions were separately organized for school students, shopkeeper and environmental impacts due to littering, single use plastics and open burning were also communicated through IEC tools including posters and banners. A third-party waste management agency was hired for the successful execution of the same. A dedicated team from the Company regularly monitored the implementation and progress of program.

INDUSTRY BEST PRACTICES AT INDRAD PLANT

At Indrad, a three-stage effluent recycling RO system was installed, achieving over 93% recovery, which is considered among the best in the industry.

PLASTIC WASTE TAKE BACK

100% plastic waste take back achieved in last two years.

REDUCTION IN LANDFILLING

ETP sludge dryer installation at Indrad and Sikkim plant helped in removal of moisture and hence reduction in disposal of ETP sludge to landfill by 53%

BIOGAS AND BIOMANURE

A Biogas plant at Indrad has reduced costs associated with transportation of ETP sludge. Additionally, the tech adaptation has resulted in biogas that was used for cafeteria where the digested slurry was used for plantation purposes.

Sustainable Packaging and Plastic Waste Management

Torrent Pharma strives to increase sustainability throughout the life cycle of its products, including research, development, production, packaging and disposal. The Company remains committed to responsible management of post-consumer plastic waste through various stakeholder partnerships and ensures appropriate disposal treatment provided to the waste.

Key initiatives are:

- Smaller packaging is being designed to improve patient mobility, compliance and adherence.
  - Smaller packaging requires less warehousing, transportation and shelf space.
  - Up to a 55 percent reduction in pack size by switching products from strip to blister packaging.
  - Creating blister pack drawings that make the most of the available space.
  - Using process automation to reduce the amount of time spent in packing.
  - Ensure proper packaging and delivery to reduce product returns.
- The Company has been consistently avoiding the utilisation of single use plastic in its operations and premises which helps to bolster its commitment.

Biodiversity

Torrent Pharma places a great emphasis in conserving biodiversity and creating a positive impact on the same. The flora is recognized as a natural purifier for their ability to take in CO_2 from the atmosphere which helps in offsetting the carbon emissions. The Company puts dedicated efforts on maintaining the green area in and across the plants. Torrent Pharma recognises that an efficient decarbonizing strategy could be adopted by planting trees and protecting the biodiversity. All its units are therefore covered with dense and lush green belts.

32,700+ Nos
Trees

3.43+ lakhs
Shrubs

~43%+
Green Coverage On All Sites

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DIRECTORS' REPORT

To,
The Shareholders

The Directors have the pleasure of presenting the Forty Ninth Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2022.

HIGHLIGHTS

1. 2021-22: Accelerating growth with Sustainability:
   - While the financial year witnessed gradual recovery trends across the markets, the recovery trends were impacted intermittently by second and third wave of pandemic. Torrent's business in Branded generic markets [viz. India, Brazil and ROW] witnessed continued growth momentum backed by market recovery, performance of top brands and new launches. Our business in generic-generic focused markets mainly US and Germany witnessed de-growth during the year. While Germany performance was impacted mainly by market factors and competition intensity, US continues to be impacted due to lack of new product approvals which depends on the re-inspection of facilities and consequent clearance by USFDA.
   - At Torrent, sustainability has been bedrock of doing business and has always been an integral part of growth and decision-making. During the year, the Company adopted a structured ESG [Environment, Social, and Governance] framework & strategy, based on international ESG standards and frameworks. The Company has designed multi-fold strategy, with four core ESG pillars that will enable it to navigate its growth in a manner that maximizes stakeholders' value, consistently and sustainably.

2. India business:
   - After muted 2020-21, the Indian Pharmaceutical Market ('IPM'), witnessed a steady recovery throughout the year with growth of 15% including COVID portfolio and 11% excluding COVID portfolio. The Company outperformed the market with growth of 17% complemented by top brands and new launches.
   - During the year, The Company entered into collaborations on COVID Drugs:
     - Voluntary licensing agreements for Baricitinib and Molnupiravir
     - Non-exclusive licensing agreement to use the patents and know-how in relation to the compound nirmatrelvir with Medicine Patent Pool for manufacture and commercialisation of the generic version of PAXLOVID™
   - As at the year end, field force productivity is ₹ 9.2 lacs per month, an improvement of 10% over previous year. Field Force expansion during the year was around 20%.
   - Torrent is ranked 8th in the IPM with 10 brands with sales of more than ₹ 100 crores.
   - Torrent will continue to strengthen in competitive position through focus on new launches, market expansion, field force productivity and brand building.

3. Brazil business:
   - Torrent continues to be ranked the no. 1 Indian Pharmaceutical company in Brazil.
   - For 2021-22, Brazil registered strong growth of 18% with strong recovery of the market, market outperformance, performance of top brands and strengthening of Brazilian currency. The market grew by 10.1% in 2021-22.
   - With high chronicity of its portfolio, Torrent will continue to focus on brand building, in-clinic effectiveness, new launches and foraying into new therapies.

4. US business:
   - US revenues continued to be impacted due to high price erosion on the base portfolio coupled with lack of new launches pending re-inspection of its facilities [at Dahej and Indrad]. Torrent has already completed its CAPAs and submitted the closure report and it continues to await guidance from the USFDA on re-inspection.
   - In 2021-22, Torrent has filed 5 ANDAs (PY 11) and launched 4 products.
   - Torrent is ranked amongst top 3 players in 26 molecules.

5. Germany business:
    - Torrent is ranked the no. 5 generic company and no. 1 Indian Pharmaceutical company in Germany.
    - Germany revenues were impacted due to muted market growth, normalization in channel inventory and increasing competition in some of the large volume tenders.
    - Torrent has taken initiatives to strengthen its cost and price competitiveness. It shall continue to expand its market coverage through new launches, and expansion of its non-tender & OTC business.
6. Rest of the World:
    - ROW markets registered strong growth.
    - Torrent will continue its focus on key ROW markets to develop them as growth engines of the future.
7. The state-of-the-art Oral Oncology manufacturing facility in Gujarat, which will cater to both regulated and non-regulated markets, is on track.
8. Financial performance:
    - During the year, Torrent registered EBITDA margins at 30.8% (PY 31.6%). While branded businesses for the Company continue to contribute positively to the overall margins for the Company, US business was negative due to high double digit pricing pressure and lack of new product launches pending the USFDA re-inspection of the manufacturing facilities. The Company has initiated cost optimization measures to counter the margin impact from US business.
    - Leverage (Net Debt-to-EBITDA) reduced to 1.3x as of 31st March, 2022 compared to 1.6x as of 31st March, 2021.

FINANCIAL RESULTS

The summary of Standalone (Company) and Consolidated (Company and its subsidiaries) operating results for the year and appropriation of divisible profit is given below:

(₹ in crores except per share data)

	Standalone		Consolidated	
	2021-22	**2020-21**	**2021-22**	**2020-21**
Sales & Operating Income	**6,742**	6,451	**8,508**	8,005
Profit Before Depreciation, Net Finance Cost, Exceptional Items & Tax	**2,301**	2,306	**2,621**	2,532
Less: Depreciation & Amortization	**602**	610	**662**	658
Less: Net Finance Cost	**233**	330	**248**	348
Profit Before Exceptional Items & Tax	**1,466**	1,366	**1,711**	1,526
Less: Exceptional Items	**-**	-	**485**	-
Less: Tax Expense	**475**	228	**449**	274
Net Profit for the Year	**991**	1,138	**777**	1,252
Balance brought forward	**2,900**	2,093	**2,807**	1,893
Other Comprehensive income and other adjustments	**(1)**	7	**10**	-
Balance available for appropriation	**3,890**	3,238	**3,594**	3,145
Appropriated as under:				
Transfer to General Reserve	**-**	-	**-**	-
Dividend	**677**	338	**677**	338
Tax on Distributed Profits for Dividend	**-**	-	**-**	-
Balance Carried Forward	**3,213**	2,900	**2,917**	2,807
Earnings Per Share (₹ per share)	**58.59**	67.24	**45.93**	73.98

Consolidated Operating Results

The consolidated sales and operating income increased to ₹ 8,508 crores from ₹ 8,005 crores in the previous year showing a growth of 6%. The consolidated operating profit for the year was ₹ 2,621 crores as against ₹ 2,532 crores in the previous year registering growth of 4%. The consolidated net profit decreased to ₹ 777 crores from ₹ 1,252 crores in the previous year due to exceptional item of ₹ 485 crores.

Exceptional Item

Basis assessment of the financial viability of liquid business of its wholly owned subsidiary in the US taking into account incremental investments required for bringing the pipeline products into the market and increased competition intensity, the Company has considered it to be prudent to discontinue the liquid facility operations. Based on best estimate assumptions of the recoverable value of the assets of liquid facility, the Company has recognized an impairment provision in aggregating to ₹ 439 crores during the year ended 31st March, 2022. Further, management has considered provision for expenses of ₹ 46 crores related to discontinuation of liquid facility. The impairment provision as well as the provision for expenses are presented as exceptional items.

Management Discussion and Analysis (MDA)

The details of operating performance of the Company for the year, the state of affairs and the key changes in the operating environment have been analysed in the Management Discussion and Analysis section which forms a part of the Annual Report.

APPROPRIATIONS

i) Dividend

The Company endeavours to distribute 40% of its annual consolidated net profit after tax without taking into account non-cash charges relating to the business acquisitions as dividend, in accordance with the dividend policy. The policy is available on the website **http://www.torrentpharma.com/pdf/investors/Dividend_Policy.pdf**

During the year under review, an interim dividend of ₹ 25/- per equity share of face value of ₹ 5/- each (@ 500%) amounting to ₹ 423 crores was paid to the shareholders. The Company is completing 50 years of its incorporation this year. To commemorate the same, the Board has, inter alia, recommended to the members, a final dividend of ₹ 23/- per equity share of face value of ₹ 5/- each (@ 460%) including the special dividend of ₹ 15/- per equity share of face value of ₹ 5/- each amounting to ₹ 389 crores for approval of shareholders at the 49th Annual General Meeting (AGM) of the Company. Hence, the total dividend paid / payable with respect to the year under review was of ₹ 48/- per equity share (@960%) amounting to ₹ 812 crores.

ii) Transfer to Reserves

The Board of Directors of the Company has decided not to transfer any amount to the reserves for the year under review.

BONUS ISSUE

Along with the recommendation of special dividend, the Board has also recommended the issue of Bonus Shares in the proportion of 1:1 i.e. 1 (one) new fully paid-up Equity share of ₹ 5/- each for every 1 (one) fully paid-up Equity share of ₹ 5/- each, to the eligible shareholders of the Company as on the Record Date as may be fixed by the Board or a Committee thereof authorised for the purpose and increase in Authorised Share Capital and consequent amendment to Capital clause of the Memorandum of Association of the Company. Pursuant to Section 110 of the Companies Act, 2013 read with the rules thereunder, the Board seeks shareholder's approval through passing of necessary resolutions by Postal Ballot for the above.

HUMAN RESOURCES

Torrent values its employees and believes that the Company's success is a result of the collective efforts of all of its employees. The Human Resource Development team strives to create a positive work environment that influences employees' ability, motivation and creates opportunities for them to perform. Our work environment encourages high performance work culture with focus on employee health / safety, welfare, engagement, development, diversity, productivity, Cost and Quality. Comprehensive policies of the Company covers the entire spectrum of the life cycle of an employee from recruitment to retention. We are committed to hiring, nurturing and developing exceptionally talented human resources. Company's unique culture and robust People Practices & Policies, inspire and ensure that every employee aspires to grow in the organization.

The Company strongly believes in providing a safe and harassment free workplace through various interventions and practices. During the pandemic, the Organization's top priority was the health and safety of its employees. Safety awareness programs and counselling sessions were critical in spreading necessary knowledge and assisting employees in dealing with the challenges of working in the midst of the COVID pandemic. Efforts are also taken towards improving employee connect.

Through cadre and capability building interventions, we continue to focus on strengthening our talent processes and building the talent pipeline for the organization. Significant efforts were made to strengthen our leadership and hire the best available talent. These have aided in bringing a new perspective and renewed energy in the organization. Our Training & Development activities further gave fillip

towards the development of talent as well as sharpening of new management skills of the employees. On-the-job training, meaningful interactions with senior leadership and development programs created an enabling culture in harnessing the necessary competencies in their work environment, whether technical, managerial, or behavioral. For holistic development of employees, periodic job rotation programs are implemented to allow every employee to understand the nuances of the function, preparing them to take on a larger role in the future. This empowers everyone in the organization, resulting in job enrichment and satisfaction. On the industrial front, the Company maintained positive Industrial Relations with its workforce throughout the year.

Various gender diversity initiatives, such as flexi-shift hours, have helped female workers balance work and other responsibilities. Special events that promote woman's personal and professional development are frequently planned, with an emphasis on fitness, well-being and a stress-free lifestyle.

The Company will continue to invest in employees' professional development and instill in them the importance of a responsible growth. As a result, they recognize that their success is dependent on the provision of innovative solutions to patient needs, community upliftment and environmental protection.

The Company has a diverse workforce of 12,910 employees as on 31st March, 2022 vis-à-vis 12,531 employees as on 31st March, 2021.

VIGIL MECHANISM

Over the years, the Company has built a reputation for doing business with honesty and integrity, and it has zero tolerance for any type of unethical behaviour or wrongdoing. The Organization has in place a stringent vigil system to report unethical behaviour in order to promote professionalism, fairness, dignity and ethical behaviour in its employees and stakeholders, the details of which are covered in the Corporate Governance Report.

The system also protects employees who use the vigil mechanism from victimisation and gives them direct access to the Audit Committee. Furthermore, the Company's Code of Business Conduct defines critical corporate ethical practices that underpin the Company's belief structure and business operations, as well as representing the Company's valued principles.

Whistle-blower Policy and Code of Business Conduct have been hosted on Company's website **www.torrentpharma.com**

In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and the Rules made thereunder, the Company has adopted a Policy on protection of women against sexual harassment at workplace. In this regard, the Company has organized a number of interactive awareness workshops for its employees. The Company has complied with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 relating to the formation of Internal Complaints Committee. During the year, no complaints were received under this policy.

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Company was required to spend ₹ 22.84 Crore (2% of the average net profit of the past three financial years and surplus arising at implementing agency level from temporary investment of funds for FY 2020-21). The Company contributed, directly or to implementing agency ₹ 23.00 Crore during the year. The total amount spent during the year was ₹ 13.08 Crore. Further, unspent amount at the end of the year at the implementing agency level was transferred to "Unspent CSR Account" of related ongoing project. The CSR Activities undertaken by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. The brief details of the major CSR activities are described hereunder:

REACH: Driven by the belief of Chairman Emeritus, Sudhir Mehta **'Children are the future of our nation and this future must be well preserved',** the flagship CSR program of the Group "REACH" – Reach EAch CHild was initiated in the year 2016 under the aegis of UNM Foundation (earlier known as Tornascent Care Institute), a Section 8 Company. REACH has three major pillars: **(a) Grass Root Interventions (b) Green Field Actions and (c) Other Allied Activities.** Salient achievements are:

- **Grassroot Intervention Model:** It targets to establish baseline health status of children in age group of 6 months to 6 years, through medical camps in communities and villages surrounding the industrial establishments of the Group. In pre-covid period, 71,387 children in 351 villages have been screened. Appropriate treatment regime resulted in benefiting more than ~74% Malnourished children and more than ~90% Anaemic children. About ~73% children having chronic illnesses were also provided appropriate treatment with encouraging outcomes.

  During FY 2021-22, as second wave of COVID-19 ebbed, REACH program was extended to additional 649 villages starting from June, 2021, making total number of villages covered under REACH to 1,000. Anganwadi Model is followed in additional villages to identify and

serve Malnourished children. 7,511 Malnourished Children have been provided with Mauji biscuits as special nutritional supplement. Till now 39% of children from additional villages have been treated out of malnourishment. Additionally, intensive Awareness activities about prevention of Malnourishment and Anemia is carried out including audio-visual film show in vernacular language.

- **Greenfield Actions:** Healthcare services are provided to children up to 18 years. There are three Primary Pediatric Health Centers (PPHCs) with basic laboratory and day care facility at Dahej, Balasinor and Indrad, while fourth major center near SUGEN Power Plant has a 150 bed pediatric hospital 'Balsangam' which is part of 'Rangtarang' hospital complex started in FY 2019-20. Till Date more than 3,25,000 patients have been treated under OPDs across all four centers since its inception in 2017. More than 40,000 OPD cases have been handled across all Locations in FY 2021-22.

  Balsangam, a 150-bed state-of-the-art paediatric hospital is fully operational within the Rangtarang complex which also has Sumangal, a multi-disciplinary clinic for patients of all age groups. Activities at Balsangam, which were affected during covid period, have been scaled up post pandemic at a fast pace from June, 2021.

  Additionally, two more multi purpose Satellite centers have been started at Waghai and Chhappi in Gujarat and three more would be started at Radhanpur, Naswadi and Dediapada, Gujarat. These multi purpose centers will be scaled up appropriately in future depending on feedback as well as demand of healthcare services from the respective local population.

- **Other Allied Initiatives:** Counseling and Support was provided to rural adolescent girls around SUGEN, Dahej & Indrad centers covering menstrual hygiene and sanitation, by providing free health and hygiene kits. This has resulted in reducing prevalent social taboos and ultimately increasing confidence and self-esteem amongst beneficiaries. Hygiene Kits were provided to total 14,000+ Adolescent girls from all camp villages, between 11-18 years of age on monthly basis under this programme. Biodegradable and Reusable Sanitary Napkins were provided as a pilot project to solve issue of disposal and Initial feedback from the beneficiaries was encouraging.

Shiksha Setu: Phase-III of Shiksha Setu i.e. the Teaching and Learning Support Programme, conducted through UNM Foundation, was initiated during FY 2021-22. The program covers 45 Government primary schools located near SUGEN power plant, Chhatral, Chhapi, Memadpur and Ahmedabad reaching out to 15,000+ students and 480+ teachers of 1st to 8th standard. Due to Covid, schools were closed for about two years which had adversely impacted student learning levels. Remedial classes for more than 4,000 Students from Grade for 3rd to 8th were organized to support students achieve basic reading and arithmetic skills. About 1,500 mothers were reached through Mothers' Engagement and School Readiness activities.

During the year "Second Chance" programme was initiated at Chhatral cluster in Mehsana District of Gujarat aiming to support School dropout Students for clearing Grade 10th examination and enhance percentage of Students going for Higher Education / Vocational Training. Total 112 Students were enrolled in the Programme out of which 104 Students were mobilized and provided coaching for preparation of Grade 10th examination. 93 Students appeared for Grade 10th examination through National Institute of Open School out of which more than 70% students passed.

During the year "Vocational Skills Development Programme" was initiated at Chhatral cluster in Mehsana District of Gujarat to enhance employable skills of Women and Youth. The Programme aims at enhancing employable skills of 300+ Women and Youth and providing them employment opportunities. Total 100 Women and Youth were mobilized and trained on various skills viz. Sewing machine operator, Data entry operator, General duty assistant etc.

Pratiti - Development of Public Parks: The Company along with one of India's best known landscape design firm developed an approach for development of urban public parks. In Ahmedabad, six small sized parks measuring approx. 33,000 sq. mt. have been fully developed and opened for public use during FY 2018-19, one small sized park admeasuring 740 sq. mt. was fully developed and opened for public use in FY 2020-21 and one large sized park measuring approx. 28,300 sq. mt. was fully developed and opened for public use in FY 2021-22. One more large sized park measuring approx. 36,700 sq. mt. is at advanced stage of completion and will be opened for public in FY 2022-23 in Ahmedabad.

In addition to above, the Company continued other social activities during the year, as described hereunder:

Community Healthcare: Post COVID-19, the day care clinic "Sumangal" which is a community health care clinic under the 'Rangtarang' hospital complex, has also been scaled up and caters to the communities and villages around. The footfalls at "Sumangal" are now about ~150 patients per day. Services being provided include ENT, Dental Care, Physiotherapy, Pathology and Radiology facilities and special consultations in ophthalmology, dermatology, gynaecology etc.

The Report on CSR activities is annexed herewith as **Annexure B**.

ENVIRONMENT, HEALTH & SAFETY (HSE)

The Company is sensitizing, believing and committed in inculcating a proactive and well matured HSE culture across the group. Conservation of our natural capital and resources including Environment, ensuring the safety and well being of our colleagues and other communities at large are essential for Sustainable future.

The Company's HSE function is efficiently driven by well-established HSE Policy, which is commonly applied across the group. HSE Policy affirms by top management depicts the clear vision and reiterating commitment by top management in totality for adopting safe, secure and sustainable practices for its day to day operations.

Our constant and focused endeavors in HSE domain like adopting various digitalization in our prevailing HSE practices like Online portal for reporting Unsafe Act / Conditions and Incidents with Corrective and Preventive actions. Frequent Safety training and counselling on Technical and behavioral approach (BBS), Organizing various HSE Campaigns, Internal and External Safety Inspections and audits, Adopting various best in class new technologies, Process and System Improvements have helped us substantially to bring down incident rates and thus leading to sustainable, safe and healthy working environment for our work force and interested parties / stake holders at large.

We always remain deeply concerned about the cause of the environment protection and in this direction, the Company has undertaken initiatives, where, we have achieved measurable reduction in waste generation, Utilization of waste as an alternative fuel in cement industries, Conservation of energy (Saving of 7000 Tons of steam consumption per annum by installation of Heat pumps in place of conventional hot water system), Usage of renewable energy (Cumulatively generation of 2.20 Million KWH energy by installation of Solar Power panels of 1688 KW capacity at Indrad manufacturing facility, Bileshwarpura project site and R&D Centre). These activities have reduced our environmental impact /carbon footprint significantly.

We are constantly endeavoring to make our employees feel valued, respected, empowered and inspired to achieve our EHS goals. We truly believe in 4Rs of circular economy – Reuse, Reduce, Recover and Recycle. Our continuous ongoing efforts in environment sustainability have certainly reduced our water consumption, hazardous waste and energy consumption. Green building concepts are being introduced to maximize the usage of day light, 43% developed lust green area, rain water harvesting systems, usage of non-conventional energy sources like generation of solar power by installing roof top solar panels and captive usage of biogas are some unique concepts being implemented. The Company has also taken proactive steps to recycle water using state-of-art technologies to reduce fresh water dependency; Treated effluents are reused in cooling towers and horticulture activities. On account of these initiatives, most of our manufacturing facilities are now zero landfill and had achieved 53% reduction in landfill waste disposal compared to previous year. We have also targeted to dispose-off more than 90% of total such waste generation for co-processing in upcoming years.

Majority of Company's manufacturing facilities including few functions of our corporate office are accredited with ISO 14001:2015 (Environment Management Systems) and ISO 45001:2018 (Occupational Health & Safety Management system). This truly brings harmonization in HSE Systems and bringing more awareness amongst the working force at large.

Rainwater harvesting systems have been installed at manufacturing facilities with 57 state of art injection wells with large sunken catchment area of approx. 25,000 sq mt and 10 nos. of inverted umbrella system (Ulta Chhata).

Under the Plastic Waste Management Rules, 2016, the Company is registered as a Brand Owner with Central Pollution Control Board (CPCB). Pursuant to this, 1016 MT per annum equivalent quantity of plastic waste was collected from PAN India during the year under review and recycled and co-processed in cement industries. The Company has joined the hands with local and state government for promoting various programmes under Extended Producer Responsibility (EPR) under the state initiative of AZADI KA AMRIT MAHOTSAV. This includes the adoption of total 8 nearby villages (5 Villages near Indrad manufacturing facility and 3 villages near Dahej manufacturing facility) and the Company has extensively worked for more than 100 days to collect and safe dispose off the plastic waste and educated the community to bring awareness on sparingly usage of plastics and other natural resources. Under this initiative, the Company had managed to collect and safely dispose off 6.3 MT of Plastic waste.

During the year, the Company and its employees of all locations joined hand in facing and combating 2nd wave of COVID-19 by devising and implementing various strategies to curb this pandemic situation and thus ensures the safer plant operations as well as well-beings of all working force at large. Such strategies include, encouraging the employees work from home (Other than those front-line working force), Virtual Meetings to ascertain the social distances, spreading awareness on Do's & Don'ts in pandemic situation, developing and arming the COVID-19 task forces which in turn ensure the compliance of their respective area / departments. The Company has gone extra mile in ensuring that, all its work force have undergone required vaccination and various in-house initiatives were undertaken by management in depth. Frequent Health Surveillance programs were well executed as a proactive approach by the Company's medical staff.

In-house cross-functional teams, global customers, regulators and external third party auditors, which helps us in achieving benchmark / highest levels of compliance, are regularly auditing all the manufacturing facilities and R&D Centre. This also helps us to review our own system through third eye, which enables us to understand risk / opportunities / area of improvisation of our process / manufacturing facilities at large.

As a part of consultation and participation of contractors' workers in our day-to-day operation, they all have been well covered under various HSE Drives. It is essential for all contractors' workers to undergo HSE training and follow stipulated guidelines. All contractors' workers are encouraged to maintain safety standards by abiding Company's guidelines and procedures. Moreover, the Company has in place the "Conviction of Safety Policy" which provides for substantial compensation to the personnel (Employees as well as Contractors' workers) and their families, who are adversely affected by any accident.

Concisely, in order to achieve the organization goal as "Zero Harm, Zero Injury, Zero Accident", Company has brought in the unique concept of "Consequence Management System" as a decision-making policy for further fostering the safety culture amongst employees and contractors' workers at manufacturing facilities and R&D centre.

FINANCE

(a) Share Capital

As on 31st March, 2022 the Authorised Capital of the Company is ₹ 150 crores, divided into 25 crores Equity Shares of ₹ 5/- each and 25 lakhs Preference Shares of ₹ 100/- each.

(b) Deposits and Loans, Guarantees and Investments

The Company has neither accepted nor renewed any deposits. None of the deposits earlier accepted by the Company remained outstanding, unpaid or unclaimed as on 31st March, 2022.

Details of Loans, Guarantees and Investments by Company under the provisions of Section 186 of the Companies Act, 2013, during the year, are provided in Note 10 and 11 to the Standalone Financial Statements.

(c) Debentures and other debt instruments

The outstanding amount of Non-Convertible Debentures issued by the Company is ₹ 1241.42 crores as on 31st March, 2022.

(d) Contracts or Arrangements with Related Parties

All Related Party transactions are entered in compliance to the provisions of law, the Policy on Materiality of and dealing with Related Party Transactions ("Related Party Policy") and were entered with the approval of Audit Committee, Board and Shareholders if and as applicable. The particulars of material contracts and arrangements entered into with the related parties in accordance with the Related Party Policy of the Company and pursuant to the provisions of Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure A**.

(e) Internal Financial Control System

The Company has a formal framework of Internal Financial Control ("IFC") in alignment with the requirement of Companies Act, 2013 and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.

Accordingly, the Company has a well-placed, proper and adequate IFC system, which ensures:

- The orderly and efficient conduct of its business,
- Safeguarding of its assets,
- The prevention and detection of frauds and errors,
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

The Board reviews the effectiveness of controls documented as part of IFC framework, and take necessary corrective and preventive actions wherever weaknesses are identified as a result of such reviews. This review covers entity level controls, process level controls, fraud risk controls and Information Technology environment.

Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materially affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company. The Statutory Auditors of the Company has audited the IFC with reference to Financial Reporting and their Audit Report is annexed as Annexure B and Annexure A to the Independent Auditors' Report under Standalone Financial Statements and Consolidated Financial Statements respectively.

(f) Material changes affecting the Company

No material changes and commitments have occurred after the close of the year till the date of this Report which may affect the financial position of the Company.

INSURANCE

The Company's manufacturing facilities, properties, equipment and stocks are adequately insured against all major risks including loss on account of business interruption caused due to property damage. The Company has appropriate liability insurance covers particularly for product liability, clinical trials and cyber liability. The Company has also taken Directors' and Officers' Liability Policy to provide coverage against the liabilities arising on them.

BUSINESS RISK MANAGEMENT

Risk Management is an integral part of our strategy for stakeholders' value enhancement and is embedded in to governance & decision-making process across the Organisation. The Company has in place the Risk Management Policy to ensure effective responses to strategic, operational, financial and compliance risks faced by the Organisation.

As a part of this Policy, all the risks are discussed and deliberated with the concerned functional heads and business process owners to continually identify, assess, mitigate and monitor risks across the entity, its business functions and units. The Policy also encompasses identification, assessment and mitigation of ESG risks. The Risk Management Committee meets periodically to assess and deliberate on the key risks and adequacy of mitigation plan. It has formulated a comprehensive 'Risk Register', which is continuously updated to capture new risks / threats augmenting from changes in internal / external environment. Inputs from risk assessment are also embedded into annual internal audit programme. Key risks and mitigation measures are summarised in Management Discussion and Analysis section of the Annual Report.

SUBSIDIARIES & JOINT VENTURES

As of 31st March, 2022, the Company has 14 subsidiaries, out of which 3 are step down subsidiaries.

During the year, TPL (Malta) Limited, wholly owned subsidiary of the Company and Torrent Pharma (Malta) Limited wholly owned subsidiary of TPL (Malta) Limited were incorporated on 17th August, 2021.

Further, Torrent Pharma SRL, Romania and Torrent Pharma France S.A.S, France, wholly owned subsidiaries of the Company were liquidated w.e.f 11th January, 2022 and 13th January, 2022 respectively.

The highlights of performance of major subsidiaries of the Company have been discussed and disclosed under the Management Discussion and Analysis section of the Annual Report. The contribution of each of the subsidiaries in terms of the revenue and profit is provided in Form AOC-1, which forms part of the Annual Report.

The details of UNM Foundation (earlier known as Tornacent Care Institute), associate company of the Company is also shown in the AOC-1. This associate company is Section 8 Company and primarily floated with another company of the Torrent group to carry out the CSR activities.

The annual accounts of the subsidiary companies will be made available to any Member of the Company seeking such information at any point of time and are also available for inspection by any Member of the Company at the Registered Office of the Company on any working day during business hours up to the date of the AGM. The annual accounts of the subsidiary companies are also available on the website of the Company at **www.torrentpharma.com**.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Board of Directors

The Board of Directors of the Company is led by the Executive Chairman and comprises six other Directors as on 31st March, 2022, including one Whole Time Director, four Independent Directors which includes two Women Director and one Non-Executive Director (other than Independent Directors).

All the Independent Directors of the Company have furnished declarations that they meet the criteria of independence as prescribed under the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Board had at its meeting dated 11th May, 2022 appointed Dr. Maurice Chagnaud (holding DIN: 09592878) as an Independent and Additional Director of the Company w.e.f 11th May, 2022 for a term of 3 (three) consecutive years subject to approval of shareholders, not liable to retire by rotation. The Board seeks the approval of shareholders through special resolution by Postal Ballot Notice dated 25th May, 2022 in relation to the above matter.

During the last AGM held on 27th July, 2021, the members approved:

- the re-appointment of Ameera Shah as an Independent Director of the Company for the second term of 5 (five) consecutive years effective from 2nd August, 2021;
- the re-appointment of Nayantara Bali as an Independent Director of the Company for the second term of 5 (five) consecutive years effective from 7th March, 2022;

In the opinion of the Board, the directors appointed / re-appointed during the year possess requisite expertise, integrity and experience (including proficiency) for appointment / reappointment as an Independent Directors of the Company.

As per the provisions of the Companies Act, 2013, Jinesh Shah, Director (Operations) (holding DIN 00406498), retires by rotation at the ensuing AGM and being eligible has offered himself for re-appointment.

The brief resume and other relevant information of the Director being re-appointed is given in the explanatory statement to the Notice convening the AGM, for your perusal.

(b) Meetings of Board of Directors

Regular meetings of the Board are held to review performance of the Company, to discuss and decide on various business strategies, policies and other issues. A calendar of Board / Committee meetings for the year is prepared and circulated to the Directors well in advance to enable them to plan their schedule for effective participation in the meetings. During the year, five meetings of the Board of Directors were convened and held on 7th May, 2021, 18th May, 2021, 27th July, 2021, 26th October, 2021 and 25th January, 2022. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the meetings of the Board is included in the Corporate Governance Report which forms part of the Annual Report.

(c) Audit Committee

The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of the Committee as on 31st March, 2022 is given below:

Name of Director	Category of Directorship
Shailesh Haribhakti, Chairman	Independent Director
Haigreve Khaitan	Independent Director
Ameera Shah	Independent Director
Nayantara Bali	Independent Director

The Committee was expanded by the Board by appointing Dr. Maurice Chagnaud as its Member with effect from 11th May, 2022.

During the year, the Board has accepted all the recommendations made by the Audit Committee.

(d) Appointment of Directors

(i) Criteria for Appointment of Directors

The Board of Directors of the Company has identified following criteria for determining qualification, positive attributes and independence of Directors:

1) Proposed Director ("Person") shall meet all statutory requirements and should:
   - possess the highest ethics, integrity and values;
   - not have direct / indirect conflict with present or potential business / operations of the Company;
   - have the balance and maturity of judgment;
   - be willing to devote sufficient time and energy;
   - have demonstrated high level of leadership and vision, and the ability to articulate a clear direction for an organization;
   - have relevant experience (in exceptional circumstances, specialization / expertise in unrelated areas may also be considered);
   - have appropriate comprehension to understand or be able to acquire that understanding
     - Relating to Corporate Functioning
     - Involved in scale, complexity of business and specific market and environment factors affecting the functioning of the Company.

2) The appointment shall be in compliance with the Board Diversity Policy of the Company.

The key qualifications, skills and attributes which the Board is collectively expected to have for the effective discharge of their duties are explained in Corporate Governance Report of the Company.

(ii) Process for Identification / Appointment of Directors

- Board members may (formally or informally) suggest any potential person to the Chairman of the Company meeting the above criteria. If the Chairman deems fit, necessary recommendation shall be made by him to the Nomination and Remuneration Committee (NRC).
- Chairman of the Company can himself also refer any potential person meeting the above criteria to the NRC.
- NRC delibrates the matter and recommends such proposal to the Board.

Board considers such proposal on merit and decide suitably.

(e) Familiarisation Programme of Independent Directors

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company endeavours, through presentations at regular intervals, to familiarise the Independent Directors with the strategy, operations and functioning of the Company and also with changes in the regulatory environment having a significant impact on the operations of the Company and the pharmaceutical industry as a whole. Site visits to various plant locations and CSR sites get organized for the Directors to enable them to understand the operations of and CSR activities carried out by the Company. The Independent Directors also meet with senior management team of the Company in formal / informal gatherings.

The details of such familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at **http://www.torrentpharma.com/pdf/cms/Familiarization_Programme_2021-22.pdf**

(f) Board Evaluation

The Evaluation of Board, its Committees, Individual Directors (Independent and Non Independent Directors) and Chairperson was carried out as per the process and criteria laid down by the Board of Directors based on the recommendation of the NRC:

- Chairperson of meeting of Independent Directors briefed the Board that the Independent Directors have carried out the performance evaluation of the Board as a whole, its committees, the Non Independent Directors, Chairman and flow of information between the management and the Board.
- The evaluation of Chairperson was co-ordinated by the Chairperson of the Independent Directors meeting.
- Pursuant to above, the Board expressed the satisfaction on the functioning of the Board, the Committees and performance of Individual Directors.
- The Independent Directors met on 25th January, 2022 with respect to the above process.

(g) Key Managerial Personnel

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

(h) Directors' Responsibility Statement

In terms of Section134(3)(c) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31st March, 2022, the Board of Directors state that:

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

ii. reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgments and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 and of the profit for the year ended on that date;

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

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

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

REMUNERATION

(a) Remuneration Policy

The Remuneration policy covers the remuneration for the Directors (Chairman, Managing Director, Whole-time Directors, Independent Directors and other non-executive Directors) and other employees (under senior management cadre and management cadre). The Policy has been formulated with the following key objectives:

- To ensure that employee remuneration is in alignment with business strategy & objectives, organisation values and long-term interests of the organisation.
- To ensure objectivity, fairness and transparency in determination of employees' remuneration.
- To ensure the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate a high performance workforce and are in compliance with all applicable laws.

It covers various heads of remuneration including benefits for Directors and employees. It also covers the process followed with respect to annual performance reviews and variables considered for revision in the remuneration. The said Policy is available on the website of the Company **www.torrentpharma.com**.

(b) Criteria for Remuneration to Non-Executive Directors (NEDs):

1. The payment of commission to the Directors of the Company who are neither in the whole time employment nor Managing Director(s) (NEDs) is approved by the shareholders of the Company and is subject to the condition that total commission paid to the NEDs shall not exceed the percentage limits of the net profit of the Company as specified in the Companies Act, 2013 (presently 1% of the net profit), calculated in accordance with Section 197 read with Section 198 and any other applicable provisions of the Companies Act, 2013.

   Further, as per the Regulation 17(6)(ca) of the Listing Regulations, approval of the shareholders by special resolution shall be required every year, in which the annual remuneration payable to a single NED exceeds fifty per cent of the total annual remuneration payable to all NEDs, giving details of the remuneration thereof.
2. The Board or its Committee specifically authorised for this purpose, determines the manner and extent upto which the commission is paid to the NEDs within the limit as approved by the shareholders. The commission is determined based on the participation of the Directors in the meetings of Board and / or Committees thereof, as well as on industry practice, performance of the Company and contribution by the Directors, etc.
3. Payment of Commission is made annually on determination of profit.
4. Sitting fees of ₹ 1 lakh is paid to Independent Directors for each meeting of the Board or any Committee thereof attended by them.
5. Independent Directors are reimbursed for all the expenses incurred for attending any meeting of the Board or Committees thereof and which may arise from performance of any special assignments given by the Board.

(c) Remuneration to Managerial Personnel

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

(d) Particulars of Employees and related disclosures

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures pertaining to remuneration and other details are provided in the **Annexure C** to this Report.

AUDITORS

(a) Statutory Auditors

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as the Statutory Auditors of the Company to hold office for five years from the conclusion of Forty Fourth AGM held with respect to the financial year 2016-17, up to the conclusion of the Forty Ninth AGM.

The Board of Directors of the Company at their meeting held on 25th May, 2022, based on the recommendation of the Audit Committee have made recommendation for re-appointment of B S R & Co. LLP as the Statutory Auditors of the Company by the Members at the Forty Ninth AGM of the Company for a second term of five years i.e. from the conclusion of Forty Ninth AGM till the conclusion of Fifty Forth AGM of the Company to be held with respect to the financial year 2026-27. Accordingly, a resolution, proposing to the aforesaid re-appointment of M/s. B S R & Co. LLP, as the Statutory Auditors of the Company forms part of the Notice of the Forty Ninth AGM of

the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Companies Act, 2013 and that the appointment, if made, shall be in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder.

(b) Cost Auditors

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company has prepared and maintained the cost accounts and records for the year 2021-22.

The Company has appointed M/s. Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 000353) as the Cost Auditors of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year ended 31st March, 2022. The Cost Audit Report to the Central Government for the financial year ended 31st March, 2021 was filed on 10th August, 2021, within the statutory timeline. Further, the Board of Directors has appointed M/s. Kirit Mehta & Co. as the Cost Auditor of the Company for the financial year 2022-23 and fixed their remuneration, subject to ratification by the shareholders in the ensuing AGM of the Company.

(c) Secretarial Auditor

The Board, pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, had appointed M/s. M. C. Gupta & Co., Company Secretaries, as the Secretarial Auditors of the Company to conduct the Secretarial Audit as per the provisions of the Companies Act, 2013 for the year 2021-22.

M/s. M. C. Gupta & Co. have carried out the Secretarial Audit accordingly and their report in Form MR-3, is annexed with this Report as **Annexure D.** There were no qualification / observations in the report.

During the year 2021-22, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

CORPORATE GOVERNANCE

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

ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the link **https://torrentpharma.com/index.php/investors/annual_return**

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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

APPRECIATION AND ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Ahmedabad
25th May, 2022

Samir Mehta
Executive Chairman
DIN: 00061903

ANNEXURE A TO THE DIRECTORS' REPORT

Form No. AOC – 2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with Related Parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not on arm's length basis:

   There were no contracts or arrangements or transactions entered into with related parties during the year under review, which were not on an arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis[1]:

Name of the Related Party and Nature of Relationship	Nature of Contracts/ arrangements/ transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advance, if any
Torrent Pharma Inc. USA ("TPI") (wholly owned subsidiary Company)	Product Supply Agreement	1st April, 2019 till 31st March, 2024	TPI to purchase its total requirements of the Products listed in the Agreement from the Company.	Approval of Board is not required under Section 188(1) of the Companies Act, 2013.	Nil
	Manufacturing and Supply Agreement	29th October, 2018 till 28th October, 2023	Company to manufacture and supply the Product listed in the Agreement using the product technology and trademarks of TPI.		
	Development Agreement	1st May, 2019 till 30th April, 2029	Company to develop the Product listed in the Agreement.		

During the financial year 2021-22, the net value of the transactions with TPI is ₹ 784.42 crores.

For and on behalf of the Board of Directors

Ahmedabad
25th May, 2022

Samir Mehta
Executive Chairman
DIN: 00061903

[1] Material contracts / transactions has been considered based on the definition of material transaction as mentioned under explanation to Sub Regulation (1) of Regulation 23 of the Listing Regulations.

ANNEXURE B TO THE DIRECTORS' REPORT

Annual Report on CSR Activities for the year 2021-22

1. Brief outline on CSR Policy of the Company:

- Torrent has always been committed to the cause of social service and has consistently channelised a part of its resources and activities, such that it positively impact the society socially, ethically and also environmentally. The Company has taken up various CSR initiatives improving the quality of life of the people and making quality value addition to the society.
- The Company channelizes its CSR activities in light of its guiding principle as enumerated by its founder - Shri U. N. Mehta: ***"Giving back to the society, for all the years of care, support and nurturance that is being bestowed upon the organisation".***
- The Policy focuses on three thrust areas in which CSR activities are planned - (a) Community Healthcare, Sanitation & Hygiene (b) Education & Knowledge Enhancement and (c) Social Care & Concern.
- The CSR Activities are conducted, preferably in areas where the Company has industrial or business presence, after approval of the Corporate Social Responsibility and Sustainability Committee ("CSRS Committee") and the Board.
- CSR Activities are implemented directly by the Company or indirectly by implementing agencies, which include section 8 Company / registered public trust / registered society established by the Company / an external entity engaged in CSR activities etc.

2. Composition of Corporate Social Responsibility and Sustainability Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSRS Committee held during the year	Number of Meetings of CSRS Committee attended during the year
1	Ameera Shah	Chairperson / Independent Director	2	2
2	Nayantara Bali	Independent Director	2	2
3	Shailesh Haribhakti	Independent Director	2	2
4	Jinesh Shah	Whole-time Director	2	1

3. Provide the web-link where Composition of CSRS Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

CSRS Committee: **https://www.torrentpharma.com/pdf/cms/Composition_Of_Various_Committees_Of_Board_Of_Directors.pdf**

CSR Policy: **https://www.torrentpharma.com/pdf/investors/CSRPolicy.pdf**

CSR Projects: **https://www.torrentpharma.com/index.php/investors/csr**

4. Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not applicable for financial year 2021-22.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the Financial year, if any:

Sr. No.	Financial Year	Amount available for set-off from preceding Financial Years (in ₹)	Amount required to be set-off for the Financial Year, if any (in ₹)
Nil			

6. **Average net profit of the Company as per section 135(5): ₹** 1,132.33 crores

7. a) **Two percent of average net profit of the Company as per section 135(5)**: ₹ 22.65 crores

   b) **Surplus arising out of the CSR Projects or programmes or activities of the previous Financial Years:**

   ₹ 0.19 crores

   c) **Amount required to be set off for the Financial Year, if any:** Nil

   d) **Total CSR obligation for the Financial Year (7a+7b-7c):** ₹ 22.84 crores

8. a) **CSR amount spent or unspent for the Financial Year.**

Total amount spent for the Financial Year (₹ in Crore)	Amount Unspent (₹ in Crore)				
	Total Amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
13.08*	17.21**	25th April, 2022	Nil		

* Including ₹ 6.93 crore spent during the financial year, out of unspent amount pertaining to Ongoing Projects of FY 2020-21.

** Including ₹ 0.36 crore surplus arising at implementing agency level from temporary investment of the funds in FY 2021-22. In addition to above, ₹ 0.37 crores was also transferred to this account pertaining to earlier years.

b) Details of CSR amount spent against Ongoing Projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of Activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration*	Amount allocated for the Project (₹ in Crore)	Amount spent in the current Financial Year (₹ in Crore)	Amount transferred to Unspent CSR Account for the Project as per Section 135(6) (₹ in Crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	**REACH - Paediatric Healthcare Programme**	Community Healthcare, Sanitation & Hygiene (Promoting healthcare including preventive healthcare)	Yes	Various districts in the State of Gujarat viz. Surat, Bharuch, Mahisagar, Mehsana, Kheda, Gandhinagar, Dang, Jambusar, Patan, Banaskantha.		3 years	24.48 (including opening balance of ₹ 3.54 crore of FY 2021-22)	7.26 (including ₹ 3.17 crore of FY 2020-21)	17.21 (Including ₹ 0.36 crore surplus arising at implementing agency level from temporary investment of the funds for FY 2021-22 and excluding ₹ 0.37 crore lying unspent pertaining to FY 2020-21)	No^	UNM Foundation (Section 8 company) (earlier known as Tornascent Care Institute)	CSR00004202
2.	**Pratiti - Public Park Development (Ahmedabad – Phase II) (earlier known as Garden Development (Phase II))**	Social Care and Concern (Ensuring environmental sustainability, ecological balance and protection of flora and fauna)	Yes	Ahmedabad district in the State of Gujarat		3 years	3.71 (opening balance of FY 2021-22)	3.71	_	No		
3	**Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area)**	Education and Knowledge Enhancement (Promoting education)	Yes	Ahmedabad, Surat, Banaskantha and Mehsana in the State of Gujarat		3 years	0.05 (opening balance of FY 2021-22)	0.05	_	No		

* Excluding year of commencement.

^ includes direct spending of ₹ 0.01 crore

c) **Details of CSR amount spent against other than ongoing projects for the Financial Year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of Activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (₹ in Crore)	Mode of Implementation - Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	**Primary School Education & Community Development work**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	Yes	At Village Bhud and Makhnu Majra (Rural Area, Baddi), Ta Nalagarh, Dist Solan, Himachal Pradesh		0.55	Yes	Directly by Company	NA
2	**Indrad School and Medical OPD**	Promoting Education & healthcare	Yes	At Village Indrad, Taluka Kadi, Dist Mehsana, Gujarat		0.03	Yes	Directly by Company	NA
3	**Upgradation / Maintenance of School and other infrastructure facilities**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	Yes	Sikkim, Dahej, Vizag & Pithampur locations		0.58	Yes	Directly by Company	NA
4	**Setting up of Oxygen Plant**	Community Healthcare (Promoting healthcare including preventive healthcare)	Yes	Ahmedabad and Gandhinagar in the State of Gujarat		0.81	Yes	Directly by Company	NA
5	**Plastic Waste Management and Environment Protection campaign**	Social Care & Concern (ensuring environmental sustainability, ecological balance and protection of flora and fauna)	Yes	Indrad & Dahej in the State of Gujarat		0.09	Yes	Directly by Company	NA
	Total					**2.06**			

d) Amount spent in Administrative Overheads: Nil

e) Amount spent on Impact Assessment, if applicable: Not Applicable

f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 13.08 crores

g) Excess amount for set off, if any: Nil

Sr. No.	Particulars	Amount (₹ in Crore)
(i)	Two percent of average net profit of the Company as per section 135(5)	22.65
(ii)	Total amount spent for the Financial Year	13.08
(iii)	Excess amount spent for the Financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR Projects or Programmes or Activities of the previous Financial Years, if any	0.19
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

	(1)	(2)	(3)	(4)			(5)
Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (₹ in crore)	Amount spent in the reporting Financial Year (₹ in crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (₹ in crore)
				Name of the Fund	Amount (₹ in crore)	Date of transfer	
1.	2020-21	5.10	4.73	---	Nil	---	0.37

(b) Details of CSR amount spent in the Financial Year for Ongoing Projects of the preceding Financial Year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was comm-enced	Project duration	Total amount allocated for the project (₹ in crore)	Amount spent on the project in the reporting Financial Year (₹ in crore)	Cumulative Amount spent at the end of reporting Financial Year (₹ in crore)	Status of the Project - Completed / Ongoing
1.	FY 31.03.2021_1	REACH - Paediatric Healthcare Programme	2020-21	3 years*	37.04	7.26 (including ₹ 3.17 crore of FY 2020-21)	19.46	Ongoing
2.	FY 31.03.2021_2	Pratiti - Public Park Development (Ahmedabad - Phase II)	2020-21	3 years*	5.75	3.71**	5.75	Ongoing
3.	FY 31.03.2021_3	Shiksha Setu (Quality Education Programme in Rural and Urban Slum Area) (Phase II)	2020-21	3 years*	0.42	0.05**	0.42	Ongoing

* Excluding year of commencement.

** Out of the funds lying with the implementing agency prior to FY 2021-22.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset-wise details):

Date of creation or acquisition of the capital asset(s)	Amount of CSR spent for creation or acquisition of CSR assets (₹ in crores)	Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.	Details of the capital assets created or acquired (including complete address and location of the capital asset)
1st April, 2021	0.28	UNM Foundation "Samanvay", 600 Tapovan, Ambawadi, Ahmedabad - 380015	Part of expenditure for construction of Hospital building of REACH Project. Block No. 135 / K, PO / Gram Panchayat: Dhornpardi - 394 150, Taluka: Kamrej, District: Surat (Gujarat). Total area of the Asset / Property: 20,372 square meter.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):
Not Applicable

Samir Mehta
Executive Chairman
DIN: 00061903

Ahmedabad
25th May, 2022

Ameera Shah
Chairperson CSRS Committee
DIN: 00208095

Delhi
25th May, 2022

ANNEXURE C TO THE DIRECTORS' REPORT

Details Pertaining to Remuneration as Required under Section 197(12) of the Companies Act, 2013 Read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2021-22 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the year 2021-22 are as under:

Sr. No.	Name	Designation	Ratio of Remuneration of Director to Median Remuneration of employees	% increase in Remuneration in the year 2021-22
1	Sudhir Mehta	Chairman Emeritus	NA(1)	NA(1)
2	Samir Mehta	Executive Chairman	342.37(2)(3)	0.00(2)(3)
3	Shailesh Haribhakti	Independent Director	7.96	6.90
4	Haigreve Khaitan	Independent Director	7.02	(5.75)
5	Ameera Shah	Independent Director	6.93	(2.41)
6	Nayantara Bali	Independent Director	7.45	7.41
7	Jinesh Shah	Whole-time Director	99.47(2)	12.44(2)
8	Sudhir Menon	Chief Financial Officer	NA	27.63(2)
9	Mahesh Agrawal	Company Secretary	NA	7.18(2)(3)

(1) Sudhir Mehta though eligible for commission, has foregone his right to receive the same and has not taken any remuneration.
(2) Also entitled to group personal accident and group mediclaim policy.
(3) Excluding payment of gratuity and / or leave encashment.

B. The percentage increase in the median remuneration of employees in the financial year under review is 8.30%. The employees whose remuneration is determined based on negotiations, employees who have not received the increment for full year and the employees at representative offices of the Company abroad have been excluded for this purpose.

C. The Company has 12,910 employees on the rolls of Company as on 31st March, 2022.

D. The increase made in the salaries of employees other than managerial personnel during the year under review was 8.68% while the increase in managerial remuneration was 2.56%.

E. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

F. The information required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Annual Report. Having regard to the provisions of Section 134 and Section 136 of the Companies Act, 2013, the Reports and Accounts are being sent to the Members excluding such information. However, the said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing AGM. Any shareholder interested in obtaining a copy of such statement may write to the Company Secretary at the Registered Office of the Company.

For and on behalf of the Board of Directors

Ahmedabad
25th May, 2022

Samir Mehta
Executive Chairman
DIN: 00061903

ANNEXURE D TO THE DIRECTORS' REPORT

Form No. MR - 3

Secretarial Audit Report
For the Financial Year ended 31st March, 2022
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Torrent Pharmaceuticals Limited,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Torrent Pharmaceuticals Limited (CIN: L24230GJ1972PLC002126) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, having its Registered Office at Torrent House, Off Ashram Road, Ahmedabad – 380 009 for the financial year ended on 31st March, 2022 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**

  (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and **(Not applicable to the Company during the Audit Period)**

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period).**

(vi) The Company has complied with the following other specific applicable laws to the Company:

  (a) The Drugs and Cosmetics Act, 1940

  (b) The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954

  (c) The Drug and Price Control Order, 2013

(d) The Narcotics, Drugs & Psychotropics Substances Act, 1985

(e) The Patent Act, 1970

(f) The Prevention of Cruelty to Animals Act, 1960

(g) The Water (Prevention and Control of Pollution) Act, 1974

(h) The Water (Prevention and Control of Pollution) Cess Act, 1977.

(i) Air (Prevention and Control of Pollution) Act, 1981.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

We further report that

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

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

All the decisions were taken unanimously in the Board & its Committees.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except the following:

1. UNM Foundation, a Section 8 Company promoted by the Company with Torrent Power Limited, was amalgamated with Tornascent Care Institute (TCI), other Section 8 Company and the name of TCI was changed to UNM Foundation.
2. TPL (Malta) Limited, as Wholly Owned Subsidiary (WOS) and Torrent Pharma (Malta) Limited, as WOS of TPL (Malta) Limited were incorporated on 17th August, 2021
3. Torrent Pharma SRL (Romania), Wholly Owned Subsidiary Company was dissolved through Voluntary Liquidation on 11th January, 2022 and Torrent Pharma France SAS, the Wholly Owned Subsidiary Company has been dissolved on 13th January, 2022, pursuant to the laws of the concerned countries.
4. The 48th Annual General Meeting of the members of the Company was held on 27th July, 2021 through VC / OAVM in terms of MCA General Circular nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020 and 02/2021 dated 13th January, 2021.

Ahmedabad
25th May, 2022

For M. C. Gupta & Co,
Company Secretaries
UCN: S1986GJ003400

Mahesh C. Gupta
Proprietor
FCS: 2047 (CP: 1028)
Peer Review: 579/2019
UDIN: F002047D000381866

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

Annexure A

To,
The Members,
Torrent Pharmaceuticals Limited,

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

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Ahmedabad
25th May, 2022

For M. C. Gupta & Co,
Company Secretaries
UCN: S1986GJ003400

Mahesh C. Gupta
Proprietor
FCS: 2047 (CP: 1028)
Peer Review: 579/2019
UDIN: F002047D000381866

ANNEXURE E TO THE DIRECTORS' REPORT

Independent Auditors' Certificate on Compliance with the Corporate Governance Requirements Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
Torrent Pharmaceuticals Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 3rd September 2018 and addendum to the engagement letter dated 15th May 2020.
2. We have examined the compliance of conditions of Corporate Governance by Torrent Pharmaceuticals Limited ("the Company"), for the year ended 31st March 2022, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

3. The compliance of conditions of Corporate Governance as stipulated under the Listing Regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March 2022.
6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the Members of the Company solely for the purpose of enabling the Company to comply with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Mumbai
Date: 25th May, 2022

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

Jamil Khatri
Partner
Membership No: 102527
UDIN:22102527AJNWUF6735

ANNEXURE F TO THE DIRECTORS' REPORT

Particulars required under the Rule 8(2) of the Companies (Accounts) Rules, 2014

A. Conservation of Energy

1. Steps taken or impact on conservation of energy:

During the year, the Company has met its core objective of reducing its carbon footprint by making efficient use of resources in its business operations. It has taken following steps for conservation of energy:

- Optimization and control of HVAC, Chillers and Pumps resulting in saving of 15 lakh KWH per annum.
- At Sikkim manufacturing facility, the Power supply source from Grid changed resulting in saving of 342 KL HSD and at Indrad manufacturing facility, reduction of contractual MD from 10 MVA to 8.7 MVA resulting in saving of electricity cost.
- Installation of additional Heat pump at Indrad and Baddi manufacturing facilities which has resulted in substantial saving of 7000 ton steam per annum.
- Introduced diffuse aeration system and Solar pond evaporation in ETP resulting in saving of 4 lakh KWH per annum.
- Land fill Hazardous Waste Disposal has been reduced to almost zero in majority of Company's manufacturing facilities and being used as an alternate fuel in Cement industries.
- 100% of recycling of Non-hazardous waste at all the manufacturing facilities of the Company (Zero Landfill of Non-Hazardous waste).
- Optimum usage of water by installation of faucets, flow control, recycling of treated effluent, reduction in effluent generation by segregation of domestic sewage.
- Replacement / Installation of energy efficient equipment (Invertor AC, Energy Efficient Fans, LED lights, etc.) resulted in saving in electricity at R&D centre.
- Chillers tube cleaning is being carried out with auto tube cleaning system. It maintains the required temperatures in condensers and save electricity.

2. Steps taken by the Company for utilizing alternate source of energy:

- **Waste to energy Initiative:** - Bio gas plant is in operation to use ETP biomass and food waste. Biogas is being used in Canteen for Cooking purpose. This has resulted in reduction of about 20% annual waste disposal under landfill category at Indrad and Dahej manufacturing facilities.
- "Green building" enabling more usage of natural lights and ventilation is the basic concept on which new buildings are designed and constructed. Various Power saving devices viz. more efficient electric drives / lights fixtures- LED / machines and electronic appliances etc., are being installed.

3. The capital investment on energy conservation equipments:

During the year, the Company had carried out the detailed study on CO_2 emission and as an outcome of the exercise, it had allocated budget of ₹ 108 crores to achieve emission reduction targets as detailed below:

- The capital investment on energy conservation equipment is ₹ 4.38 crores during the year 2021-22.
- Initiated Installation and commissioning of Briquette - Green fuel boiler at Indrad and Dahej manufacturing facilities with an investment of more than ₹ 23 crores.
- Initiated the Hybrid Power (Solar and Wind) generation for Indrad manufacturing facility, Bileshwarpura project site and R&D Centre with investment of ₹ 81 crores.

B. Technology Absorption

Particulars with respect to technology absorption are given below:

1. Efforts made towards technology absorption:

- Set up of the state of art fully automated Oncology manufacturing facility at Bileshwarpura project for scale up and Exhibit batches.
- Implemented Serialization (Track and Trace) requirement as per Brazil and Bahrain Regulation at Indrad and Baddi manufacturing facilities.
- Jar Filling line installed at Dahej manufacturing facility.
- Installed X-Ray System on Sachet filling line at Indrad manufacturing facility.
- MES and IQMS under implementation as a part of EBMR project at Dahej and Indrad manufacturing facilities.
- Various imported technologies have been used for developing new products which has resulted into better quality standards.

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

The Company has derived the benefits in terms of cost optimization, efficient use of energy and environmentally friendly active ingredient and formulation processes and additionally through technology absorption we have also improved product process and quality standards.

The technologies adopted so far have given us the cost effective and robust quality products. Automation initiatives have been taken at the manufacturing facilities for better controls and productivity improvement. The Company continues to put efforts to regularize alternate sources of raw materials usage via procuring from across globe, including in-house technology development and implementation, as a part of cost reduction, import substitution and to ensure consistency in product availability.

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3. Information of technology imported during last three year:

Sr. No.	Technology Imported	Year of Import
1	Particle Track G600B with Z4 Work Station	2021-22
2	Lubricant Spraying System	2021-22
3	NMR Probe	2021-22
4	Dissolution Media Degasser	2021-22
5	Recirculating Cooler	2021-22
6	LCMS	2020-21
7	NuGenesis LMS Named	2020-21
8	GCMS	2020-21
9	Checkweigher	2020-21
10	Absolute humidity control in coating machine for specialized products	2019-20
11	Online Tablet / Capsule inspection system on counting machine	2019-20
12	GC-Triple Quadrupole Mass Spectrometer (GC-MS/MS)	2019-20
13	GC MS-MS	2019-20

The above technologies have been fully absorbed except item no. 7 which is has been partially absorbed and will be fully absorbed during 2022-23.

4. Expenditure on R&D:

(₹ in crore)

Particulars	2021-22
Total R&D expenditure including Capital expenses	429.98
Total R&D expenditure as a percentage of turnover	6.45%

C. Foreign Exchange Earnings and Outgo

(₹ in crore)

Particulars	2021-22	2020-21
Foreign Exchange Earnings	1,841.91	2,153.94
Foreign Exchange Outgo	333.74	713.61

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Ahmedabad
25th May, 2022

Management Discussion and Analysis

To
The Shareholders

Caveat

Shareholders are cautioned that certain data and information external to the Company is included in this section. Though these data and information are based on sources believed to be reliable, no representation is made on their accuracy or comprehensiveness. Further, though utmost care has been taken to ensure that the opinions expressed by the management herein contain their perceptions on most of the important trends having a material impact on the Company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. The opinions expressed by the management may contain certain forward-looking statements in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Shareholders are hence cautioned not to place undue reliance on these statements and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section, consequent to new information, future events, or otherwise.

Note

Except stated otherwise, all figures, percentages, analysis, views and opinions are on consolidated financial statements of Torrent Pharmaceuticals Limited and its wholly owned subsidiaries (jointly referred as Torrent or Company, hereinafter). Financial information presented in various sections of the Management Discussion and Analysis is classified under suitable heads, which may be different from the classification reported under the Consolidated Financial Statements. Some additional financial information is also included in this section, which may not be readily available from the Consolidated Financial Statements. Previous year's figures have been regrouped, wherever necessary, to make it comparable with the current year.

Global Economy

As the world enters the third year of the COVID-19 crisis, economic developments have been both encouraging and troubling, clouded by many risks and considerable uncertainty. The global recovery is set to decelerate markedly amid continued COVID-19 flare-ups, diminished policy support, lingering supply bottlenecks and geo-political tensions. While the implications of Russia-Ukraine crises is highly uncertain, in the near term the crises is likely to create additional upward pressure on inflation and weigh on economic activity. Russia-Ukraine crises had led to surge in prices of crude oil and other commodities, exerting additional upward pressure on near-term inflation. The crises may restrain global economic activity abroad and disrupt supply chains. The volatility in financial markets, particularly if sustained, could also act to tighten credit conditions and affect the real economy.

In advanced economies, output in Emerging Market and Developing Economies (EMDEs) will remain substantially below the pre-pandemic trend over the forecast horizon. The global outlook is clouded by various downside risks, including renewed COVID-19 outbreaks due to new virus variants, the possibility of de-anchored inflation expectations and unexpected financial stress. Given limited policy space in EMDEs to support activity, if needed, these downside risks increase the possibility of a hard landing.

After rebounding to an estimated 5.5 percent in 2021, global growth is expected to decelerate markedly to 4.1 percent in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, lingering supply bottlenecks and on-going geo-political tensions. The near-term outlook for global growth is somewhat weaker, and for global inflation notably higher, owing to pandemic resurgence, higher food and energy prices, geo-political tensions and more pernicious supply disruptions. Global growth is projected to soften further to 3.2 percent in 2023, as pent-up demand wanes and supportive macro-economic policies continue to be un-wound.

Although output and investment in advanced economies are projected to return to pre-pandemic trends next year, in Emerging Market and Developing Economies (EMDEs) — particularly in small states and fragile and conflict afflicted countries—they will remain markedly below, owing to lower vaccination rates, tighter fiscal and monetary policies, and more persistent scarring from the pandemic. EMDE policy makers also face the challenges of heightened inflationary pressures, spillovers from prospective advanced-economy monetary tightening, and constrained fiscal space.

Indian Economy

The last two years have been difficult for the world economy on account of the COVID-19 pandemic. Repeated waves of infection, supply-chain disruptions and, more recently, inflation have created particularly challenging times for policy-making. The ongoing Russia-Ukraine crises have only exacerbated the situation. Faced with these challenges, the Government of India's immediate response was a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. It next pushed through a significant increase in capital expenditure on infrastructure to build back medium-term demand as well as aggressively implemented supply-side measures to prepare the economy for a sustained long-term expansion.

Advance estimates suggest that the Indian economy is expected to witness real GDP expansion of 9.0 percent in 2021-22 after contracting in 2020-21. This implies that overall economic activity has recovered past the pre-pandemic levels. Almost all indicators show that the economic impact of the "second wave" in Q1 was much smaller than that experienced during the full lockdown phase in 2020-21 even though the health impact was more severe.

Inflation has reappeared as a global issue in both advanced and emerging economies. India does need to be wary of imported inflation, especially from elevated global energy prices. Potential pick up of input costs is a contingent risk, especially if international crude oil prices remain elevated. The pace of the domestic recovery is catching up with pre-pandemic trends, but private consumption is still lagging.

With the vaccination programme having covered the bulk of the population, economic momentum building back and the likely long-term benefits of supply-side reforms in the pipeline, the Indian economy is in a good position to witness GDP growth between 7.0-8.0 per cent in 2022-23.

Despite all the disruptions caused by the global pandemic, India's balance of payments remained in surplus throughout the last two years. This allowed the Reserve Bank of India ('RBI') to keep accumulating foreign exchange reserves, equivalent to ~13.2 months of merchandise imports and is higher than the country's external debt. The combination of high foreign exchange reserves, sustained foreign direct investment, and rising export earnings will provide an adequate buffer against possible global liquidity tapering in 2022-23. Overall, macro-economic stability indicators suggest that the Indian economy is well placed to take on the challenges of 2022-23.

Global Pharma Market

The COVID-19 pandemic has been the most impactful global public health crisis in decades, and yet it has illustrated the resilience of global health systems as they have readily adapted to peaks in demand.

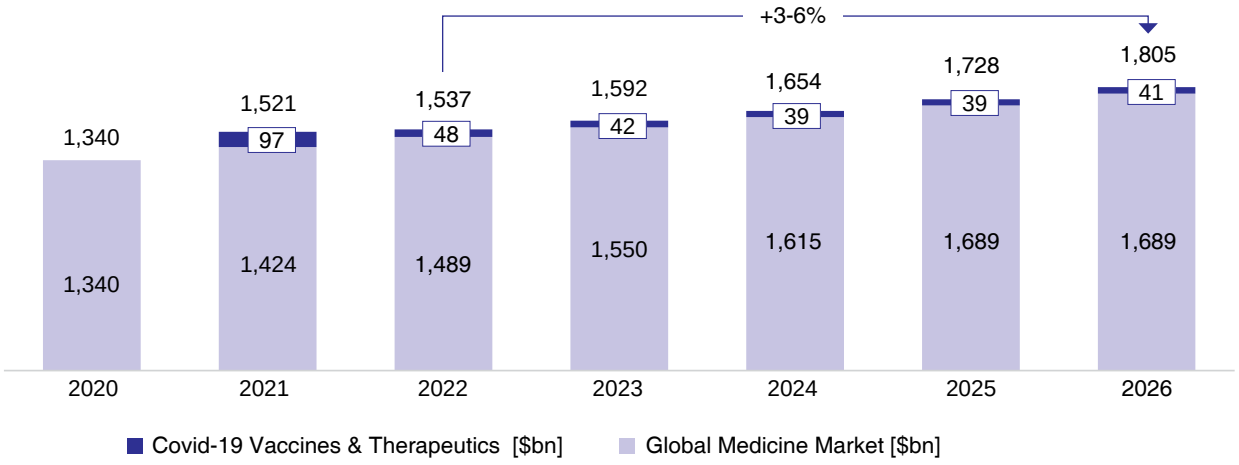
In developed countries, the adoption of new treatments, offset by patent lifecycles and competition from generics and biosimilars, are expected to continue as the main factors influencing medicine spending and growth.

In pharmerging countries, dramatic increases in healthcare access were the largest drivers of change in the use of medicines historically, but the trend is slowing and will result in volume declines across many markets. Increasingly, pharmerging countries are enabling access to newer medicines developed by multi-national companies, often earlier and with access to more of their populations than in the past. These trends are accompanied by efforts to contain spending will still generate the largest absolute growth of pharmerging countries.

The global medicine market using invoice price levels is expected to grow at 3-6% CAGR through 2026, reaching about $1.8 trillion in total market size in 2026, including spending on COVID-19 vaccines. Growth in global medicine spending will be slowed by losses of exclusivity, resulting in brand losses of $188 billion, mostly offset by spending on newly launched products. The impact of exclusivity losses will increase to $188 billion over the next five years mostly due to the availability of biosimilars.

Five years from now, medicine spending will include nearly 60% from specialty medicines in developed markets and 45% from specialty medicines in global markets, with the remainder predominately older and traditional therapies that will become progressively lower cost over time. The two leading global therapy areas are oncology and immunology lifted by significant increases in new treatments and medicine use and offset by losses of exclusivity, including biosimilars.

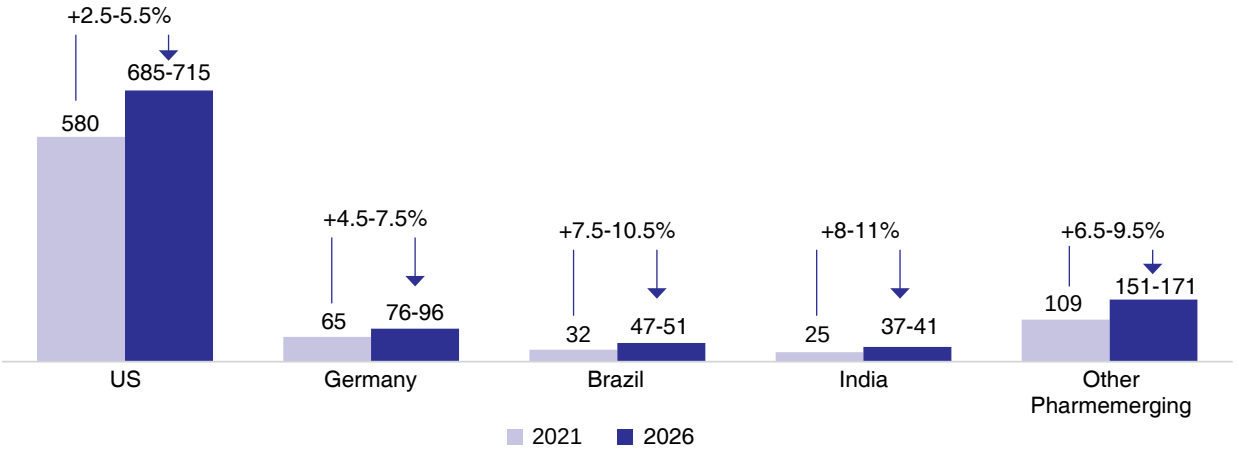
Global Pharma Spending, including Covid-19 Vaccines & Therapeutics ($bn)



- The outlook for global medicine spending has shifted considerably in the years 2020 to 2022, but afterwards is expected to be similar to the pre-COVID outlook, excluding the spending for COVID-19 vaccines.
- As a result of lower spending in the near-term, spending is expected to be $175 billion lower over seven years to 2026 than it would have been without the pandemic, excluding the incremental spending on vaccines and therapeutics for COVID-19.
- The most important drivers of lower spending will be those, often asymptomatic conditions which have had patient engagement disrupted and fail to make up the backlog of previously expected usage and spending.
- A rapid first wave of vaccinations, reaching 70% of the world by the end of 2022, was possible with current manufacturing capacity, but is ultimately expected about a year later near the end of 2023.
- The possibility of recurrent outbreaks with new viral variants are expected to drive sustained disruptions and result in lower than pre-pandemic spending on other non-COVID medicines through the forecast.

Below graphs depicts the trend in the pharma spending across the major markets, where the Company has its presence:

Outlook on Pharma Spending across Key Markets ($bn)



Emerging Trends: Following are some key emerging industry trends:

- Brand loss of exclusivity: The ongoing flow of innovation and the lagged savings as those medicines face competition and become cheaper has continued to reward innovators and challengers alike. In the next five years the impact of LOE is expected to be $188 billion, and while it will be offset by the spending on associated generics and biosimilars, the savings to healthcare systems and patients in the next five years will be significant.
- Pricing pressure: With rising demand for healthcare and falling budgets, governments and payers are exerting pressure to drive down prices. Governments, insurers and patients are requiring greater transparency around drug pricing. Channel consolidation in the US continues to exert pressure on generic pricing. One of the challenges facing drug manufacturers is to build closer relationships with patients. This has many benefits including better understanding of patient experience and improved adherence. However, the industry has some way to go to become a trusted part of the healthcare ecosystem.

- Specialty Pharma: Specialty medicines are those which treat chronic, complex and rare diseases, and while they have a range of characteristics — including the complexity of disease management or distribution — the most commonly noted attribute is that they are more expensive than other more traditional medicines. Specialty medicines have been increasing as a share of spending in higher-income countries and uppermiddle income countries. Globally specialty medicines will be 45% of global spending by 2025, with more than half of spending on these product in major developed markets.
- Complex generics: A complex generic is a generic that could have a complex active ingredient, complex formulation, complex route of delivery, or complex drug device combinations. Complex generic drugs are cheaper than branded drugs and offer the opportunity to capture additional value to patients by addressing additional unmet needs and enabling complex drug manufacturers to achieve market differentiation and earn higher margins. Opportunities for generics remain strong and positive across the globe, with an increasing demand for affordable healthcare and government focus on cost control and expansion of medical infrastructure. The availability of cost-effective, safe generic alternatives offers a tool, that can be used to balance access to and affordability of many major therapies required to maintain a healthy population of patients across multiple disease areas.
- Pharma 4.0: Pharma 4.0, originally Industry 4.0, applied to pharmaceutical manufacturing, which is the addition of cyber-physical systems to computerize manufacturing while focusing on the human element. Four pillars of Pharma 4.0 – Resources, Information Systems, Organization & Processes, and Culture. One of the main facets of the Resources pillar is digital transformation which centers on real-time data and information to increase productivity, enable machine operators to do their jobs more efficiently, and further allow the use of predictive technologies, augmented reality (AR) and virtual reality (VR), Big Data, artificial intelligence (AI), and machine learning (ML). It allows for connectivity through integrated systems, equipment, people, and other software systems; real-time visibility into operations; transparency for quicker reaction time; and, at its highest levels, predictability and self-optimization in that the system can predict the outcome of a batch or machine's performance and self-correct. In this kind of environment, apps, smart sensors, or the Industrial Internet of Things (IIoT) are used as a means of first capturing the data from the floor, which is then transferred to the cloud, available for use.
- Biosimilars: Biosimilar products are an identical copy of an original product already authorized for use and offer new therapeutic options with the potential for cost savings to the healthcare system. The introduction of regulatory frameworks for biosimilars over the past 15 years has finally begun to contribute to systemic savings in a tangible way, and 2020, in particular, contributed a significant boost in biosimilar impact from the U.S. for the first time. In the next five years, biologics will see $52 billion in lower brand spending, compared to $15.8 billion in the past five.
- Growing incidence of Chronic & Sub-chronic therapies: With changing lifestyle, aging population and improved diagnosis, incidence of chronic diseases or life style therapies are significantly increasing. This includes therapies such as Cardio-vascular, Anti-diabetic and Central Nervous System. This trend is even more prevalent in emerging markets such as India and Brazil.
- Digital healthcare: Digital is the future in all sectors of the economy and society and healthcare is no exception. Digital delivery will become integral to healthcare provision, and something that people have embraced after being driven indoors by the pandemic. For India, this is a solution to the vexed problem of providing healthcare to a massive population confronted by inadequate hospital beds, doctor and nurse coverage ratios. Change is anyway on the horizon. Reorganization of supply chains through digital adoption, innovation and value-based procurement, and promising applications of big data technologies are emerging. Ayushman Bharat Digital Mission (ABDM) aims to create a national digital health ecosystem that supports universal health coverage in an efficient, accessible, inclusive, affordable, timely, and safe manner.

Growth Drivers:

1. **Longer Life Expectancy:**
   With declining fertility and increased longevity, the relative size of older age groups is increasing.

2. **Changing Lifestyle:**
   In today's world, sedentary lifestyle, changing dietary habits, hectic and stressful life, less sleep and certain environmental factors causes higher incidence of chronic diseases.

3. **Improving Purchasing Power:**
   The middle-class population & per capital income continues to expand, driving demand for healthcare solutions, more particularly in emerging markets.

4. **Health Insurance & Infrastructure:**
   Penetration of health insurance (both public and private) is expected to surge with the government sponsored initiatives and programs, making healthcare more affordable.

5. **Digital and Advanced Analytics:**
   Major technological shifts have encouraged a rapid increase in the use of Advanced Analytics (AA), driving growth and productivity across the pharma value chain.

Accelerating Growth with Sustainability

As the world starts to adjust to life after the COVID-19 pandemic, companies in general have focused greater attention on developing and strengthening their Environmental, Social, and Corporate Governance (ESG) initiatives in order to bolster their societal impact on their community, reform their environmental impact, and boost their chances of long-term growth and success that benefit both the companies and their investors.

Pharmaceutical companies were no exception. Because of the attention ESG has received and will continue to receive in the following years from investors, employees, patients, and other stakeholders, the larger biopharma companies have used their extensive resources and capital to create committees and teams responsible for assessing, improving, and in many cases creating and implementing new and effective ESG practices and initiatives.

At Torrent, ESG has always been an integral part of decision-making and way of doing business. We, at Torrent, have always been conscious about impact of decision making on sustainability. Our timeless core values ensures our longevity. We firmly believe that ESG performance can render a competitive advantage and is relevant to how successful a company will be in the future. Sustainability, as a value, was conceived at the very inception of our journey & shall always be an imperative aspect in every space, we currently are and believe to foray.

Although, sustainability has been our focus throughout these years, we have now decided to pursue it in more structured way. Our ESG strategy framework hovers around “Touching lives responsibly”. To pursue this, we have crafted multi-fold strategy, with four core ESG pillars. Structured framework will enable us to navigate our growth in a manner that maximizes stakeholders’ value at large, consistently and sustainably.

- Responsible Consumption
- Responsible Practices
- Responsible Supply Chain
- Responsible Communication

Regulatory:

Over the past several decades, there has been a rapid globalization in the development, manufacture, marketing and distribution of medical products. The Pharma industry operates in one of the world’s most regulated environments to meet the public expectation of safe, effective and high quality medicines and therefore organizations must navigate and comply with a highly complex set of global, regional, country, and industry-specific directives and regulations; as well as industry standards and codes that span a drug’s developmental and commercial lifecycle. Managing current operating models and future regulatory requirements will test a company’s abilities to respond in a coordinated, cost-efficient, and timely way. Differing data requirements across countries necessitates additional clinical trials and animal studies, increasing the cost of potentially important medicines and slowing patient access to them. In many developing countries, regulatory capacity is insufficient to ensure a smooth process for new drug approval. Even after drugs are approved, international differences in systems to monitor the ongoing safety and quality of approved drugs slow recognition of any safety or manufacturing problems affecting public health. For reasons such as these, demand has been increasing for globally harmonized, science based standards for the development and evaluation of safety, quality, and efficacy of medical products. This will help in achieving the goal of improving the efficiency, evaluation process and approval process in the overall drug development while ensuring safe, efficacious and high quality product towards the public health.

The COVID-19 pandemic is the “defining global health crisis of our time”. It came as an unfortunate reminder of the importance of global health to the social, political and economic future of Humanity. Investing in public health and supporting strong and resilient health systems is an important as ever. But it requires a coordinated, focused approach. The COVID 19 has led to implementation of expedited pathways and risk based approaches that may lead to transformation of drug development in future.

Mergers & Acquisitions (M&A):

M&A play a crucial role in the growth strategies for life sciences companies. Over the last few decades, waves of M&A have led to significant consolidation within the industry. M&A is an important mechanism for achieving growth when opportunities for organic expansion are limited or non-existent. Large pharmaceutical companies has turned to megadeals to address pipeline, therapeutic, and geographic expansion needs. Bolt-on acquisitions have also increased as large companies snap up emerging / specialty companies with promising novel drug candidates. Consolidation and megadeals in particular, provide drug companies with the level of income necessary to fund R&D and new drug development.

COVID-19 negatively impacted the degree of M&A in 2020, with a slight rebound in 2021—but overall activity remained subdued. There were fewer, smaller deals, and we saw companies shifting their portfolio toward rare diseases through their smaller-scale M&A activity.

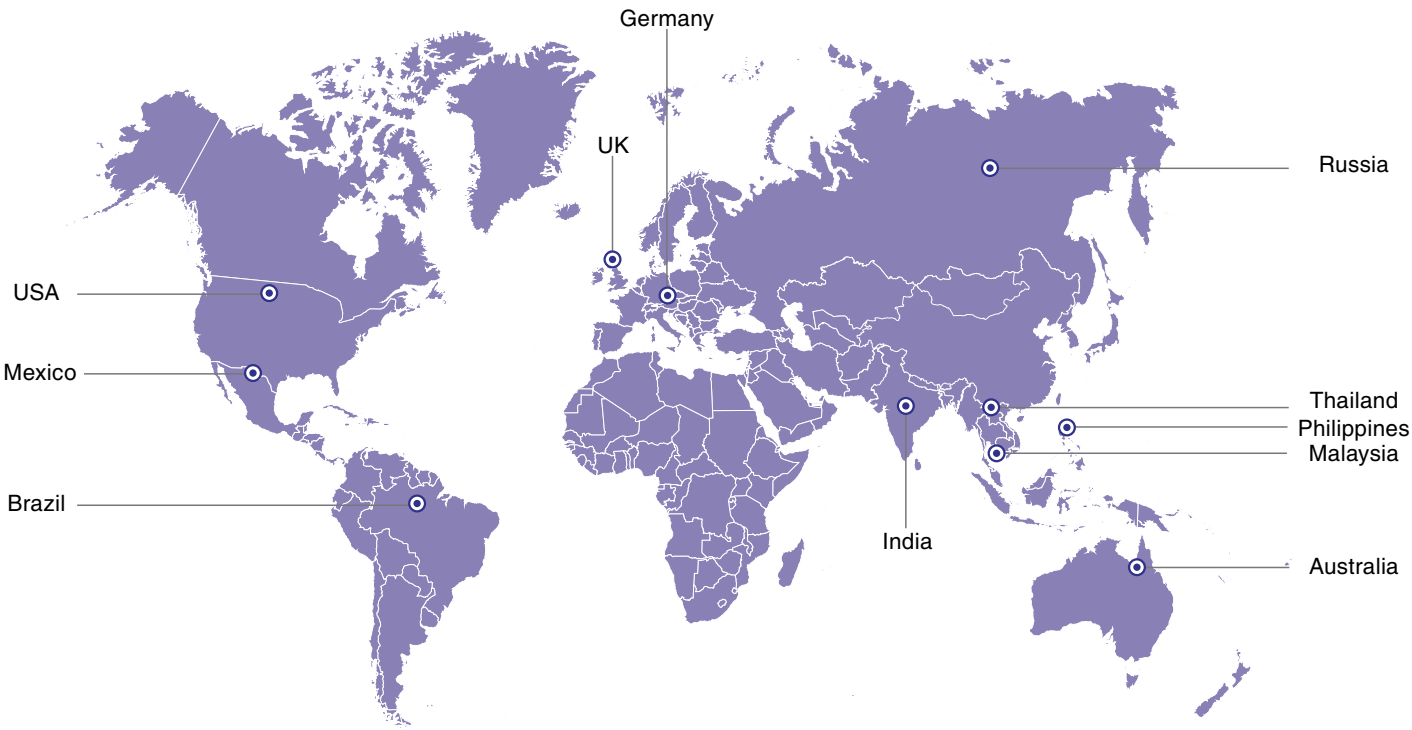
There is likely to be continued focus on bolt-on acquisitions aimed at bulking up R&D pipelines. When smaller bolt-on acquisitions dominate, the number of deals may be high, and deal-making activity is expected to pick up this year. As smaller biotechnology firms and larger pharmaceutical companies position themselves for opportunities to acquire assets, it is expected that coming years may see many more types of collaborative relationships maximizing new technologies.

On domestic front, acquisitions are picking pace on improving cash flows and balance sheet of Indian pharma companies given steady growth visibility, higher return ratios, and superior cash generation versus US generics where pricing headwind continues and growth remains volatile along with constant pricing pressure, higher investments, and regulatory headwinds.

Tailwinds around the need to invest in growth and access to capital will likely more than offset the potential headwinds around drug pricing and the eminent tax rate increases. There remains a significant amount of capital allocation available for M&A, which will drive an exciting 2022. Pharma is expected to continue investing in oncology as well as cell and gene therapy, but also in other areas such as neurology and cardiology as developments there attract greater interest. While capital continues to be readily accessible for most of the sector, the need for clearly defined and actionable value creation plans in an environment with seller's high price expectations has made it more important than ever to drive shareholder returns. The ever-changing regulatory landscape, the potential for US and global tax reform,and the continued focus on the affordability of drugs will remain issues that the sector will need to consider when executing deals in 2022 and beyond.

Performance Snapshot

Torrent is one of the front-runners in the Indian pharmaceuticals industry having presence in Domestic as well as International markets. The Company has subsidiaries across the globe as under. The Company also has major commercial presence in countries mainly covering South East Asia, Africa and the Middle East.



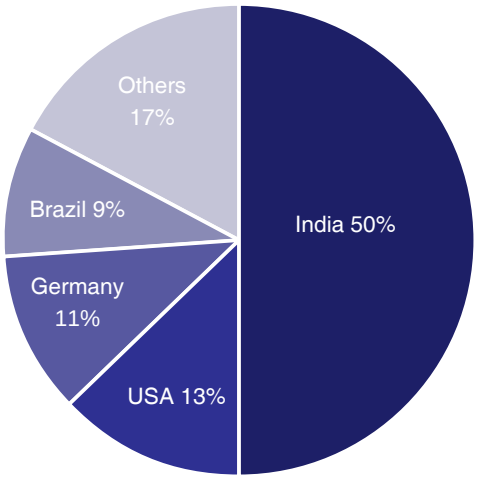
During the year 2021-22, the Company reported revenues of ₹ 8,508 crores, growth of 6% compared with ₹ 8,005 crores in the previous financial year.

The Breakup of Revenues for Key Territories is as under:

Revenue (in crores)	2021-22		2020-21		Growth
	Amount	Share	Amount	Share	%
India	4,286	50%	3,739	47%	15%
USA	1,067	13%	1,261	16%	-15%
Germany	966	11%	1,038	13%	-7%
Brazil	742	9%	630	8%	18%
Other countries	881	10%	820	10%	7%
Others	567	7%	517	6%	10%
Total	**8,508**	**100%**	**8,005**	**100%**	**6%**

Torrent's Core Competencies

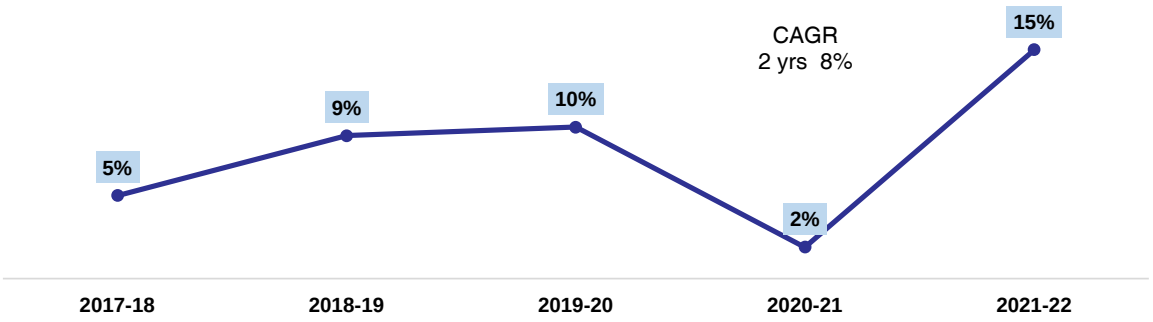
Torrent's four major pharma markets are India, US, Germany and Brazil. The Company's strategic priorities in India and Brazil continue to focus on strengthening specialties, field force productivity and brand building. These markets remain a key priority for the Company and offer higher visibility and sustainability to the business. In the US and Germany, the Company continues to focus on its new product pipeline by developing diversified and moving towards complex products.



India:

The Indian Pharmaceutical Market (IPM) which is valued at more than $23 billion has demonstrated its resilience in FY2022 during the Covid19 pandemic. Over the past several years, the IPM has exhibited a strong growth trajectory and is fundamentally poised to remain a double digit growth market owing to several demand levers over the coming years. With rising prevalence of chronic diseases, a significant push towards increasing healthcare coverage towards a large set of the population coupled with government support and insurance coverage, volume growth in the IPM across all therapies is more than likely to sustain this momentum in the near term, and even increase over the medium term. Acute therapy has registered higher growth in current year mainly due to lower base of last year whereas chronic and sub-chronic therapies have registered lower growth in current year due to last year higher base. In FY 2023, Industry is anticipated to come back to double digit growth by second half of the year. However H1 will see some pressure from the growth perspective taking into consideration FY'22 high acute base driven by Covid. IPM should continue to grow at a higher rate (similar to pre-covid time) over the next couple of years. Field activity and marketing activities have reached the pre-covid levels indicating consistency going forward.

Resurgence of IPM growth in the market will be dependent on how quickly the economy is able to bounce back from the pandemic and how long the social distancing phenomenon continues to impact patient behavior. Recent IPM growth trend (in value) is as follows:

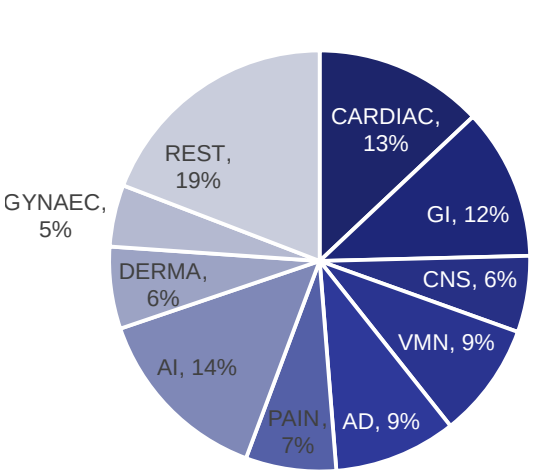


For the year ended 31st March 2022, India continues to be the largest business unit contributing 50% of the Torrent Pharma's revenues.

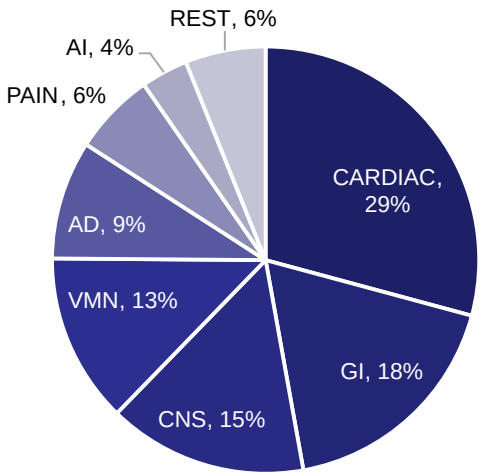
Torrent is ranked 8th in the IPM and continues to grow faster than the market (IPM 15% vs TPL 17%). Torrent stands 5th position among combined chronic / sub chronic therapy areas. 17 brands feature amongst Top 500 brands of the IPM. 11 brands (MBs) have revenues of more than 100 crores.

8th largest Company in IPM	**5th** ranked among combined chronic / sub chronic segment	**6th** ranked by prescription at specialists
17 Brands amongst Top 500 brands in IPM	**11** Brands (MBs) above **100 crores**	Ranked amongst Top **5** across CVD, VMN, CNS & GI therapy areas

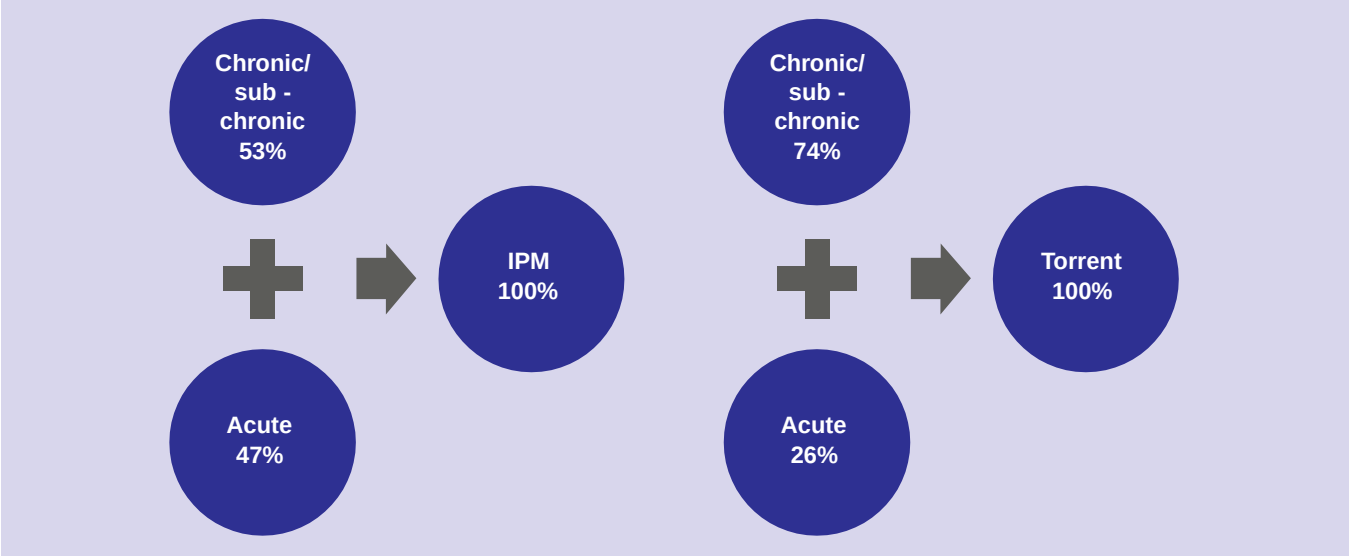
In IPM, Anti-Infective is the major contributor followed by Cardiac, Gastro-intestinal, Anti-diabetic and Vitamin Mineral Nutrients (VMN) segment. Torrent has strong presence in Cardiac, Gastro Intestinal, CNS, Vitamin Minerals Nutrients & Anti diabetic and Top 5 therapies contribute 84% to sales.



IPM



TPL



Torrent continues to focus on chronic therapies as its main area of focus and hopes to continue gaining market share in key sub-therapies. Torrent has seen one rank improvement in each Gastro Intestinal and Anti Diabetic (wo Insulin) therapies compared to last year:

*without Insulin

New introductions in key therapies have been a focus area for Torrent to drive higher than market growth and Torrent has launched a significant number of new products in FY22. In addition to patent expiration launches, Torrent has launched several brand extensions with first in India combinations for unmet therapy needs, and this will remain a focus for the coming years. Some important new introductions in key markets were Pregabalin+Duloxetine, Perampanel, Brivaracetam in the CNS segment; Repaglinide+Voglibose, Remogliflozin+Vildagliptin in Anti Diabetic segment; Dydrogesterone, Ethinyl Estradiol + Dienogest, Drospirenone & Carbetocin within the Gynecology therapy along with launch of key Covid drugs like Molnupiravir & Baricitinib.

During FY23, key molecules like Sitagliptin, Sitagliptin+Metformin, Vortioxetine, Sacubitril Valsartan and Apixaban are going to come out of Patex scenario which will help Torrent to further strengthen its position within the growing Chronic segment in the upcoming years. Apart from the patex opportunity, Torrent is also looking at launching various FDC and other key molecules to address the unmet need of the patient and complete Torrent therapy basket.

Field force productivity has been an important focus area for Torrent and over the last five years we have been able to significantly enhance per capita per month (PCPM) productivity, by enhancing focus on brand building. From a PCPM of under ₹ 5.0 lacs in FY 2017-18, Torrent's PCPM has crossed ₹ 11.5 lacs in FY 2021-22. Our continued focus on operational efficiency and high chronic mix have been key enablers in achieving this improvement. Over the next two to three years, as we enter more high potential markets and launch new products, there would be a need for expansion of the field force in certain therapies to ensure we remain competitive in all our focus markets without diluting focus on the existing portfolio. In the Current FY'22; Torrent has expanded field force across its key therapeutic areas in Cardiology, Diabetology, CNS, & Women Healthcare.

Stable market, high chronic led growth, launch of differentiating portfolio clubbed with FF expansion will help Torrent gain market share and further gain leadership position within the Industry.

Brazil:

Brazil is the largest pharmaceutical market in the Latin America and the 8th largest in the world. The Brazilian pharma market is estimated to be around BRL 178 Bn (US$ 33 Bn) by 2025 through a year on year growth of 10-12%, depending on expected improvements in macro-economic parameters.

Brazil's economic scenario has been worsened due to pandemic. GDP in 2021 improved 4.6% after a decline of -4.1% in 2020. Inflation is still expected to remain in the range of 6% in 2022. Apart from Covid-19 economic impact, Brazil is still facing difficulties to have important reforms implemented. Since 2020, both tax and administrative reforms were included in Congress' agenda but are still facing resistance. Main objective of tax reform is to simplify taxation rules by implementing GST (Goods and Service Tax) whereas administrative reform is to address the fiscal imbalances and high cost of the administrative structure. Economic challenges of lack of productivity and low investments remains to be addressed by the Government also through privatization of State-owned companies. Over and above, the year 2022 will witness the Presidential Elections in the month of October.

Despite negative GDP growth and Covid-19 impact, Brazilian Pharmaceuticals Market has been resilient, registering a growth of 12% for FY 2021-22. Government subsidies under health care schemes has reduced while opportunity for the pharmaceutical companies to gain from direct sales to consumers is increasing. On the regulatory front, the Brazilian government has changed the patent regulation to allow early entry of generic players thereby increasing access of innovator molecules at lower cost to patients.

During the year, Brazilian operations crossed BRL 500 Mn mark by registering revenue of BRL 524 Mn or ~₹ 742 crores (showing 15% growth in constant currency and 18% in actual currency). The company is now among top 25 companies in total Brazil pharma market. In our focused business (Branded-Generic and Generic-Generic) the company grew at 18% at constant currency. The Company intend to gain market share through specialty focus, enhancing existing field force productivity, new product launches. In addition, the company has launched additional sales force to support growth of mature brands and new launches. The company is also preparing for entry into newer therapeutic segments starting early 2023.

Among the Indian companies, in terms of value Torrent ranks No. 1 (IQVIA dataset). Currently, Torrent has commercialized 22 branded generics and 18 generic products. In its branded generic portfolio, the Company has 13 filings awaiting approval, 13 under preparation for filing in existing business and 8 in new business in the next 12 months. In addition, the Company has been building its portfolio in the Generic segment with parallel filings and launches of its branded generic products.

USA:

USA continues to be the largest pharmaceutical market, accounting for approximately 48% of global pharmaceutical spending. It recorded 4.4% CAGR for 2015-20 and is expected to grow at 3-6% CAGR to US $605-635 Billion by 2024. This growth is fuelled by the increased aging population in U.S. More than 15% of the U.S. population is above 65 years of age and this number is expected to continue to rise by 2023.

Market growth will likely be principally driven by the development and launch of innovative specialty drugs but will be partially tempered by existing drug patent expiries and cost reduction initiatives by payers.

Generic drugs play a vital role in facilitating access to lifesaving medicines and remain a public health priority for the U.S. Food and Drug Administration (USFDA). The USFDA's generic drug program was created to enhance the availability of affordable, high-quality generic drugs in the United States. More than 10,000 generic drugs have now been approved by the USFDA. Generic drugs continue to demonstrate their value proposition in the United States – representing more than 90% of all prescriptions dispensed, but only 18% of spending. According to the Association for Accessible Medicines (AAM) savings from generics and biosimilars totalled $338 billion in 2020 alone, a savings increase of $23.5 billion from 2019 to 2020.

Amid the challenges of a worldwide pandemic and rapidly advancing science, the USFDA's generic drug program continued steadfast efforts to help increase the availability of safe, effective, high-quality, more affordable drugs in the U.S.

In 2021, the USFDA approved or tentatively approved 776 generic drug applications (ANDAs). This consisted of original applications as well as supplement submissions for drug products used as potential treatments and supportive therapies for patients with COVID-19. It included approvals for 93 first time generics drugs, and 52 generic drugs under the Competitive Generic Therapy (CGT) pathway.

In 2021, there was a continued USFDA focus on policies designed to expedite the availability of generic drug products and to help lower prices with an aim to further encourage robust and timely market competition for generic drugs and help bring greater efficiency and transparency to the generic drug review process, without sacrificing the scientific rigor underlying the generic drug program, including:

- Listing all approved ANDAs for products that received a CGT designation, having inadequate generic competition.
- An Orange Book-focused guidance and two planned events to help educate and engage Orange Book users.
- A list of products with CGT designation that is updated every six months to ensure continued transparency regarding drug products where increased competition has the potential to provide significant benefit to patients.

Torrent is ranked No.12 amongst the US Generic Indian Companies and has a market share of around 10.5% in its covered market. Revenues from the US business were ₹ 1,067 crores (Sales US$ 137 Mn) during the financial year 2021-22 as compared to ₹ 1,261 crores (Sales US$ 166 Mn) in the previous year with a de-growth of 15%. The de-growth is primarily on account of lack of new product launches pending USFDA re-inspection of facilities.

New approvals from facilities at Dahej and Indrad remained on hold awaiting inspection by USFDA. Torrent has completed all the remediation actions and submitted the closure report for those facilities, and it is now waiting for guidance on re-inspection from USFDA. The Company has decided discontinuation of its oral liquid manufacturing operations as it believes the economic benefits flowing in the foreseeable future will not be significant compared to the incremental investments and market opportunities that exist.

Given the future market is moving towards complex products, Torrent is diversifying its pipeline with products like injectables, suppositories, ophthalmics, ointments & creams and oncology drugs as well as focusing on Value Added Medicines (VAM's) that are approvable via the 505(b)(2) regulatory pathway. The Company has filled 5 ANDA's during 2021-22. The Company has 105 ANDA approvals (including 5 tentative approvals) and its pipeline consists of 57 pending approvals (not including tentative or partnered filings) and 37 products under development to be filed over the next 3 years.

Germany:

Top 5 European markets are Germany, France, Italy, UK and Spain. Medicine spending in top 5 European countries will increase from US$ 210 Bn in 2021 to US$ 261 Bn in 2026. CAGR from 2022 to 2026 is expected to be 3% to 6%.

Despite the COVID-19 pandemic disruptions, with continued support and industry resilience, the European pharma outlook for 2022 is positive. Generics, including biosimilars, are expected to add $15 billion in growth over the next five years, about the same as in the past five years despite a larger impact of losses of exclusivity as volume gains will be offset by price deflation.

The Company's European business is mainly in Germany and UK, where the Company has its direct presence.

Germany is the 4th largest pharmaceutical market in the world and the largest in Western Europe. It is valued around $64.6 Bn and is expected to grow at a CAGR of 4.5% to 7.5% till 2026. Germany will pass Japan to become the third largest market globally by 2026. Majority of the market is tender driven which leads to a very competitive environment for the industry. Among the generic players, Torrent holds 5th position with a market share of around 6.6% and is ranked No.1 among Indian players in the German market. Revenues from Germany operations during 2021-22 were ₹ 966 Cr (Sales in euro 111 Mn) with a de-growth of 7%.

Revenue growth was impacted due to loss in tenders and price erosion in few of our key products, together with temporary supply disruptions, and delays in some of the launches. The supply issues have been largely resolved and we expect this market to register growth in FY2023. We expect to launch more than 15 products in FY23 which should off-set the price erosion in the market.

Manufacturing

The Company's state of art manufacturing facilities for formulation and API have significantly contributed to the demand of high quality products and in sustaining its growth and success. Revenues from manufacturing of human insulins for Novo Nordisk for India market during 2021-22 were ₹ 347 crores showing growth of 24% compared to previous year.

New Capital Investments

As part of its strategy to diversify into different dosage forms, the Company is setting up manufacturing facility for oral oncology products. The project is progressing well.

Production Linked Incentives (PLI)

Production Linked Incentive Scheme have been the foundation of the government's push for achieving Atmanirbhar Bharat. The objective is to create global champions in manufacturing and create potential to grow in size and scale in order to penetrate the global value chains. The scheme was notified by the government in March 2021 followed by the operational guidelines in June 2021(PLI 2.0). The total financial outlay under this scheme is ₹ 15,000 crores which is divided into three groups based on the Global Manufacturing Revenues for the year 2019-20. Consequently, the Company qualified under Group A of the scheme and will be eligible for incentives over the next six years based on the defined eligibility criteria under the scheme. The incentive ceiling per qualifying company in Group A is ₹ 1000 crores plus a discretionary ceiling of additional incentive upto ₹ 200 which may be incrementally allocated by the government during such incentive period.

Research and Development

Discovery Research:

The Company is currently developing several in-house New Chemical Entities (NCE) in the areas of metabolic, cardiovascular, gastrointestinal, dermatological disorders. The Company has cumulatively filed 827 patent applications for NCEs from these and earlier projects in all major markets of which, 504 patents have been granted / accepted so far.

The most advanced discovery program of the Company is a metabolic modulator NCE, "Omzotirome", for the treatment of diabetes. This program is currently undergoing the pivotal Phase III clinical trial in key markets where the Company has presence. The Company believes that this asset is uniquely positioned to address the consequences of Cardiometabolic-Based Chronic Disease (CMBCD), which is assuming alarming proportions in India and other emerging economies besides developed countries.

The next advanced discovery program is for management of heart failure in diabetic patients, for which the Phase II clinical trial has been completed in India and Europe. Phase II study for the Company's 3rd NCE being developed for Inflammatory Bowel Disease, is ongoing.

NDDS & Pipeline Augmentation:

Novel Drug Delivery Systems (NDDS) have emerged from application of new technology platforms to design products with an aim to reposition existing drugs, if required through an alternate route of administration. The aim is to improve their performance with respect to efficacy, safety and patient compliance through enhanced bio-availability, reducing the dose, frequency and onset and duration of action.

Company's pipeline includes several NDDS programs, adapted for existing medications, which will give the Company an edge over its competitors through differentiation. Company is currently focusing its R&D efforts on several innovative projects in the area of complex generics with respect to oral solids, foams / ointments / creams and nasal delivery.

Once a week Nasal Spray of Methylcobalamine for management of vitamin B12 deficiency was successfully launched.

Apart from this to meet the pandemic challenges, the Company has launched new products to mitigate the risk of Covid-19 with introduction of Molnupiravir and Baricitinib in Indian market and further planning to strengthen this pipeline with new launches in near future.

Torrent is also working on oncological product and planning to file multiple complex generic oncology products in advanced markets such as US, Europe and Brazil.

The company is planning to file complex generic products as well as 505(b)(2) products in advanced markets with rational of targeting unmet medical needs.

Threats, Risks and Concerns

Drug Price Control:

Currently 380 drugs and 899 formulations are covered under National List of Essential Medicines [NLEM]. It is likely that the government may bring more such drugs and formulations under price control or change the mechanism of calculating the ceiling price of the drugs which are under the ambit of Drug Price Control Order 2015 [DPCO 2015], which in turn will have impact on the margins of the Company. The Company manages its product portfolio so as to minimize the product weightage of drugs under price control.

Generics:

The Government of India is encouraging use of generic products through various initiatives. This may have impact on future business strategies of the Company.

New Product Risk:

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

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

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

Product Liability Risks:

The business is exposed to potential claims for product liability. These risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance system. The Company also has an adequate insurance cover for product liability. The Company is facing litigation on two of its products viz. Losartan and Valsartan in the US.

Litigation Risks:

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

Future Acquisition Proposals:

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

Manufacturing & Supplying Risk:

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

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that it uses in its manufacturing operations from foreign and domestic suppliers. Although the Company has a policy to actively develop alternate supply sources for key products subject to economic justification, there would be certain cases where the Company has listed only one supplier in its application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, the Company's manufacturing capabilities could be impacted by quality deficiencies in the products, which its suppliers provide, leading to impact on its financial performance.

New Capital Investments:

The Company continuously adds capacity to meet the increasing demand of pharma products from various markets. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of under-utilization of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Overseas Markets:

The development of the business in overseas markets is a critical factor in determining future ability to sustain or increase global product revenues. This poses various challenges including volatile economic conditions, IP issues, developed market compliance standards,

inadvertent breaches of local / international law and interventions by national governments or regulators restricting access to market and / or introducing adverse price controls. However, the Company carefully monitors the business scenarios of these markets, prepares the business plan and undertakes various researches to reduce the risk at the minimal level.

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

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

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

Currency Fluctuation Risks:

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

International Taxation:

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

Base erosion Profit Shifting (BePS) action plan and reporting formulated by the OECD (Organization of Economic Co-operation and Development) has been implemented in India which provides for revised standards for transfer pricing documentation and country-by-country reporting of income, earnings, taxes paid and certain measure of economic activities. Accordingly, the Company has done the filings as per prescribed guidelines. There may be issues with respect to the resolution of disputes arising due to interpretation by different tax jurisdictions in different countries. The Company has taken adequate measures to ensure compliances of these guidelines.

Discovery Research:

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

Company undertakes clinical trials on an ongoing basis as part of its discovery research program. Insurance is obtained to cover the risks associated with testing in human volunteers and the Company may be subject to claims that are not covered by the policy.

Dependence on Information Technology:

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

Human Resources

The total employee strength of the Company at the end of financial year 2021-22 was 13,923 against 13,498 at the end of financial year 2020-21, an increase of 425 employees.

Internal Control System

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

Results of Operations for 2021-22 compared with 2020-21

Summary Financial Information:

Particulars	2021-22		2020-21	
	₹ Crores	% to Revenues	₹ Crores	% to Revenues
Sales and Operating Income (Revenues)	8,508	100%	8,005	100%
Gross Profit	6,066	71%	5,858	73%
Selling, General and Admin Expenses (SG&A)	3,119	37%	2,891	36%
Research and Development Spend	516	6%	487	6%
Forex (Gain) /Loss	(170)	2%	(32)	0%
Other (Income)	(20)	0%	(20)	0%
EBITDA	**2,621**	**31%**	**2,532**	**32%**
Depreciation / Amortization	662	8%	658	8%
Net Interest Expense / (Income)	248	3%	348	5%
Profit Before Tax and Exceptional Items	**1,711**	**20%**	**1,526**	**19%**
Exceptional Items	485	6%	-	0%
Profit Before Tax and After Exceptional Items	**1,226**	**14%**	**1,526**	**19%**
Income Tax	449	5%	274	3%
Profit After Tax	**777**	**9%**	**1,252**	**16%**

Financial Performance

- Revenues grew by 6% to ₹ 8,508 crores from ₹ 8,005 crores in the previous year
- EBITDA grew by 4% to ₹ 2,621 crores from ₹ 2,532 crores in the previous year
- Depreciation and Amortization includes amount related to right of use of assets
- Borrowings reduced by ₹ 807 crores
- Exceptional Item of ₹ 485 crores represents provision for discontinuation of liquid facility operations in US

Working Capital and Liquidity

The trade working capital i.e. net working capital investment excluding current investments, cash and cash equivalents, bank balances other than cash and cash equivalents, loan given to employees, short term borrowings, current maturity of long term debt, derivative financial instruments and accruals for health insurance contracts (in Germany) reduced by ₹ 39 crores from ₹ 2,903 crores at the end of financial year 2020-21 to ₹ 2,864 crores at the end of financial year 2021-22. The number of days of net trade working capital has reduced from 134 days in 2020-21 to 124 days in 2021-22.

Cash and cash equivalents including current investments was at ₹ 398 crores during the financial year 2021-22 compared to ₹ 573 crores at the end of financial year 2020-21.

Key Financial Ratios for 2021-22 compared with 2020-21

#	Particulars	2021-22*	2020-21
	Profitability Ratios		
a)	Operating Profit Margin	**31%**	**32%**
b)	Net Profit Margin* (Refer Note)	**14%**	**16%**
c)	Return on Net Worth*	**18%**	**21%**
	Working Capital Ratios		
d)	Debtors Turnover (days)	**71**	**71**
e)	Inventory Turnover (days)	**107**	**124**
	Gearing Ratios		
f)	Interest Coverage	**9.03**	**6.21**
g)	Debt / Equity	**0.52**	**0.71**
	Liquidity Ratios		
h)	Current Ratio	**1.17**	**1.13**

***Adjusted for exceptional items**

Note:
The Net profit margins and Return on Net worth is lower than previous year mainly on account of Company moving into normal tax regime. The cash tax for the Company will continue to be 18% on account of the MAT credit available.

The ratios have been computed as follows:

- Operating profit margin : Revenues – (Cost of goods sold + employee benefits + other expenses)+ (Other income-Interest income) / Revenues
- Net profit margin : Profit after taxes / Revenues
- Return on net worth : Profit after taxes / Net worth (Net worth = Share capital + Reserves and Surplus)
- Debtors days : (Net sales / Trade receivables) * 365
- Inventory Days : (Net sales / Inventory) * 365
- Interest coverage : (Profit after tax + Deferred tax + Depreciation and amortization + Interest expense) / Interest expense
- Debt to equity : Debt / Net worth
  - Debt : Long term borrowings (current and non current portion)
  - Net worth : Share capital + Reserves and surplus
- Current ratio: Current assets / Current liabilities

For and on behalf of the Board of Directors

Ahmedabad
25th May, 2022

Samir Mehta
Executive Chairman
DIN: 00061903

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2. Economic Survey of India, 2021-22
3. Global Medicine Spending and Usage Trends: Outlook to 2025, IQVIA Institute for Human Data Science
4. The Global Use of Medicines 2020: Outlook to 2026, IQVIA Institute for Human Data Science
5. Pharma and life sciences: Deals 2022 outlook: PWC
6. AIOCD MAT March 2022 data set.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING

FOREWORD

Over the years, the global outlook towards Company's performance have changed with evolving externalities. COVID-19 pandemic, evolving regulatory landscape and increasing stakeholder traction on issues such as climate change, equality and ethical governance have evaluated companies' resilience in recent years. These changes have reiterated the importance of integrating sustainability and transparency strategically into their business operations.

Our focus on Environmental, Social and Governance ("ESG") and business growth are both essential ingredients for long-term sustainability and as a responsible Corporate Citizen, we believe in creating a strong business which touches lives responsibly. Continuing our sustainability journey and commitment towards National Voluntary Guidelines, we present our first Business Responsibility and Sustainability Report ("BRSR") as envisaged by the Securities and Exchange Board of India ("SEBI"). The BRSR report contains a comprehensive list of measurable KPIs for its nine principles, encompassing ethical business practices, product stewardship, employee wellbeing, safety & development , stakeholder engagement, human rights, environmental stewardship, public policy advocacy, inclusive growth and responsible customer relationship.

We have voluntarily started our BRSR reporting journey in FY 2021-22 itself as a best practice ahead of time and we aim to enhance our processes, policies and reporting going forward. We will continue being a responsible and a sustainable Company creating value for all our stakeholders and touching lives responsibly.

SECTION A: GENERAL DISCLOSURES

I. Details of the Company

1	**Corporate Identity Number (CIN) of the Company**	L24230GJ1972PLC002126
2	**Name of the Company**	Torrent Pharmaceuticals Limited
3	**Year of incorporation**	1972
4	**Registered office address**	Torrent House, Off Ashram Road, Ahmedabad – 380 009
5	**Corporate address**	Torrent House, Off Ashram Road, Ahmedabad – 380 009
6	**E-mail**	**investorservices@torrentpharma.com**
7	**Telephone**	+91 79 26599000
8	**Website**	**www.torrentpharma.com**
9	**Financial year for which reporting is being done**	2021-22
10	**Name of the Stock Exchange(s) where shares are listed**	BSE Limited, Mumbai (BSE); and National Stock Exchange of India Limited, Mumbai (NSE)
11	**Paid-up Capital**	₹ 84.62 crores as on 31st March, 2022
12	**Contact Person**	
	Name of the Person	Sapan Sanghani, General Manager (Finance) Chintan Trivedi, Assistant General Manager (Legal)
	Telephone	+91 79 26599000
	Email address	**investorservices@torrentpharma.com**
13	**Reporting Boundary**	
	Type of Reporting	Disclosures under this report are made on standalone basis for Torrent Pharmaceuticals Limited

II. Products / Services

14	Details of business activities	S. No.	Description of Main Activity	Description of Business Activity	% Turnover of the Entity
		1	Research & Development, Manufacturing, Marketing, and Distribution of Pharmaceutical Products	We are one of the leading pharmaceutical companies in India and are engaged in research, development, manufacturing, marketing and distribution of branded and generic pharmaceutical formulations in India and Internationally.	100%

15	Products / Services sold by the entity	S. No.	Product / Service	NIC Code	% of Total Turnover contributed
		1	Pharmaceutical products	Division 21 Group 210 Class 2100	100%

III. Operations

16	Number of locations where plants and / or operations / offices of the entity are situated:	Location	Number of plants	Number of Offices	Total
		National	8*	30	38
		International^	1	12	13
17	Market served by the entity	**Locations**	**Numbers**		
	a. No. of Locations	**National (No. of States)**	PAN India		
		International (No. of Countries)	More than 40 markets served across Asia, North America, Brazil, European Union & Rest of World		
	b. What is the contribution of exports as a percentage of the total turnover of the entity?	Standalone – 30% Consolidated – 44%			
	c. A brief on types of customers	The Company serves across all segments of customers. At the core, the final customers are the patients who buy the products of the Company based on the prescriptions from the Doctors. The primary channel of distribution is through the wholesale drug distributors, stockiest and retail pharmacies. We also sell to the institutional segment which majorly includes government, semi-government institutions, hospitals, nursing homes, clinics, dispensing doctors etc.			

* includes R&D unit

^ includes manufacturing facility (operations discontinued w.e.f. 25th May, 2022) of its Wholly Owned Subsidiary (WOS) and 12 offices of its Subsidiaries.

IV. Employees

18. Details as at the end of Financial Year:						
S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
a. Employees and workers (including differently-abled)						
Employees						
1	Permanent (D)	12,103	11,002	91%	1,101	9%
2	Other than Permanent (E)	207	186	90%	21	10%
3	Total Employees (D+E)	12,310	11,188	91%	1,122	9%
Workers						
4	Permanent (F)	600	565	94%	35	6%
5	Other than Permanent (G)	1,808	1,555	86%	253	14%
6	Total Workers (F+G)	2,408	2,120	88%	288	12%
b. Differently abled employees and workers						
Differently Abled Employees						
7	Permanent (D)	30	29	97%	1	3%
8	Other than Permanent (E)	0	0	0%	0	0%
9	Total Differently Abled Employees (D+E)	30	29	97%	1	3%
Differently Abled Workers						
10	Permanent (F)	7	7	100%	0	0%
11	Other than Permanent (G)	12	12	100%	0	0%
12	Total Differently Abled Workers (F+G)	19	19	100%	0	0%

19. Participation / Inclusion / Representation of women				
S. No.	Category	Total (A)	No. and % of females	
			No. (B)	% (B / A)
1	Board of Directors	7	2	29%
2	Key Management Personnel	4	0	0%

Note: Key Managerial Personnel includes Executive Chairman, Director (Operations), Chief Financial Officer and Company Secretary.

20. Turnover rate for permanent employees and workers									
Category	FY 2021-22 (Turnover rate in current FY)			FY 2020-21 (Turnover rate in previous FY)			FY 2019-20 (Turnover rate in the year prior to previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10.8%	24.4%	12.0%	8.0%	15.0%	8.6%	12.3%	21.3%	13.1%
Permanent Workers	0.0%	0.0%	0.0%	0.5%	0.0%	0.5%	0.5%	0.0%	0.5%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21	S. No	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding / Subsidiary / Associate / Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes / No)
	1.	Torrent Investments Private Limited	Holding		
	2.	Zao Torrent Pharma	WOS	100%	All Policies / practices to the extent relevant are also applicable to the subsidiaries in conformity with the applicable laws
	3.	Torrent Do Brasil Ltda.	WOS	100%	
	4.	Torrent Pharma GmbH	WOS	100%	
	5.	Heumann Pharma GmbH & Co. Generica KG	WOS	100%	
	6.	Heunet Pharma GmbH	WOS	100%	
	7.	Torrent Pharma Inc.	WOS	100%	
	8.	Torrent Pharma Philippines Inc.	WOS	100%	
	9.	Laboratorios Torrent, S.A. de C.V.	WOS	100%	
	10.	Torrent Australasia Pty. Ltd.	WOS	100%	
	11.	Torrent Pharma (Thailand) Co., Ltd.	WOS	100%	
	12.	Torrent Pharma (UK) Ltd.	WOS	100%	
	13.	Laboratories Torrent Malaysia SDN. BHD.	WOS	100%	
	14.	TPL (Malta) Ltd^	WOS	100%	
	15.	Torrent Pharma (Malta) Ltd^	WOS	100%	
	16.	UNM Foundation (earlier known as Tornascent Care Institute) (Section 8 Company)	Associate	50%	

Note: Torrent Pharma SRL, Romania and Torrent Pharma France SAS, France were liquidated w.e.f. 11th January, 2022 and 13th January, 2022 respectively.
^ incorporated w.e.f. 17th August, 2021

VI. CSR Details

22	i. Whether CSR is applicable as per section 135 of Companies Act, 2013:	Yes
	ii. Turnover (in ₹ Crores)	6,742
	iii. Net worth (in ₹ Crores)	6,345

VII. Transparency and Disclosures Compliances

23	Complaints / Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct	Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes / No) If Yes, then provide web-link for grievance redress policy	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
				Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
		Communities	Yes. Policies which are required by the law is available on the website of the Company and the policies which are internal to the Company are available on the intranet of the Company	0	0		0	0	
		Investors (other than shareholders)		0	0		0	0	
		Shareholders		6	0		4	0	
		Employees and workers		12	2		16	0	
		Customers		1559	185		1874	138	
		Value Chain Partners		0	0		0	0	
		Others (Please Specify)	NA						

24	Overview of the entity's material responsible business conduct issues	Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Product quality and safety	Risk	The use of high-quality and safe goods ensures that improved health outcomes are attained. Compromise on pharmaceutical product quality would imply a compromise on patients' overall health and wellbeing. This will also entail failure to comply with GxP (Good Laboratory Practices, Good Manufacturing Practices and Good Clinical Practices). Any lapse can lead to product withdrawals, recalls, regulatory action, decreased sales, reputational risk, increased litigation followed by increase in litigation expense.	• Drug product quality and patient safety are the fundamental principles for Torrent Pharma. The Company being in the healthcare sector, the nature of its business requires the utmost attention to the quality of its product. We have taken following measures to ensure resilience against the risk: • The Company has in place strong Pharmacovigilance system through which all the stakeholders can access the adverse event / product complaint reporting form on the website of the Company or dedicated phone line and a dedicated mailbox. • The Pharmacovigilance department of the Company oversees monitoring and managing the safety of all of our products throughout their lifespan, employing rigorous systems and procedures to ensure that manufacturing quality standards, GMP compliance, and other regulatory criteria are met. • Audits are conducted by the Quality Assurance department to ensure that our high-quality requirements are met. • Risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance systems.	Negative
		Innovation: Strengthening R&D pipeline	Opportunity	Innovation and R&D plays an important role in determining the long-term success of our Company. The cutting-edge research includes engaging in the discovery of NCEs, developing new processes for known APIs and developing value-added and differentiated formulations. These developments come out as the differentiators for the Company, and thus, leads to an increase in revenues as well. We have committed to invest dedicatedly to tap opportunities and introduce new therapies, medical benefits and formulations across the globe.		Positive

24	Overview of the entity's material responsible business conduct issues	Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Water and wastewater management	Risk	There is a great degree of dependency on uninterrupted supply of water for continued operations. Therefore, water management becomes crucial for the Company's operations. With changing climate and drought like conditions, water availability is increasingly becoming a risk across different geographies. Secondly, wastewater management is highly crucial for pharmaceutical industry. The presence of pharmaceutical compounds in environment is recognized as emerging micro pollutants in aquatic environment, which can indirectly impact human and animal health. If not managed properly, it can lead to high level of ecological risk.	The Company is not only adhering to the statutory criteria set forth by the Central Ground Water Authority & State Government water supply agency for surface water supply, but it is also taking responsibility for reducing use through effective recycling. Water recycling systems are in place in water-stressed locations such as Indrad and Pithampur manufacturing facilities, Bileshwarpura project site and R&D centre. The water efficient designs limit the amount of water that can be utilized in different operations. Water usage monitoring across units enables us to strategize the reduction efforts. We also make certain that our effluents are treated properly before being reused or discharged. At our manufacturing facilities, we have a high-tech ETP and a three-stage effluent recycling RO system. For more information, please refer to 'Natural Capital' section of the Integrated Report.	Negative
		Energy efficient and renewable energy	Opportunity	Renewable energy is expanding at a quicker rate than it has ever been before. The cost of renewable energy has dropped because of increased government support and continued research and development. Energy efficiency also serves major opportunity to reduce operational costs in the long term and is also one of the decarbonization levers for our Company. For more information, please refer to 'Natural Capital' section of the Integrated Report.		Positive

24	Overview of the entity's material responsible business conduct issues	Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Employee engagement, safety and well-being	Opportunity	Employees are our biggest assets. Robust employee engagement, safety, and well-being drives enhanced productivity for the Company. This material aspect is therefore an opportunity to integrate employees' views in the core functioning of the Company, while ensuring employee satisfaction and safety in each process.		Positive
		Equality	Opportunity	Investing in equality and diversity brings numerous benefits to the Company. From bringing skills to the team, respecting each and every employee's rights, promoting innovation and diverse views, enhancing Company's reputation, and promoting new talent. We believe in giving equal opportunities to everyone irrespective of caste, gender, color, religion or any other bias.		Positive
		Ethics and business integrity	Risk	Torrent Pharma is a global Company with millions of stakeholders. Any ethical and business integrity breach can hamper the Company's credibility, employee morale and may result to significant fines and financial loss.	We have zero tolerance for any ethical and business integrity breach within the Company. The Principles enshrined in the Company's Code of Business Conduct guide the work culture in terms of ethics and law. The Code in real sense promotes honesty, trust, accountability and transparency. It establishes key corporate and organizational ideals that influence the value system and business operations. Every new employee receives a Code of Business Conduct orientation at the time of joining, ensuring that they fully comprehend, embrace, and adapt to the Code. Its implementation and adherence is aided by a powerful vigil mechanism that monitors deviations or disrespect in any form.	Negative

24	Overview of the entity's material responsible business conduct issues	Material Issue Identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
		Adherence to laws	Risk	Torrent Pharma operates in various territories and markets, each having its own regulatory landscape, which continuously evolves changes, and undergoes increased scrutiny from the regulators. Any non-compliance with regulations or scrutiny process can result in dilution of financial position or jeopardize the Company's reputation.	Regulatory risks are managed through a strong governance mechanism based on the philosophy of 'zero tolerance to non-compliance'. This is implemented through: • Assessment of regulatory and compliance requirements on regular basis • Robust internal controls • Compliance management systems and continuous monitoring • Internal communication and training on the ethics standards and compliance systems • Independent assessments and audits • Monitoring of Legal and regulatory compliance by Senior management and the Board	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to protect and restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
1	a. Whether your entity's policy / policies cover each principle and its core elements of the NGRBCs. (Yes / No)	Yes						NA	Yes	
	b. Has the policy been approved by the Board? (Yes / No)	The policies have been either approved by the Board or senior functional head authorised by the Board in this respect.								
	c. Web Link of the Policies, if available	Yes. All polices which are required to be disclosed under various governing regulations have been placed on the website **www.torrentpharma.com**								

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and Management Processes										
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes						NA	Yes	
3	Do the enlisted policies extend to your value chain partners? (Yes / No)	Yes						NA	Yes	
4	Name of the national and international codes / certifications / labels / standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• Our ERM Framework is aligned with COSO Framework • Our product quality is aligned with GxPs (Good Laboratory Practices, Good Manufacturing Practices and Good Clinical Practices) • The facilities and operational systems are strengthened with integration of ISO 14001:2015 and ISO 45001:2018 standards • Most of the Company's sites are certified for ISO 50001 (Energy Management System).								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company has drawn ESG roadmap which lays down the key aspects of Sustainability including timelines for achieving the targets.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The key performance targets are set, reviewed, and implemented as per the objectives taken. The Corporate Social Responsibility and Sustainability Committee reviews the progress periodically.								
Governance, Leadership and Oversight										
7	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements Torrent Pharma is continuously working on increasing medicine affordability and accessibility throughout the globe through production, research and distribution of generic medicines and making healthcare reachable to all. Our Company is built on Core values viz Integrity, Passion for Excellence, Participative Decision Making, Concern for Society & Environment, Fairness with Care and Transparency. Thus, working on sustainability is imbibed in our ethos, and the same is reflected through our values and behaviour towards sustainability and stakeholders. The Company recognizes the global climate change challenge and pledges to reduce its carbon footprint by the prudent use of natural resources, the utilization of renewable energy sources and initiatives to positively contribute to the environment. While we intend to expand in core geographies and invest in new markets, we endeavor to provide affordable medicines to society. We instill sustainability in all our activities in order to create long-term value. This year we have conducted a detailed exercise to develop our ESG framework with clear targets and roadmap to achieve the same. More details of the same can be obtained from 'Key Highlights' section of Integrated Report. The Company is environmentally conscious and it makes best possible efforts to minimize its carbon footprint. We are committed to extend sustainable operations even to our suppliers and contractors.									
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	**DIN-** 00406498 **Name-** Jinesh Shah **Designation-** Director (Operations) **Telephone No:** 079-26599000 **Email Id:** investorservices@torrentpharma.com								
9	Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. In order to strengthen our commitment towards sustainability, the Board had expanded the scope of the Corporate Social Responsibility Committee and re-designated it as the Corporate Social Responsibility and Sustainability Committee. The Committee supports the Board on all matters relating to Sustainability. The Committee interalia reviews the implementation progress of sustainability strategy along with its key performance indicators and defines action plan as may be appropriate from time to time to achieve the same.								

10. Details of Review of NGRBCs by the Company:		
	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee	**Frequency (Annually / Half yearly / Quarterly / Any other – please specify)**
Performance against above policies and follow up action	Yes	On a regular basis
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Yes	On a need basis

11. Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes / No). If yes, provide name of the agency

The processes and compliances are assessed by Internal auditors and Statutory auditors, as applicable. On the regular basis, the policies are reviewed and updated by senior functional heads and approved by the management , Committees of Directors or Board.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

With respect to Principle 7, the answer is "Not Applicable" as the Company does not have a separate policy on public advocacy. For advocacies related to pharma industry, the Company works through industry associations such as Indian Pharmaceutical Alliance (IPA), Indian Drug Manufacturing Association (IDMA) and others. For more information, please refer to Principle 7.

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

At Torrent Pharma, we always believe that highest level of Corporate Governance practices is pre-requisite for growing sustainable and successful business. The sound governance processes and systems guide the Company on its journey towards continued success. The Company has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY and ACCOUNTABILITY. We ensure that the Company and its employees act in a way that is effective, ethical, accountable, and transparent at all levels. On a continual basis, we also maintain responsive, inclusive, participative, and representative decision-making.

Our Core Values, which we believe in and constantly strives to build are: Integrity, Passion for Excellence, Participative Decision Making, Concern for Society & Environment, Fairness with Care and Transparency.

Each of these Timeless Values, a Pillar of Strength, ENSURES OUR LONGEVITY.

INTEGRITY: When Truth is Paramount
Thoughts and actions entail doing the right thing at all times and in all circumstances; whether or not anyone is watching. This requires inner courage and conviction, no matter what the consequences are. It is honoring one's commitments and being accountable for one's actions, end-to-end.

PASSION FOR EXCELLENCE: When best is not enough
Passion for excellence means not doing extra-ordinary things, but doing ordinary things in all pursuits exceedingly well. Passion and excellence are forces that fuel each other on the exclusive path to leadership. As we are what we repeatedly do, excellence then is not an act, but a habit.

PARTICIPATIVE DECISION MAKING: Involvement that engenders effectiveness
An ideal organisation facilitates participation and involvement of each of its members in various decision making processes, thus ensuring their commitment to such decisions as well as its outcome. It provides a platform for seeking and nurturing constructive ideas from individuals, teams and units which eventually yields exceptional results.

CONCERN FOR SOCIETY & ENVIRONMENT: When every smile matters
Concern for Society & Environment is a sense of responsibility and contribution to society that defines our existence. It entails making a difference in the quality of lives and environment surrounding us. It is important to encourage fellow-members on collective as well as individual basis to fulfil the responsibility of leaving behind a world rich in flora and fauna and rich in time tested values and ideals and above all rich in social fervour for our future generations.

FAIRNESS WITH CARE: Harnessing equality
Fairness and Care towards all fellow members are inextricably linked. Weaving the threads of equality, irrespective of caste, creed, religion and gender, into the day-to-day fabric, ensures fairness for each and every individual. Empathic care recognizes needs and aspirations of all. Only such fairness and care eventually lead fellow members to the dawn of eternal success.

TRANSPARENCY: Openness that builds enduring trust
Transparency implies openness. It is the opposite of secrecy. It encourages more informed decision making and aids in creating enduring trust among all stakeholders.

Our Core values are aligned with the nine Principles of NGRBC.

At Torrent Pharma, we firmly believe and adhere to transparent, fair and ethical governance practices to encourage professionalism, honesty, integrity and ethical behavior. The Board of Directors have formulated a Code of Business Conduct ("the Code"), which is applicable to all the employees and Board Members of the Company, and which lays down the important corporate ethical practices that shape the Company's business practices and represents the ever cherished values of the Company. The Code is an extension of our values and reflects our continued commitment to ethical business practices across our operations.

In this endeavor to create enduring value for all our stakeholders and to ensure the highest level of honesty, integrity and ethics in all its operations, the Company has adopted the 'Whistle Blower Policy'. Through this Policy, the Company encourages its stakeholders to bring to the Company's attention any instances of unethical behavior, actual or suspected incidents of fraud or violation of Company's Code of Business Conduct that could adversely impact the Company's operation, business performance and reputation.

In order to protect investors' interest, the Company has adopted this Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons.

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

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

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact
Board of Directors / Key Managerial Personnel	The Directors of the Company at the time of their appointment are acquainted on the Company's Core Values, Code of Business Conduct and their roles and responsibilities as the director along with Company's operations / business and the industry in which it operates. Further at each meeting of the Board and Committees, the Directors and KMPs are apprised, inter alia, of the material developments in the Company & industry as a whole, material regulatory updates impacting the operations of the Company and key integrity matters that helps to reflect and focus on key strategies. During the year, various familiarization programmes have been undertaken broadly covering the array of matters relating to Company's strategic plans, business regulations, regulatory changes, updates on CSR initiatives undertaken, Risk management framework and key risks faced by the Company, economy and environmental, social and governance parameters etc.	
Employees & workers other than BODs and KMPs	At Torrent Pharma, we strongly believe in upskilling our employees by providing various functional as well as general training. We have identified various skills which are relevant to the employees and workers based on their work requirements. On joining, the employees and workers are oriented on various functional and non-functional aspects of the organisation. Detailed orientation program is conducted on the Company's Core Values, Ethical Business Practices, Code of Business Conduct, Prohibition of Insider Trading Code and Organization's work culture. Further on the regular basis, along with functional aspects, they also undergo various training programmes on employee's wellbeing, Health & Safety, skill updation programmes, Whistle blower mechanism, Prevention of Sexual harassment at workplaces etc. For more information, please refer to 'Human Capital' section of Integrated Report.	

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators / law enforcement agencies / judicial institutions, in the financial year. (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the Company's website)

During the financial year, no penalty / fine, settlement, compounding fee, imprisonment, or any kind of punishment has been imposed on the Company or its Directors and KMPs.

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Code of Business Conduct and Whistle Blower Policy adopted by the Company are in line with the legal and statutory framework on anti-bribery and anti-corruption in India. For more information, please refer preamble to Principle 1

5. Number of Directors / KMPs / employees / workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption:

During the financial year, no disciplinary action taken by any law enforcement agency for the charges of bribery / corruption against the Company's Directors, KMPs, employees or workers.

6. **Details of complaints with regard to conflict of interest:**

During the financial year, no complaints were received in relation to Conflict of Interest of the Directors or KMPs.

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Torrent Pharma is moving rapidly with respect to sustainable capacity building of all our stakeholders. We believe our suppliers play a critical role in our Business Responsibility and Sustainability agenda. The Company has taken on the responsibility for sensitising and encouraging its vendors to follow the path of sustainability. The Company has created supplier criteria to ensure that their goals and missions are aligned with its own. The Company has a strong emphasis on ESG factors in addition to general competences, finances, and capacity. Further, during the reporting year, a lot of attention was devoted to operations and procedures in order to reduce waste and make processes more energy efficient and we have also advanced the procurement process this year by ensuring that we work with environmentally and socially responsible vendors. For more details on our supplier engagement please refer 'Manufacturing Capital' section of Integrated Reporting.

2. **Does the entity have processes in place to avoid / manage conflict of interests involving members of the Board? (Yes / No) If Yes, provide details of the same.**

The Code of Business Conduct ("Code") covers the issues on Integrity, Gifts, Conflict of Interest, Legal compliance, Respect for people, Environmental commitment, Safety, Confidential & Proprietary Information, Financial Information, Company assets, Computer Network use & Security, Records maintenance and Management.

The Code adopted by the Company has been posted on the website of the Company. The members of the Board and Senior Management of the Company submit their affirmation on the compliance with the Code on an annual basis.

Designated Persons, whether dealing in personal or official capacity, are expected to avoid activities, agreements, positions, business investments or interests, and other situations that are in conflict or appear conflicting with interests of the Company or that may interfere with the discharge of their duties to the Company.

We, therefore, ensure 100% compliance to Code which ensures zero conflict of interest.

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Drug Product quality and patient safety are fundamental principles for Torrent Pharma. The Company invests significant amount in R&D for product development and sustainability. This includes ₹ 108 crores capex approval to achieve emission reduction targets through energy efficiency and renewable energy plants commission. The Company also adopted innovative strategies for NCEs (New Chemical Entities) to progress from clinical supply route to sustainable commercial manufacturing process that are cost-efficient and environmental friendly. This directly reflects the Company's commitment towards providing sustainable and safe products and services.

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

To augment product development, the Company is boosting capabilities by accelerating the research activities at R&D by taking up new initiatives on the discovery as well as generic API process development. By adopting new technologies, techniques and green chemistry approaches, the Company successfully optimised the use of toxic and hazardous materials, reduced waste, improved cost and resource efficiency and incorporated environment friendly processes.

The Capex spent is for development of sustainable commercial manufacturing process for New Chemical Entities (NCEs), Generic API process development and API process intensification as described herein with few examples.

For a late-stage clinical candidate being developed for improving cardiovascular risk in subjects with diabetes, dyslipidemia and hypertension, a sustainable route for large-scale commercial synthesis to reduce safety and environmental risk was established. As a result, E-factor got improved by around 70% and the process efficiency got improved by 100% along with process intensification, which further improved VTO (volume time output) by 90% and substantial API cost reduction.

For another clinical candidate for management of heart failure in diabetic patients, process enhancement with E-factor improvement by around 70% was achieved. For more information, please refer to 'Intellectual Capital' section of Integrated Report.

The Company had carried out detailed study on CO2 emission. As an outcome of the study, it has sanctioned ₹ 108 crores capex approval to achieve Carbon emission reduction targets encompassing investment of ₹ 4.38 crores on energy conservation equipment, investment of ₹ 23 crores on Installation and commissioning of Briquette - Green fuel boiler at Indrad & Dahej manufacturing facilities and investment of ₹ 81 crores on Initiation for Hybrid Power (Solar and Wind) generation for Indrad manufacturing facility, Bileshwarpura project site and R&D centre.

2. Does the entity have procedures in place for sustainable sourcing? (Yes / No). If yes, what percentage of inputs were sourced sustainably?

Torrent Pharma is on an ESG transforming journey, and it believes supplier collaboration as crucial to doubling its effect. The Company has initiated sensitising and encouraging its vendors to follow the road of sustainability with the goal of driving sustainable behaviour beyond its manufacturing facilities. Keeping in mind the best interests of the patients, the Company endeavours to work with responsible suppliers who adhere to the uniform quality, social and environmental standards as Torrent.

The Company has standard operating procedures for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for key raw materials / APIs and intermediates. The Company has system of identifying and / or developing alternate vendors where single vendor is considered critical for business continuity. For more information, please refer to 'Manufacturing Capital' section of Integrated Report.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Product	Process to safely reclaim the product
a. Plastics (including packaging)	Under the Plastic Waste Management Rules, 2016, the Company is registered as a Brand Owner with Central Pollution Control Board (CPCB). Pursuant to this, 1016 MT per annum equivalent quantity of plastic waste was collected from PAN India during the year under review and recycled and co-processed in cement industries. We have achieved 100% plastic take back in FY 2021-22 and in FY 2020-21.
b. E-Waste	E-waste is disposed off through registered recycler.
c. Hazardous Waste	Hazardous waste is disposed off through pre-processing, co-processing, incineration or landfill at TSDF or by selling to SPCB-authorised re-cycling & decontamination facility of registered recyclers. Expired or near expiry medicines are taken back from the distributors and disposed off (co-processed) in cement plants like other hazardous waste.
d. Other Waste	Bio-medical waste is disposed off through Common Bio-medical Waste Treatment and Disposal Facility (CBWTF) incinerator.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, EPR is applicable to the Company's activities and the waste collection plan is in line with the EPR action plan submitted to Central Pollution Control Board (CPCB). The usage of plastic for packaging the finished product is as per norms as laid down by the Pollution Control Board. Further the process is in place for receipt and disposal of plastic and is in line with the applicable Statutory regulations.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   No

2. **If there are any significant social or environmental concerns and / or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same**

   There has been no substantial risk identified in our internal assessment of products.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

   The Company being in the business of healthcare, safety and quality of our products are of highest priority. This directly impacts the health of our end users; therefore, we do not reuse any material / chemical for manufacturing. We are complying with EPR regulations through our plastic take back and recycle programs. We have achieved 100% plastic take back in FY-2021-22 and in FY 2020-21. For more information, please refer to the 'Natural Capital' section of Integrated Report.

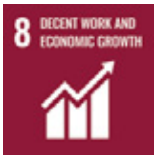
4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Reused	Recycled	Safely Disposed	Reused	Recycled	Safely Disposed
Plastics (including packaging)	-	1,016.00	-	-	1,046.00	-
E-waste	-	-	-	-	-	-
Hazardous waste	-	-	388.16	-	-	353.65
Other waste	-	-	-	-	-	-

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Plastic Packaging	100%

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains



At Torrent Pharma, the health and wellbeing of its employees is a top priority for the Company, which is reflected in its core principles. Even during the pandemic, the Company remained committed to this objective, focusing on existing safety practices in its manufacturing facilities, offices, and among service teams. Safety awareness programmes / counselling sessions played an important part to spread necessary knowledge and helped employees to cope up with the challenge amidst COVID Pandemic. Employees, business teams, vendors, and other stakeholders were aided and encouraged to follow best practices for human safety and safe working environments. With the pandemic continuing to stymie activity, the Company has always strived to maintain its focus on employee health and safety.

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category		% of employees covered by									
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	%(B / A)	No. (C)	%(C / A)	No.(D)	%(D / A)	No. (E)	%(E / A)	No. (F)	%(F / A)
Permanent Employees											
Male	11,002	11,002	100%	11,002	100%	0	0%	16^	0%	0	0%
Female	1,101	1,100	100%	1,100	100%	1,101	100%	0	0%	895	81%
Total	12,103	12,102	100%	12,102	100%	1,101	9%	16	0%	895	7%
Other than Permanent Employees											
Male	186	186	100%	186	100%	0	0%	0	0%	0	0%
Female	21	21	100%	21	100%	21	100%	0	0%	21	100%
Total	207	207	100%	207	100%	21	10%	0	0%	21	10%

^ Paternity benefits provided by the Government

b. Details of measures for the well-being of workers:

Category		% of workers covered by									
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	%(B / A)	No. (C)	%(C / A)	No.(D)	%(D / A)	No. (E)	%(E / A)	No. (F)	%(F / A)
Permanent Workers											
Male	565	565	100%	565	100%	0	0%	0	0%	0	0%
Female	35	35	100%	35	100%	35	100%	0	0%	35	100%
Total	600	600	100%	600	100%	35	6%	0	0%	35	6%
Other than Permanent Workers											
Male	1,555	1,555	100%	1,555	100%	0	0%	0	0%	0	0%
Female	253	253	100%	253	100%	253	100%	0	0%	253	100%
Total	1,808	1,808	100%	1,808	100%	253	14%	0	0%	253	14%

2. Details of retirement benefits, for Current and Previous Financial Year:

Sr. No.	Benefits	FY 2021-22 (Current FY)			FY 2020-21 (Previous FY)		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y / N / N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y / N / N.A.)
1	PF	100%	100%	Y	100%	100%	Y
2	Gratuity	100%	100%	Y	100%	100%	Y
3	ESI*	12%	31%	Y	12%	31%	Y
4	Others- Superannuation	46%	NA	Y	42%	NA	Y

*Those not covered under ESI, are covered through group mediclaim policy.

3. Accessibility of workplaces: Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

All the Company's current and new infrastructure have a systematic plan to ensure workplace accessibility, particularly for people with disabilities. Work areas, restrooms, social areas, and mobility areas within and surrounding facilities have all been constructed with accessibility in mind. All our facilities and offices are accessible to differently abled employees. Such personnel have been with us for a long period, serving in a variety of departments and roles.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Torrent Pharma provides an inclusive work culture and a discrimination-free environment for all its employees. The Company values and embraces diversity and does not discriminate against anyone based on race, gender, religion / beliefs, disability, marital or civil partnership status, age, sexual orientation, gender identity, gender expression, caring responsibilities, or any other protected class of person in the country.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Return to work rate	Retention Rate
Permanent Employees		
Male	NA	NA
Female	89%	76%
Total	89%	76%
Permanent Workers		
Male	NA	NA
Female	NA	NA
Total	NA	NA

6. Is there a mechanism available to receive and redress grievances of employees and workers? If yes, give details of the mechanism in brief.

At Torrent Pharma, we value our employees and believe that Torrent's success is an outcome of collective contribution of all our employees. The Company has in place appropriate grievance redressal mechanism wherein employees can directly report their concerns to their Head of Department, HR head or any members of Senior management. We have a Worker's Union for shop floor personnel, where their issues are addressed. We also have an Open-Door Policy / Whistleblower Policy for all employees.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2021-22 (Current FY)			FY 2020-21 (Previous FY)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	%(B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	%(D / C)
Permanent Employees						
Male	11,002	0	0%	10,700	11	0%
Female	1,101	0	0%	1,102	0	0%
Total	12,103	0	0%	11,802	11	0%
Permanent Workers						
Male	565	565	100%	574	574	100%
Female	35	35	100%	40	40	100%
Total	600	600	100%	614	614	100%

8. Details of training given to employees and workers:

a. Details of Skill training given to employees and workers.	Category	FY 2021-22 (Current FY)			FY 2020-21 (Previous FY)		
		Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received Skill Training (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received Skill Training (D)	%(D / C)
	Employees						
	Male	11,188	10,072	90%	10,801	10,435	97%
	Female	1,122	954	85%	1,116	978	88%
	Total	12,310	11,026	90%	11,917	11,413	96%
	Workers						
	Male	2,120	2,120	100%	2,108	2,108	100%
	Female	288	288	100%	312	312	100%
	Total	2,408	2,408	100%	2,420	2,420	100%

b. Details of training on Health and Safety given to employees and workers.	Category	FY 2021-22 (Current FY)			FY 2020-21 (Previous FY)		
		Total employees / workers in respective category (A)	No. of employees / workers in respective category, who received training on Health and Safety (B)	%(B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who received training on Health and Safety (D)	%(D / C)
	Employees						
	Male	11,188	11,177	100%	10,801	10,787	100%
	Female	1,122	1,097	98%	1,116	1,081	97%
	Total	12,310	12,274	100%	11,917	11,868	100%
	Workers						
	Male	2,120	2,120	100%	2,108	2,108	100%
	Female	288	288	100%	312	312	100%
	Total	2,408	2,408	100%	2,420	2,420	100%

9. Details of performance and career development reviews of employees and worker:

Over the year the line managers regularly reviews and discusses possible improvements on the current performance and ensure the goals of the department are achieved. These interactions aids in aligning the employee's contributions to overall business needs. The goal of Performance Enhancement Program is to gain a better understanding of an employee's strengths and weaknesses, provide constructive feedback for future skill development and assist with Goal Planning. During the Annual Performance Management exercise, every employee is subjected to the annual performance evaluation process.

The Company has an inbuilt robust tool for ensuring the conduct of Performance Appraisal process in a fair and impartial manner. A strong in-built mechanism ensures that the Performance Appraisal process is conducted in a fair and impartial manner. The process is comparable across all of the Torrent Group's entities and is initiated by the Group HR across the companies. The Annual Performance Review comprises the following features:

1. Informing all employees of the Annual Performance Appraisal process
2. Ensure the performance review is conducted as per the defined process
3. Every employee is evaluated based on the set targets and defined competencies and accordingly scores are awarded. Weightage is also given for employee's contribution to specific projects.
4. Later the appraisal tool normalizes the scores and based on the normalized score increment is awarded

With regards to workers in manufacturing facilities, we have Wage settlement in place and increments are given to the workers as per the Agreement signed.

10. Health and safety management system:

At Torrent Pharma, we firmly believe and are committed towards inculcating a proactive and well-matured HSE culture across the group. Sustainable future is essential in ensuring the health and well-being of our employees, the people who use our products and the communities we touch. The Company's EHS function is efficiently driven by established EHS Policy which is applied uniformly to all its manufacturing facilities, Corporate Offices and R&D Centre. The Company's contractors are well covered under various HSE drives. Policy is regularly evaluated and updated with consideration of International Organisation for Standardisation (ISO) and other global requirements to ensure that the Company's EHS system remains globally oriented and best in class.

We have following measures in place to create a safe working environment for our employees and to address work related hazards:

- To achieve goal of zero incidents, there is a mechanism of reporting near miss incidents, unsafe acts and unsafe conditions.
- The department head issues a permit to work system for non-routine activities and critical works for a set length of time.
- Internal audits are carried out by internal professionals to ensure that safe practises are best implemented.
- External audits are conducted by subject experts in order to ensure safe practices.
- Every essential process undergoes HAZOP studies, which include hazard identification and risk assessment by departmental activity.

We have the online system of incident reporting which allows us to keep track of any incidents that occur at any location and based on such reporting Corrective Action and Preventive Action ('CAPA') / Learning from Incident ('LFI') reporting is issued to all the concerned persons, which help us to prevent re-occurrence of similar incidents in future.

The Company has full-time doctor(s) at all its manufacturing facilities, who attend to any medical issues that arise. Employees and their immediate families have medical insurance or are covered under ESI benefits that covers hospitalisation costs in the event of an accident or other unforeseen medical emergencies.

11. Details of safety related incidents, in the following format:

Safety Incident / Number	Category	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees and Workers	0.10	0.12
Total recordable work-related injuries	Employees	2	1
	Workers	0	2
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

Note: Includes figures of industrial premises only

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

To ensure a safe and healthy workplace, the Company has implemented best practices like SOPs are available and accessible in local language which is followed by every personnel working within, Permit to work system is implemented to track the non-routine and critical activities carried out, Use of PPE's are mandatory for every worker, External and internal HSE specialists provide regular health and safety training to all employees and contract workers. Mock drills and fire drills are being carried out to evaluate Company's emergency readiness as well as safety measures in the event of any unexpected or undesirable occurrences. The highest standards of hygiene and housekeeping are upheld, and the organization operates on a well-maintained HVAC system. Additionally, department-specific safety manuals are in place and are adhered to by all employees.

13. Number of Complaints on the Working Conditions and Health & Safety made by employees and workers:

No complaints have been received from the employees and workers on Working Conditions and Health & Safety measures during the Financial year 2021-22 and 2020-21

14. Assessments for the year:

Topic	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	During the year, external experts conducted 27 safety audits for workplace evaluation.

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

We have implemented various activities as proactive measures and risk assessments such as the deployment of an Earth Monitoring Relay and Earthing Station to interrupt the electrical circuit in case of static electricity generation, provision of rupture disk in addition to the safety valve in old reactors and installation of camera in the staff bus driver's cabin to monitor the driver's behavior while driving.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y / N) (B) Workers (Y / N).

The Company extends the benefit of medical insurance and Group Personal Accident Policy for all its employees. Further, the Company has in place the Conviction of Safety Policy which compensates the employees in the unfortunate event of Death or Permanent / Temporary disablement. Benefits like provident fund, extended gratuity payment and superannuation are settled on priority basis.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

At Torrent Pharma, we always adhere to the regulatory and applicable compliance with numerous laws. We ensure that our value chain partners also follow relevant compliance and it is an essential part of the contract agreed with the service provider. We also collect previous month deposit challans before releasing money to the service provider for statutory payments.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

For the current financial year, no high consequence work related injury / ill-health / fatalities is reported.

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes / No).**

For employees who are about to get retired, we offer them retirement planning advice. Also, we do provide 4-6 weeks' time to an employee who is transferred internally so that they get adequate time to adapt to the change.

5. **Details on assessment of value chain partners:**

Topic	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100% All LLM sites were audited according to a set of guidelines.
Working Conditions	

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

Few recommendations were received during the assessments, which have been addressed internally. However, no significant risks / concerns were observed owing to extreme vigilance and efforts put on health and safety within the Company.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

At Torrent Pharma, we believe that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. Engaging stakeholders helps to discover and prioritize opportunities, develop solutions, mitigate risks and generate value while implementing a short-term initiative, an activity in the organization, or any more holistic programme throughout the entire business. Therefore, performing accurate stakeholder identification, undertaking comprehensive stakeholder engagement, doing efficient stakeholder consultations and getting timely stakeholder feedbacks forms the core of our business activities. The Company has always partnered with its stakeholders and believed in sharing the fruits of socio-economic progress.

We perform these procedures for our business continuity, transparency and to enhance our sustainability agenda.

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity:**

The entire value chain of Torrent Pharma is facilitated by its stakeholders, who are integral to its very existence. From providers of financial capital to the communities that allow a social license to operate, stakeholders play a vital role in the overall development and sustainable growth of Torrent Pharma's business. The Company first identifies all its key stakeholders on a regular basis, who could be impacted by Company's operations evaluates them based on their ability to influence Torrent Pharma and understand what matters the most to them. For more information on stakeholder identification, please refer to 'Stakeholder Engagement' section of Integrated Report.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes / No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement
Patients	No	• Website • Clinical studies • Pharmacovigilance	Need Basis	The Company interacts with patients proactively to understand the end users' expectations and experience with our pharmaceutical products. Also, to conduct tests for clinical studies.
Channel Partners	No	• Meetings • Field visits • Digital Communication	Need Basis	Channel partner are important to increase product accessibility across different geographies. We interact with them to discuss product distribution strategies and monitor the operations on a regular basis.
Suppliers	No	• Meetings • Visits • Supplier audit • Facility visits	Need Basis	Suppliers are contacted regularly to ensure material quality, safety and timely availability amongst other critical services to ensure continuity of business operations. We also connect for supplier trainings, audits on operational and sustainability matters.
Healthcare Professionals	No	• Meetings • Conferences • Seminars • Field visits • CME events	Need Basis	Healthcare professionals act as a link between patients and our products. They are the direct representatives of our medicines and thus, we interact with them to understand market outlook, patient demands, patient's reviews, and their feedbacks including any adverse event reporting, if any.
Government and Regulators	No	• Meetings • Conferences • Facility visits • Official Communications • Statutory Publications	Need Basis	We believe in full compliance with all the regulations. In the fast-changing world of sustainability related regulations and laws, we interact with Government and Regulators to deep dive into requirements for our Company, and pharmaceutical sector in general.
Industry Associations	No	• Industry Conferences • Representations on policy matters	Need Basis	Public policy advocacy and awareness on the Company's contribution to society are major topics of discussions with industry associations. We also share the best-case practices for cumulative development of pharmaceutical industry.
Shareholders and Investors	No	• Earning calls • Meetings • Investor Conferences • AGM • Website	Quarterly	The Company believe in maintaining financial transparency with our investors and shareholders. We share quarterly financial results through our website regularly and connect with our investors to understand their expectations & grievances and perform consultations on ESG topics amongst other topics.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes / No)	Channels of communication	Frequency of engagement	Purpose and scope of engagement
Communities	Yes	• Interactions through CSR initiatives	Carried out continually throughout the year	We being the responsible Corporate citizen believes in "Giving back to the society, for all the years of care, support and nurturance that is being bestowed upon the organization". Starting from community need assessments, grievance resolution to having extensive CSR programs, we contribute towards the community development. The Company fulfills its manpower requirement by employing the people from the nearby location where it has its business operation to the extent possible.
Employees	No	• Senior management interactions • HR Communications • Engagement Programme	Need basis	Employees are our biggest assets. We interact with our employees every day, since they are the pillar of our reputation, our functioning and are the torchbearers of the Company in future. Employee engagement, training, grievance redressal, feedbacks, consultations are major reasons of our interactions.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

Engagement and dialogue enable us to understand the needs and views of stakeholders.

In recent years, the Company has gathered opinions and insights from all its stakeholders that had an influence on the organization's material topics. The inputs of stakeholders were used to determine topics that are material to the Company. The outcome of that materiality exercise was translated into an Integrated Strategy for the Company using various other global standards and requirements. This strategy framework was further detailed including specific sustainability focus, pillars, goals and targets.

Apart from this recent exercise, we believe in consultations with our stakeholders on sustainability to implement our major initiatives. Many of the engagements take place during the routine course of business, in day-to-day interactions with the stakeholders. Engagements on sustainability includes sensitizing suppliers towards sustainability, receiving product feedbacks in terms of safety from healthcare professionals and patients, undertaking hundreds of sustainability initiatives and volunteering programs with employees, and increasing healthcare accessibility with channel partners amongst other things. Also, the Board interacts with Senior management personnel of the Company on various matters relating to the above.

Meaningful output from these discussions is channeled to the respective departmental heads, which are further taken to senior management and Board if required.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Torrent Pharma conducted a detailed materiality assessment by gathering opinions and insights from all its stakeholders. It assessed the impact of environmental, social, governance and economic issues, critical for long-term viability and sustainability of the organisation. This evaluation helped in identifying and prioritising the issues that were most important to the sustainability of Company's business and value creation.

Thus, with our materiality exercise we understood our stakeholder priorities and areas of concerns. These inputs were mathematically analyzed to develop our ESG Materiality Matrix, our Integrated Strategy and Roadmap.

3. **Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable / marginalized stakeholder groups.**

Vulnerable or marginalized stakeholders are identified by the Company on the basis of gender, caste and age. We channel a portion of our resources and activities towards enabling meaningful social, ethical, and environmental impact. We believe in development of vulnerable and marginalized groups around our premises and operational areas. We conduct community need assessments to identify the needs of the communities every year.

Driven by the belief of Chairman Emeritus, Sudhir Mehta ***'Children are the future of our nation and this future must be well preserved'***, the flagship CSR program of the Group "REACH" – Reach EAch CHild was initiated in the year 2016 under the aegis of UNM Foundation (earlier known as Tornascent Care Institute), a section 8 company. REACH has three major pillars: (a) grass root interventions, (b) greenfield actions and (c) other allied initiatives. The CSR activities undertaken by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. These projects directly impact underprivileged people from the surrounding communities For more information on our CSR activities, please refer to 'Social and Relationship Capital' section of Integrated Report.

PRINCIPLE 5: Businesses should respect and promote human rights

At Torrent Pharma, we are committed to doing business in a fair and transparent manner, incorporating highest ethical standards. The business processes and practices guided by Company's code of conduct takes care of environment, human rights and labour laws. These are reflected in Company's core values as well. Torrent Pharma is committed to establishing an environment in which all employees are treated fairly and without fear of prejudice, retaliation, or harassment, regardless of caste, creed, religion, or gender. The Company's framework includes a whistleblower policy and proper protection for women's safety at work from sexual harassment.

Right to life and health, Right to education, Prohibition of child labor, Elimination of all forms of discrimination, Equal rights of women in relation to employment, Right to equality and non-discrimination are the various human rights amongst others that Torrent Pharma supports and promotes.

ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:**

Torrent Pharma is committed to doing business in a fair and transparent manner, adhering to the highest ethical standards and incorporating policies that respect the environment, human rights, and labour laws. The Organisation has in effect a rigorous vigil mechanism, i.e., the Whistleblower Policy to report unethical conduct in order to promote professionalism, fairness, dignity, and ethical behaviour in its staff and stakeholders. Trainings on various policies of the Company and on human rights are provided at the time of induction and on periodic basis.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2021-22 (Current FY)					FY 2020-21 (Previous FY)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	11,002	183	2%	10,819	98%	10,700	311	3%	10,389	97%
Female	1,101	32	3%	1,069	97%	1,102	42	4%	1,060	96%
Total	12,103	215	2%	11,888	98%	11,802	353	3%	11,449	97%
Other than Permanent										
Male	186	34	18%	152	82%	101	3	3%	98	97%
Female	21	2	10%	19	90%	14	0	0%	14	100%
Total	207	36	17%	171	83%	115	3	3%	112	97%

Category	FY 2021-22 (Current FY)					FY 2020-21 (Previous FY)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Workers										
Permanent										
Male	565	0	0%	565	100%	574	0	0%	574	100%
Female	35	0	0%	35	100%	40	0	0%	40	100%
Total	600	0	0%	600	100%	614	0	0%	614	100%
Other than Permanent										
Male	1,555	1,263	81%	292	19%	1,534	1,276	83%	258	17%
Female	253	93	37%	160	63%	272	134	49%	138	51%
Total	1,808	1,356	75%	452	25%	1,806	1,410	78%	396	22%

3. Details of remuneration / salary / wages, in the following format:

	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration / salary / wages of respective category
Board of Directors (BoD)	5	46,50,000	2	42,00,000
Key Managerial Personnel	4	4,07,32,483	0	-
Employees other than BoD and KMP	11,184	4,89,378	1,122	3,66,984
Workers	565	4,12,608	35	4,10,208

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes / No)

We understand the importance of human rights. We also acknowledge issues that may arise affecting our endeavor towards creating a safe work environment free from any form of discriminatory or unethical practices. We have department heads, union representatives, HR head, representatives of various welfare committee who addresses any such issues that are reported affecting human rights in any form. The Company has adopted policy on POSH aligned with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which takes care of redressal of complaints of sexual harassment at workplace. The dignity of an individual should not be compromised and we strive to maintain it through different internal processes .

In the endeavour to create consistent value propositions for all the stakeholders and to ensure highest level of honesty, integrity and ethical behaviour in all its operations, the Company has adopted 'Whistle-Blower Policy'. Through this Policy the Company encourages stakeholders to bring to the Company's attention any instance of unethical behaviour and actual or suspected misconducts of fraud or violation of Company's Code of Conduct that could adversely impact Company's operation, business performance and / or reputation.

Under this Policy, the Company investigates any aforesaid incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are maintained. The Company ensures protection of the employees who bring forth any such incidents to its attention. The outcome of the investigation is informed to all the concerned parties and a written report of the findings are prepared.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has in place the grievance redressal mechanism to redress grievances related to human rights issues. The Company supports the Open door policy, wherein the employees can directly report their concerns to their Head of Department, HR head or any members of Senior Management. We have a Worker's Union for shop floor personnel, where their issues are addressed. Further, the grievances can also be reported under the mechanism of Whistle Blower Policy and Prohibition of Sexual harassment at workplace.

6. Number of Complaints made by employees and workers:

Torrent Pharma has policies and procedures to uphold human rights. Over the years, the Company has earned a reputation for doing business with honesty and integrity and has demonstrated a zero-tolerance for any type of unethical behavior or misconduct. In order to encourage professionalism, fairness, dignity, and ethical behavior among its employees and stakeholders, the Organization has implemented a rigorous vigil mechanism, i.e., the whistle blower mechanism to report unethical activity. The Company's whistle blower mechanism with which it seeks to provide a mechanism for the Stakeholders to disclose their concerns and grievances on unethical behavior and improper / illegal practices and wrongful conduct taking place in the Company that are to be addressed

There were no cases of Sexual harassment, child labour, forced labour, involuntary labour, discrimination at workplace or breach of Human Rights throughout the reporting period.

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

In accordance with the terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and the rules promulgated thereunder, the Company has implemented a Policy on protection of women against sexual harassment at workplace to ensure a safe work place for its women employees. This encourages the women employees to pursue their career without any fear of prejudice, gender bias, sexual harassment and / or any such orientation in implicit or explicit form. Complaint Redressal Committees are formed at administrative units / offices for this purpose. The inquires under this policy are conducted in an absolutely confidential manner. Any person entrusted with the duty to handle or deal with complaint contravenes the provision relating to confidentiality shall be liable for penalty. Also, Company has in place, Whistle Blower policy which provides necessary safeguards to all Whistle Blowers for making disclosures in Good Faith and any stakeholder assisting the investigation.

8. Do human rights requirements form part of your business agreements and contracts? (Yes / No):

Yes, in certain business agreements and contracts where relevant.

9. Assessments for the year:

The Company has a strong vigil mechanism by means of different policies and procedures and the Company is in compliance with the applicable laws. We ensure strict compliance of child labor, forced / involuntary labor, sexual harassment, discrimination at workplace and minimum wages. These issues are a pre-requisite for the ethical functioning of the Company. We, at no point tolerate the violation of basic human rights of any of our stakeholders.

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances / complaints.

Through different training mechanisms and vigil system in place the Company assures more sensitized workforce towards Human Rights. No complaints were received during the year.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

No such due diligence was either warranted or conducted.

3. Is the premise / office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes. We have ensured accessibility of all the premises / offices for differently abled employees. Such employees have been working with us since long time in various departments and roles.

4. Details on assessment of value chain partners:

The Company expects its value chain partners to adhere to the same values, principles and business ethics upheld by the Company in all its dealings. No specific assessment of value chain partners have been carried out other than human rights requirements forming part of business agreements and contracts.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

At Torrent Pharma, we believe that Environment, Health & Safety are crucial and paramount pillars for sustainable growth of our business. The Company is committed to safeguard the environment by reducing the environmental impacts of its business. We are conscious of the global climate change and is taking steps and targets to reduce its environmental impacts by investing heavily on energy conservation, renewable energy, waste reduction, plastic take back, water efficiency, zero liquid discharge, and preserving rich biodiversity in all its manufacturing diversity.

Furthermore, our Health, Safety and Environment Department proactively monitors the Company's environmental performance regularly, conducts internal audits and facilitates external audits to comply with international standards such as ISO 14001 and ISO 50001.

ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total electricity consumption (A) [Giga Joules (GJ)] (Grid Electricity)	4,50,758	4,37,588
Total fuel consumption (B) (GJ) (Non-renewable sources)	3,87,505	3,85,288
Energy consumption through other sources (C) (GJ) (Renewable sources: Solar)	7,921	5,812
Energy consumption through other sources (C) (GJ) (Renewable sources: Bio-fuels)	9,695	12,775
Total energy consumption (A+B+C) (GJ)	8,55,879	8,41,463
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	127 GJ / crore	130 GJ / crore

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes. The manufacturing facilities are ISO 50001 certified by ISOQAR (Registered under UKAS Management System)

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y / N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No. The PAT Scheme is not applicable to the pharmaceutical industries.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Water withdrawal by source (in Million m^3)		
(i) Surface water	0.711	0.845
(ii) Groundwater	0.255	0.211
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others (Water recycled and reused)	-	-
Total volume of water withdrawal (in Million m^3) (i + ii + iii + iv + v)	0.966	1.056
Total volume of water consumption (in Million m^3)	0.867	0.979
Water intensity per rupee of turnover (Water consumed / turnover)	0.00013 million m^3 / crore	0.00015 million m^3 / crore

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes. Water Audit was conducted by Pollucon Laboratories. (FICCI empaneled CGWA auditor)

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

We have a target to become Zero Liquid discharge across all our manufacturing facilities.

Our Effluent treatment system comprises of Effluent Treatment Plant (ETP), Reverse Osmosis (RO), Multiple Effect Evaporator (MEE) & Agitated Thin Film Evaporator (ATFD). These state of art technologies ensure to make treated waste water fit for recycle / reuse.

At present there is no outside discharge of treated wastewater from Indrad, Sikkim & Pithampur manufacturing facilities, Bileshwarpura project site and R&D centre. The treated effluent from Formulation ETP treated wastewater is used for gardening.

The treated wastewater from API unit of Indrad and Dahej manufacturing facilities is completely recycled in utilities.

The manufacturing facilities have been equipped with state-of-art effluent treatment facilities, which ensure Zero Liquid Discharge of wastewater for API units, as per criteria applicable to respective locations.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
NOx	MT	95.53	83.82
SOx	MT	0.24	0.41
Particulate matter (PM)		-	-
Persistent organic pollutants (POP)		-	-
Volatile organic compounds (VOC)		-	-
Hazardous air pollutants (HAP)		-	-
Others – please specify		-	-

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes. Air emission monitoring was carried out by NABL Approved Laboratory and PCB allocated Schedule - 1 Environment Auditor on regular intervals.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available) (Emissions from Renewable and Non-renewable fuels)	tCO_2e	28,009	28,072
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available)	tCO_2e	98,916	96,026
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO_2e	19 tCO_2e / crore	19 tCO_2e / crore

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

At Torrent Pharma, we place a great emphasis on monitoring our carbon emissions. The emissions are calculated as per the fuel and electricity consumption data, for which an independent assessment is carried out. Intergovernmental Panel for Climate Change (IPCC) and Central Electricity Authority (CEA) emission factors are considered for calculating the emissions.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide detail

The Company has taken a target of reducing its Scope 1 & Scope 2 emissions by 21% by 2025. We are continuously investing capital and resources in achieving the same. Our key areas of action include:

A. Energy efficiency measures: We undertook several energy initiatives, which includes installation of heat pump for the generation of hot water which is utilized in Air Handling Unit (AHU) systems. We also utilised plant's flash steam at Heat Exchangers and HVAC systems in plants instead of raw steam saving extra energy in steam generation, replaced conventional lights with LED lights, installed centrifugal air compressor against screw air compressor and installed VFD in cooling towers amongst other initiatives.
B. Enhanced data monitoring: We started data monitoring of refrigerant leakages.
C. Alternative fuel usage: We have initiated replacing fossil fuel-based boilers with sustainable bio briquette boilers in our manufacturing facilities.
D. Renewable energy: We initiated installation of renewable hybrid powerplant for energy generation and we plan to complete the same by FY 2022-23. The Company has also installed solar power system of 1688 KW
E. Offsetting: The Company has developed above 43% state-of-the-art green belt across all the manufacturing facilities PAN India to offset carbon emissions naturally.

More details on our GHG reduction projects are provided in 'Natural Capital' section of the Integrated Report.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Total Waste generated (in metric tons)		
Plastic waste **(A)**	1,016	1,046
E-waste **(B)**	0	0
Bio-medical waste **(C)**	47.27	48.85
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	20.87	18.88
Radioactive waste **(F)**	0	0
Other Hazardous waste (Waste for landfill, Process Distillation Residues, Recyclable waste and Other waste for Incineration) **(G)**	5,799.13	6,251.57
Other Non-hazardous waste generated **(H)** (Solid waste)	1,807.26	845.94
Total (A + B + C + D + E + F + G + H)	**8,690.53**	**8,211.24**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Plastic Waste		
(i) Recycled	1,016.00	1,046.00
Hazardous waste		
(i) Recycled	3,975.22	3,603.45
Non-hazardous waste		
(i) Recycled	1,807.26	845.94
Battery waste		
(i) Recycled	20.87	18.88
Total	**6,819.35**	**5,514.27**

For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Bio-medical waste		
(i) Incineration	47.27	48.85
Hazardous waste		
(i) Incineration	147.55	446.00
(ii) Landfilling	588.37	1,255.79
(iii) Co-processing	1,087.99	946.33
Total	**1,871. 18**	**2,696.97**

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes. Environment Audits were conducted by Silver Oak college of engineering & Technology, Parul University, SWA Environmental Consultants & Engineers and internal auditors & third party agencies as per the scope of their work

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Torrent Pharma has standard operating procedures for handling waste and follows CPCB / SPCB regulations for the same. Hazardous waste and non-hazardous waste are segregated at source and stored at dedicated spaces in the manufacturing facilities. After a thorough sorting, hazardous and non-hazardous waste are handled separately. Hazardous waste is stored category wise in hazardous waste storage area, and it is then disposed to Pollution Control Board authorized disposal facility as per applicable regulation.

The Company has also established several processes as per green chemistry concept during process development phase to optimize toxic and hazardous chemicals. As of now, most of the hazardous waste is sent to co-processing and recycling instead of incineration.

More details on our waste management projects are provided in 'Natural Capital' section of the Integrated Report.

10. If the entity has operations / offices in / around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details:

The Company does not have any of its manufacturing facilities in ecologically sensitive areas.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Construction of Corporate Office	SEIAA/GUJ/ EC/8(a)/1929/2021	15-Dec-21	Yes	Yes	https://seiaa.gujarat.gov.in/1929%2015122021.pdf
Proposed Formulation manufacturing facility at Sanand, Ahmedabad	-	08-Oct-21	Yes	No. EIA was done to obtain CTE	Not Applicable

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y / N)

Yes. The Company is compliant with all the applicable environmental laws / regulations / guidelines in India.

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
From renewable sources		
Total electricity consumption (A) (Solar) [Giga Joules (GJ)]	7,921	5,812
Total fuel consumption (B) (Briquette and Biogas) (GJ)	9,695	12,775
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	**17,616**	**18,587**
From non-renewable sources		
Total electricity consumption (D)	4,50,758	4,37,588
Total fuel consumption (E)	3,87,505	3,85,288
Energy consumption through other sources	0	0
Total energy consumed from non-renewable sources (D+E+F)	**8,38,263**	**8,22,876**

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes. Most of the sites are certified for ISO 50001 (Energy Management System) by certification agency M/s ISOQAR.

2. Provide the following details related to water discharged:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Water discharge by destination and level of treatment (in Million m^3)		
(i) To Surface water		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(ii) To Groundwater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) To Seawater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iv) Sent to third parties		
No treatment	0	0
With treatment – please specify level of Treatment (sent to CETP after primary treatment at Vizag, Tertiary treatment at Dahej and Baddi)	0.099	0.077
(v) Others		
No treatment	0	0
With treatment – please specify level of treatment	0	0
Total water discharged (in Million m^3)	**0.099**	**0.077**

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency.

Yes. Water discharge monitoring was carried out by NABL Approved Laboratory and PCB allocated Schedule - 1 Environment Auditor on regular intervals. Common Effluent Treatment Plant (CETP) agencies monitor the discharge for quantity and quality also.

3. Water withdrawal, consumption, and discharge in areas of water stress:

i. Name of the water stressed area: Indrad & Pithampur manufacturing facilities, Bileshwarpura project site and R&D centre.
ii. Nature of operations: Manufacturing and R&D
iii. Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
Water withdrawal by source (in Million m^3)		
(i) Surface water	0.467	0.539
(ii) Groundwater	0.101	0.120
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in Million m^3)	0.568	0.659
Total volume of water consumption (in Million m^3)	0.568	0.659
Water intensity per rupee of turnover (Water consumed / turnover)	0.00008 Million m^3 / crore	0.00010 Million m^3 / crore
Water discharge by destination and level of treatment (in Million m^3)		
(i) Into Surface water		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(ii) Into Groundwater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) Into Seawater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iv) Sent to third parties		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(v) Others		
No treatment	0	0
With treatment – please specify level of treatment	0	0
Total water discharged (in Million m^3)	0	0

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y / N) If yes, name of the external agency

Yes, Water Audit was conducted by M / s. Pollucon Laboratories (FICCI empaneled CGWA auditor) at R&D centre and Indrad manufacturing facility. Environment Audit is conducted by third party.

4. Please provide details of total Scope 3 emissions & its intensity.

The Company is progressing year on year in emission monitoring. Going forward, we aim to conduct scope 3 emission calculations across the value chain.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Torrent Pharma does not have any manufacturing facilities in ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Details of Initiative undertaken	Impact of the initiative	Outcome of the initiative
1	Variable Frequency Drive (VFD) to optimize utility pumping	Aided savings of 3.3 kw/hr, 7.01 kw/ hr and 2.46 kw/hr in Brine secondary pumps, chilled water pumps and cooling water pumps respectively.	63, 235 KWH and 7,692 KWH per annum energy saved in Dahej and Baddi manufacturing facilities respectively.
2.	Heating Ventilation and Air Conditioning (HVAC) operation optimization and control	In the Air Handling Unit (AHU), the temperature set point and VFD frequency were modified resulting to energy savings of 46 kw/hr.	The overall power saved at the Dahej manufacturing facility is 1,37,076 KWH per annum
3.	Discontinuation of old air compressors	Recovery of steam condensate and flash steam	Installation of Flash jet Pump resulted in annual saving of 87000 KWH per annum, and savings of 28000 SM^3 per annum of fuel at Dahej manufacturing facility.
4.	Replacement of conventional lights with LED lights.	Efficient Lighting and energy management	Annual savings of 4650+ KWH per annum at R&D centre.
5.	Heat Pump installation for the generation of hot water.	Conservation of resources and energy efficiency	Savings of 7000 Tons of steam per annum.
6.	Installation of the Solar Power System of 1688 KW.	Renewable energy generation for captive consumption	Cumulative generation of 2.20 Million KWH renewable energy at Indrad manufacturing facility, Bileshwarpura project site and R&D centre.
7.	Conversion of ETP Biomass and food waste to Biogas.	Aided in reduction of outsourcing of fuel for cooking purpose in canteen.	Reduction of ~ 20% annual landfill waste disposal at the Indrad and Dahej manufacturing facilities.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words / web link.

Yes. We have a Disaster Management Plan / Onsite Emergency Plan which includes introduction, definitions, details of the organization, factory layout plan, objectives, process, process hazard and their control measures, natural calamities and their control measures, Environment Impact Assessment Plan, Emergency Evacuation plan, Emergency declaration procedures, Plant safe shut down procedures and Organogram of Emergency action plan amongst other important things.

The Company has also defined required responsibilities, Assembly Points, Medical Arrangements, MSDS, External Telephone numbers and Important Mutual aid Telephone Numbers for efficient functioning during any kind of emergency.

Further, training is imparted to all employees and contract workers to respond during emergency or any kind of disaster.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

No significant adverse impact has been observed during value chain assessments.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impact

LLM sites have been assessed for environmental impacts during audit conducted as per predefined checklist

PRINCIPLE 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

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

ESSENTIAL INDICATORS

1. a) Number of affiliations with trade and industry chambers / associations.

The Company is associated with 6 trade and Industry chambers / associations.

b) List the top 10 trade and industry chambers / associations (determined based on the total members of such body) the entity is a member of / affiliated to.

S.no	Name of the trade and industry chambers / associations	Reach of trade and industry chambers / associations (State / National)
1	Indian Pharmaceutical Alliance (IPA)	National
2	Indian Drug Manufacturing Association (IDMA)	National
3	Federation of Indian Chambers of Commerce and Industry (FICCI)	National
4	Pharmaceuticals Export Promotion Council Of India (PHARMEXCIL)	National
5	Gujarat Chamber of Commerce and Industry (GCCI)	State
6	National Safety Council	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Torrent Pharma conducts business in a fair and honest way. Integrity and Transparency are embedded in our core values and Torrent believes in doing right things the right way. It encourages more informed decisions and considers it to be crucial in building trust among its stakeholders. No such cases reported related to anti-competitive conduct.

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity

The Company, through these trade and industry associations, provides inputs to key decision makers in framing and implementing policies. The notion of partnerships in any form and inputs in any manner is to promote a healthy life for all. Torrent Pharma's expertise and knowledge must benefit the society and through associations it intends to implement the same.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development.

Inspired by the principles of the founding Chairman late Shri U N Mehta, Torrent Group passionately adheres to its responsibilities as a corporate citizen that believes in conducting its business and industrial activities in a socially and ecologically responsible manner, balancing the requirements of all stakeholders and contributing to the upliftment and well-being of the vulnerable and marginalized communities.

Torrent Pharma believes that uplifting the community has a direct effect on development of the Company through increased social trust. The Company focuses on thrust areas of Community Healthcare, Sanitation and Hygiene, Education & Knowledge Enhancement and Social Care and Concern.

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   Torrent Pharma has not initiated any greenfield project in the financial year and hence no Social Impact Assessment was conducted.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:**

   Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community**

   The Company is taking suitable and sufficient actions to address complaints received from stakeholders. We ensure and timely follow up on closure of the issues to avoid reoccurrence of such complaints. Our Whistleblower Policy has specific clauses and a systematic operational procedure to act on stakeholder grievances. The Policy also outlines the reporting procedure and investigation mechanism to be followed.

4. **Percentage of input material (inputs to total inputs by value) sourced from local or small-scale suppliers:**

   The Company consciously endeavours to source procurement of the goods and services from medium and small vendors from the local areas wherever feasible. It improves operational efficiency and saves on transportation cost and inventory management. The Company provides detailed specifications as well as technical knowhow to improve capacity and capability of local and small vendors.

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   The Company undertakes the CSR initiatives in the surrounding locations where it has its business presence. We have not undertaken any CSR projects in aspirational districts as per the 'Transformation of Aspirational Districts' programme of the Government. Hence, this question is not applicable to us.

3. **(a)Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes / No)**
   (b) From which marginalized / vulnerable groups do you procure?
   (c) What percentage of total procurement (by value) does it constitute?

   Yes, we aim to procure our material locally wherever it is possible. The focus during the fiscal remained on local suppliers and local contractors. This has a dual benefit of promoting the local economy and reducing negative externalities associated with transportation of material. COVID-19 was quite unusual for the global production and supply. It has made aspects of alternate sourcing more significant than ever. The Company actively monitors supply chain continuity and focuses on getting quality materials locally.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge**

   Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Not Applicable

6. **Details of beneficiaries of CSR Projects.**

   Torrent Pharma, under the aegis of UNM Foundation (earlier known as Tornascent Care Institute), has undertaken CSR activities. The CSR activities undertaken by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. Driven by the belief of Chairman Emeritus, Sudhir Mehta ***'Children are the future of our nation and this future must be well preserved'***, the flagship CSR program of the Group "REACH" – Reach EAch CHild was initiated in the year 2016 under the aegis of UNM Foundation (earlier known as Tornascent Care Institute), a section 8 company. REACH has three major pillars: (a) grass root interventions, (b) greenfield actions and (c) other allied initiatives. For more information on beneficiaries of our CSR projects, please refer to 'Social and Relationship Capital' section of Integrated Report

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in responsible manner

Torrent Pharma's commitment towards its Customers are enunciated in its Core values. The Company being in the business of healthcare, the nature of its business requires the utmost attention to the quality of its product.

The Company has a robust Pharmacovigilance system in place, with all stakeholders having access to an adverse event / product complaint reporting form on the Company's website, as well as a dedicated phone line and a mailbox.

With increasing healthcare data every day, we are also committed to ensure the data collected is appropriately managed to foster a culture of trust and transparency among patients and stakeholders while also adhering to rigorous data privacy and regulatory requirements.

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Torrent Pharma provides swift connection channels to all its customers, mainly, healthcare professionals, patients, retailers, and others. We have both digital and offline mechanisms to receive feedbacks and address complaints.

Digital mechanisms include:

- Dedicated page on Company's website on adverse event reporting.
- Dedicated E-mail ID, **pv@torrentpharma.com**
- Dedicated customer care toll free number i.e., 1800-120-3001, which is available 24 x 7 for our customers.

Our channels receive feedback regarding customer satisfaction, product complaints and recalls, customer privacy, or any other issue pertaining to the customer. With the goal of preventing any future customer complaint and continuously increase customer value, solutions are applied in a systematic manner and are given the utmost priority. Customers feedback on the management and resolution of their complaints are also encouraged.

Furthermore, we have put in place a rigorous Pharmacovigilance system to ensure that prompt action is taken in the event of any adverse side effects from our medicines. We place very high value on quality and all of our products are rigorously tested for safety and efficacy in clinical studies before being approved for use. Our goal is to offer high-quality medications with minimal side effects, and our pharmacovigilance system assists us in doing so. The Company collaborates with regulators to improve mechanisms for tracking the safety and benefit-risk profile of its medications throughout the product lifecycle.

For more information, please refer 'Intellectual Capital' section of Integrated Report.

2. Turnover of products and / services as a percentage of turnover from all products / service that carry information about:

	As a percentage to total turnover
Environment and Social parameters relevant to product	The Company complies with all the regulatory requirements in relation to display of information on product label
Safe and responsible usage	
Recycling and / or safe disposal	

Pharmaceutical industry is an extremely regulated sector when it comes to marketing and labelling of the products, and thus we ensure responsible communication to all our customers. We comply with all the regulatory requirements for all labelling parameters.

3. Number of consumer complaints

During the year under review, Company has not received any consumers complaints regarding data privacy, advertisement, cyber-security, restricted trade practices and unfair trade practices. The details of other complaints are stated below:

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Others (Product related complaints)	1,559	185		1,874	138	

4. Details of instances of product recalls on account of safety issues

	Number	Reason for recall
Voluntary recalls	8	Quality issue
Forced recalls	1	Regulatory authority initiative

5. **Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes / No) If available, provide a web-link of the policy.**

Yes, we believe that keeping medical information secure and confidential helps build trust in our users. Data breaches can directly hamper our reputation and operations. Therefore, we comply with the highest standards of data privacy through our privacy policy.

The policy is available to internal stakeholders and is placed on the intranet of the Company.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Nil

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

We have a weblink containing prescription information for medicines. The page can be accessed here: **https://www.torrentpharma.com/index.php/site/info/prescribing_info**

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and / or services.**

On every pharmaceutical product's primary pack, there are clear instructions depicting the active ingredients of the product, caution for consumption or usage, possible side effects and guidelines for storage / disposal. Further, we provide very specific disclaimers on all the medicines to ensure the usage only as per the direction of healthcare professionals.

Also, all the drug related information is available in detail on Company's website on Prescribing Information, which can be accessed here: **https://www.torrentpharma.com/index.php/site/info/prescribing_info**

3. **Mechanisms in place to inform consumers of any risk of disruption / discontinuation of essential services.**

The Company being in the pharma business, there are multiple other pharma Companies providing the similar products. Hence the discontinuation of any of the Company's product does not impact the communities at large.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes / No / Not Applicable)? If yes, provide details in brief.**

Yes, besides the mandatory information, the Company also displays the general information for patients in order to guide them with respect to usage on certain products. We adhere to the national and international standards for product safety.

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes / No)

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

5. **Provide the following information relating to data breaches:**
a. Number of instances of data breaches along-with impact.
b. Percentage of data breaches involving personally identifiable information of customers.

The Company has not witnessed any instances of data breaches during the year.

REPORT ON CORPORATE GOVERNANCE

MAXIMUM GOVERNANCE – THE TORRENT WAY

The Securities and Exchange Board of India (SEBI) has been continuously fine tuning and upgrading the standards of Corporate Governance applicable to Indian Companies. Torrent has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY (comprehensive all round disclosure plus financial controls) and ACCOUNTABILITY. This report sets out the governance systems and processes of the Company, as set out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, for the financial year ended 31st March, 2022. The Company is in full compliance with the Corporate Governance norms as stipulated in Listing Regulations.

Torrent believes that while implementation of the minimum framework is a prerequisite, superior governance practices are vital for growing a sustainable and successful business. The Company has a strong legacy of fair, transparent and ethical governance practice.

1. BOARD OF DIRECTORS

Diversity, to encourage the emergence of full, frank and comprehensive discussions is the guiding principle in selecting the DNA of the Board. Your Company has a Leading Legal Professional, an Accounting Professional, a Healthcare Entrepreneur and an Accomplished Professional as Independent Directors. The Sharp entrepreneurial ability and years of experience are represented in the rest of the Board. The Board of Directors (Board) comprises of seven directors as on 31st March, 2022. Out of total Board strength, five are Non-Executive Directors (NEDs) (71% of the Board strength) and four are Independent Directors (IDs) (57% of the Board strength) including two Independent Women Directors.

In order to effectively discharge its duties, it is necessary that collectively the Board holds the appropriate balance of skills and experience. The Board seeks a complementary diversity of skills and experience across its members. The table below summarizes the key qualifications, skills, expertise and competencies possessed by Directors of the Company:

Skills / Expertise / Competencies		Director who possess such skills / expertise / competencies
Strategic Leadership	Significant leadership experience to think strategically and develop effective strategies to drive change and growth in context of the Company's overall objectives.	Entire Board
Industry Experience	Experience and / or knowledge of the industry in which the Company operates.	Sudhir Mehta Samir Mehta Ameera Shah Jinesh Shah Dr. Maurice Chagnaud*
Financial Expertise	Qualification and / or experience in accounting and / or finance coupled with ability to analyze key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	Samir Mehta Shailesh Haribhakti Haigreve Khaitan Ameera Shah Nayantara Bali Dr. Maurice Chagnaud*
Governance, Risk and Compliance	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	Entire Board
Diversity	Representation of gender, cultural or other such diversity that expand the Board's understanding and perspective.	Ameera Shah Nayantara Bali Dr. Maurice Chagnaud*

* Appointed w.e.f 11th May, 2022

An annual calendar of meetings is established after consulting all Directors to facilitate their presence and meaningful participation. It has been the Company's endeavour to have meetings at various plants / locations of the Company too, to get Directors to witness the practices and to get under the skin of the Company's business model.

During the financial year, the Board of the Company met five times on 7th May, 2021, 18th May, 2021, 27th July, 2021, 26th October, 2021 and 25th January, 2022. Time elapsed between any two consecutive meetings never exceeded 120 days.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and at the last Annual General Meeting (AGM) are as under:

Name & Designation of the Director[2]	Category[1]	No. of Board Meetings held during the tenure	Board meetings attended	Attendance at the last AGM
Sudhir Mehta, Chairman Emeritus	NED	5	5	Yes
Samir Mehta, Executive Chairman	Executive Chairman	5	5	Yes
Shailesh Haribhakti	ID	5	5	Yes
Haigreve Khaitan	ID	5	5	No
Ameera Shah	ID	5	5	No
Nayantara Bali	ID	5	5	Yes
Jinesh Shah, Director (Operations)	WTD	5	4	Yes

Notes:

1. NED – Non-Executive Director (other than ID); ID – Independent Director; WTD – Whole-time Director.
2. Dr. Maurice Chagnaud was appointed as an additional director (Independent) w.e.f. 11th May, 2022 subject to the approval of shareholders through special resolution in the next General Meeting of the Company or within the period of three months from the date of appointment, whichever is earlier, for a term of 3 (three) consecutive years.

Details of Directorships and other related matters are as under:

Name & Designation of the Director	No. of other Directorship Held[1]		Name of the other listed entities where Directorship held & Category of Directorship	No. of other Board Committees of which Member / Chairperson[1]
	Listed Company	Other Company		
Sudhir Mehta,Chairman Emeritus	1	-	1. Torrent Power Limited, Non-Executive Director	-
Samir Mehta, Executive Chairman	1	-	1. Torrent Power Limited, Executive Chairman	1 (Member)
Shailesh Haribhakti	6	3	1. Future Lifestyle Fashions Limited, Non Executive Chairman 2. Blue Star Limited, Non Executive Chairman 3. ACC Limited, Independent Director 4. L&T Finance Holdings Limited, Independent Director 5. Bajaj Electricals Limited, Independent Director 6. Ambuja Cements Limited, Independent Director	3 (Chairperson) 8 (Member)

Name & Designation of the Director	No. of other Directorship Held[1]		Name of the other listed entities where Directorship held & Category of Directorship	No. of other Board Committees of which Member / Chairperson[1]
	Listed Company	Other Company		
Haigreve Khaitan	6	1	1. Ceat Limited, Independent Director 2. Inox Leisure Limited, Independent Director 3. JSW Steel Limited, Independent Director 4. Borosil Renewables Limited, Independent Director 5. Mahindra & Mahindra Limited, Independent Director 6. Tech Mahindra Limited, Independent Director	2 (Chairperson) 7 (Member)
Ameera Shah	1	1	1. Metropolis Healthcare Limited, Managing Director	1 (Chairperson) 2 (Member)
Nayantara Bali	-	-	-	-
Jinesh Shah, Director (Operations)	-	-	-	-

Notes:

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

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

Shareholding of Non-Executive Directors:

Details of the equity shares held by Non-Executive Directors as on 31st March, 2022 are as under:

Name of the Director	Nos of Equity shares
Sudhir Mehta	200*
Shailesh Haribhakti	10,475
Ameera Shah	750#

*Including shares held as Karta of HUF
held as second holder jointly with Sushil Kanubhai Shah

Jinesh Shah is liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment. Relevant details pertaining to him are provided in the notice of the AGM.

All IDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. These were placed before the Board. The Board, based on such declarations, has verified the veracity of such disclosures and confirmed that the IDs fulfil the conditions of Independence specified in the Listing Regulations and are independent of the management of the Company.

The IDs of the Company met on 25th January, 2022 under the chairmanship of Nayantara Bali without the presence of Non-Independent Directors to review the performance of Non-Independent Directors, the Board, Committees and the Chairperson. The meeting also reviewed the quality, quantity and timeliness of flow of information between the Company and the Board.

The terms and conditions of appointment of Independent Directors have been placed on the website of the Company **www.torrentpharma.com**. The details of familiarization programmes for Independent Directors have been provided in the Directors' Report and posted on the website of the Company and can be accessed at the web link **http://www.torrentpharma.com/pdf/cms/Familiarization_Programme_2021-22.pdf** .

During the year, all the recommendations of all the Committees were accepted by the Board.

Mahesh Agrawal, VP (Legal) & Company Secretary, also acts as Secretary to all the Committees of the Board and provided secretarial support to the Committees.

2. AUDIT COMMITTEE

During the year under review, four meetings of the Audit Committee were held on 18th May, 2021, 27th July, 2021, 26th October, 2021 and 25th January, 2022. Time elapsed between two meetings never exceeded 120 days.

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

Name & Designation of Director	Category of Directorship	Qualification	No. of meetings held during the tenure	No. of meetings attended
Shailesh Haribhakti, Chairman	ID	F.C.A.	4	4
Haigreve Khaitan	ID	LL. B.	4	3
Ameera Shah	ID	Degree in Finance (University of Texas)	4	4
Nayantara Bali	ID	Post Graduate Diploma in Business Management (IIM, Ahmedabad)	4	4

The Committee was expanded by the Board by appointing Dr. Maurice Chagnaud as its Member with effect from 11th May, 2022.

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

The Committee meetings are attended by the Chief Financial Officer and Vice President (Finance). The Statutory Auditors, Internal Auditors, Cost Auditors and other related functional executives of the Company also attended the meeting when required.

The Committee holds meetings with Statutory Auditors and Internal Auditors on one to one basis as and when it deems fit and had ascertained that they didn't have any unexpressed concerns.

The total fees for all services paid by the Company and its subsidiaries to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, amounts to ₹ 1.93 crores for the year 2021-22.

The principal terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board are:

1. Financial Information Review:

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

ii. To examine the financial statement and the auditors' report thereon.

iii. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   A. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report;

   B. Changes, if any, in accounting policies and practices and reasons for the same;

   C. Major accounting entries involving estimates based on the exercise of judgment by management;

   D. Significant adjustments made in the financial statements arising out of audit findings;

   E. Compliance with listing and other legal requirements relating to financial statements;

   F. Disclosure of any related party transactions; and

   G. Modified opinion(s) in the draft audit report.

iv. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

v. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter.

vi. To review the utilization of loans and / or advances from / investment by the Company in the Subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

vii. To review the following details mandatorily:

A. Management discussion and analysis of financial condition and results of operations;

B. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

C. Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;

D. Internal audit reports relating to internal control weaknesses.

E. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

F. Statement of deviations:

a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.

b) Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of Listing Regulations.

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

2. Internal Controls and Policies for Maintaining Vigil

i. Scrutiny of inter-corporate loans and investments.

ii. Valuation of undertaking's or assets of the company, wherever it is necessary.

iii. Evaluation of Internal Financial Controls and Risk Management systems.

iv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

v. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

vi. To review the functioning of the Whistle Blower (Vigil) mechanism.

vii. To approve the appointment of Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

viii. Investigate any activity within its terms of reference and any matters referred to it by the Board.

ix. To review the frauds reported by the Statutory Auditors, Cost Auditors and Secretarial Auditors, if any.

x. Monitoring the end use of funds raised through public offers and related matters.

xi. Reviewing with the Auditors and Management, if required, about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and any related issues there with.

xii. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

3. Relationship with Statutory, Internal & Cost Auditors

i. Recommend to the Board for appointment, remuneration and terms of appointment of Auditors of the Company.

ii. Approval of payments to Statutory Auditors for any other services rendered by them.

iii. Review and monitor the auditor's independence and performance and effectiveness of audit process.

iv. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

v. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

vi. Discussion with Internal Auditors of any significant findings and follow up there on.

vii. Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.

4. Related Party Transactions

i. Approval or any subsequent modification of transactions of the Company with related parties.

ii. To lay down the criteria for granting the omnibus approval in line with the policy on related party transactions.

iii. To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

The Committee has full access to information and records of the Company and can seek information from any employee of the Company and may invite such executives, as it considers appropriate, to be present at the meetings of Committee. The Committee may access external professionals and obtain legal advice, if so required, and secure attendance of outsiders with relevant expertise, if it considers necessary, in discharge of its functions.

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

3. RISK MANAGEMENT COMMITTEE

The principal terms of reference of the Risk Management Committee as approved by the Board are as under:

1. Formulation of a detailed risk management policy and recommending the same to the Board which shall include:
   a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee
   b. Measures for risk mitigation including systems and processes for internal control of identified risks.
   c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks including cyber security risk associated with the business of the Company.
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
5. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any)
6. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

During the year under review, two meetings of the Committee were held on 26th October, 2021 and 22nd March, 2022.

To harmonize with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, the Company had revised the existing risk management framework and formalized the Risk Management Policy.

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

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Haigreve Khaitan, Chairman	ID	2	2
Shailesh Haribhakti	ID	2	2
Sudhir Menon	CFO	2	2

The Committee was expanded by the Board by appointing Nayantara Bali and Dr. Maurice Chagnaud as its Members with effect from 11th May, 2022.

4. SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The composition of the Committee as well as the particulars of attendance at the Committee meeting held during the year on 18th May, 2021 and other related details are given in the table below:

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Haigreve Khaitan, Chairman	ID	1	1
Shailesh Haribhakti	ID	1	1
Ameera Shah	ID	1	1

The Committee passed various circular resolutions for issuance of duplicate share certificates and other routine matters. Mahesh Agrawal, Vice President (Legal) & Company Secretary is designated as the Compliance Officer.

99.78% of the equity shares of the Company are held in dematerialised form and the handling of physical transfer of shares are minimal.

Pursuant to Section 124 of the Companies Act, 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company had transferred 85,484 equity shares to the demat account of Investor Education and Protection Fund (IEPF) Authority during the year 2021-22. As on 31st March, 2022, 1,81,426 equity shares are lying with IEPF Authority.

During the year, the Company has received 6 (six) complaints from shareholders which were attended within a reasonable period of time. No complaint was pending as on 31st March, 2022.

5. APPOINTMENT & REMUNERATION OF DIRECTORS

Nomination and Remuneration Committee

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

During the year, three meetings of the Committee were held on 18th May, 2021, 27th July, 2021 and 6th September, 2021. The Committee, had a separate meeting with the Senior Management Personnel of the Company.

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

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Shailesh Haribhakti, Chairman	ID	3	3
Haigreve Khaitan	ID	3	2
Nayantara Bali	ID	3	3

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee has the following principal terms of reference:

1. To evaluate and recommend the composition of the Board of Directors and sub-committees thereof.

2. To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal.
3. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
4. To specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.
5. To evaluate the balance of skills, knowledge and experience on the Board for every appointment of an Independent Director and on the basis of such evaluation prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description
6. For the purpose of identifying suitable candidates for appointment as Independent Directors, the Committee may use the services of an external agencies, if required; consider candidates from a wide range of backgrounds, having due regard to diversity; and consider the time commitments of the candidates.
7. Devising a Policy on Board Diversity.
8. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
9. To recommend a Policy to the Board relating to the remuneration for the Directors, KMP and other employees, for its approval.
10. The Committee shall, while formulating the policy, ensure the following:
    (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
    (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    (c) Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

    Senior Management for the above purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the CEO / MD / WTD / Manager (including CEO / Manager, not part of the board) and shall specifically include CS and CFO.
11. To recommend to the Board remuneration proposed to be paid, to Executive Directors, Non-executive Directors (other than Independent Directors), Whole-time Key Managerial Personnel and Senior Management, with proper justification for such remuneration.
12. To seek information from management and have full access to the Company's records relevant to it's functioning in discharge of its obligations.
13. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.
14. To note information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
15. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions.
16. On the recommendation of the Nomination and Remuneration Committee, the Board has, inter alia, approved the following evaluation criteria for the Independent Directors:
    - Participation in Board in terms of adequacy (time & content);
    - Contribution at meetings;
    - Guidance / support to Management outside Board / Committee meetings;
    - Fulfilment of functions;
    - Independent views and judgement.

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

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

Appointment and Remuneration of Executive Chairman / Whole-time Directors

The re-appointment and remuneration of Samir Mehta as Executive Chairman of the Company was decided by the Board and approved by the shareholders through Postal Ballot on 7th March, 2020. The appointment is for a period of five years effective from 1st April, 2020 till 31st March, 2025 subject to provisions contained in Regulation 17(1B) of the Listing Regulations, as amended from time to time.

Jinesh Shah was appointed as Director (Operations) of the Company for the period of 5 (five) years effective from 1st August, 2019. The shareholders through Postal Ballot approved the said appointment, along with remuneration, on 7th March, 2020. He being a director liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

Remuneration of Non-Executive Directors including Independent Directors

1. The shareholders at the AGM held on 23rd July, 2019 approved the payment of commission to the Non-Executive Directors (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 2013 for the period of 5 (five) years commencing from 1st April, 2020 and authorised the Board of Directors or any Committee of the Board, specifically authorized for the purpose, to decide the actual amount of commission for each year. The commission is determined based on the participation of the directors in the meetings of the Board and / or Committees thereof, as well as on industry practice, performance of the Company and contribution by the Directors, etc. Further, the Board has approved the payment of sitting fees at the rate of ₹ 1 lakh per meeting to the IDs for each Board and Committee meeting attended by them.
2. In case of absence or inadequacy of profits in any financial year, the NEDs shall be paid such remuneration as approved by the Board or its Committee authorised for the purpose, subject to such approval as may be necessary.
3. The commission for any financial year shall be paid on its approval by the Board.

Details of remuneration of Directors for the year ended 31st March, 2022 are as under:

(₹ in lakhs)

Name & Designation of Director$	Salary & Perquisites	Commission##	Sitting Fees++	Total
Sudhir Mehta, Chairman Emeritus^	Nil	Nil	Nil	Nil
Samir Mehta, Executive Chairman	0.40**	2000.00&	Nil	2000.40
Shailesh Haribhakti	Nil	28.50	18.00	46.50
Haigreve Khaitan	Nil	27.00	14.00	41.00
Ameera Shah	Nil	28.50	12.00	40.50
Nayantara Bali	Nil	28.50	15.00	43.50
Jinesh Shah, Director (Operations)	581.18#**	Nil	Nil	581.18
Total	**581.58**	**2,112.50**	**59.00**	**2,753.08**

Notes:

$ The terms of appointment of Executive Chairman / Whole-time Director are governed by the resolutions of the shareholders and applicable rules of the Company.

^ Sudhir Mehta though eligible for Commission, waived his right to receive the same.

& excluding payment of Gratuity

Includes house rent allowance, contribution to provident fund & value of perquisites provided.

Commission as approved by the Board pursuant to the shareholders' approval within the limit specified in the Companies Act, 2013.

++ Sitting Fees as approved by the Board under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

** In addition they are covered under group personal accident and group mediclaim policy as per Company's Rules.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Haigreve Khaitan, an Independent Director, is a partner, were paid ₹ 0.07 crores as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Independent Directors vis-à-vis the Company.

6. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

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

During the year, two meetings of the Committee were held on 18th May, 2021 and 26th October, 2021.

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

Name & Designation of Director	Category	No. of meetings held during the tenure	No. of meetings attended
Ameera Shah, Chairperson	ID	2	2
Shailesh Haribhakti	ID	2	2
Nayantara Bali	ID	2	2
Jinesh Shah	WTD	2	1

7. GENERAL BODY MEETINGS

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

AGM	Date	Time	Venue	No. of special resolutions passed
46th AGM	23rd July, 2019	09.30 AM	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	2
47th AGM	30th July, 2020	09.30 AM	Meeting conducted through VC / OAVM	1
48th AGM	27th July, 2021	09:30 AM		4

No postal ballot was conducted during the financial year 2021-22. Further the following resolutions have been taken up through Postal ballot vide Notice dated 25th May, 2022:

1. Increase in Authorised Share Capital from ₹ 150 crores to ₹ 225 crores and amendment in capital clause of the Memorandum of Association as Ordinary Resolution;
2. Issue of Bonus Shares as Ordinary Resolution; and
3. Appointment of Dr. Maurice Chagnaud as an Independent Director of the Company as Special Resolution.

The Company has appointed Rajesh Parekh, Partner, RPAP & Co., Practicing Company Secretary as a Scrutinizer and Jitesh Patel, Proprietor, Jitesh Patel & Associates, Practicing Company Secretary, as an alternate scrutinizer to Rajesh Parekh for Conducting Postal Ballot in fair and transparent manner.

The procedure prescribed under Section 108 and 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations and the guidelines prescribed by MCA Circulars are duly followed for conducting the postal ballot process for approving the above mentioned resolutions.

The result of the Postal Ballot shall be announced on or before 4th July, 2022.

8. DISCLOSURES

a. Legal Compliances

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

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

b. Code of Business Conduct

The Code of Business Conduct ("Code") lays down important corporate ethical practices that shape the Company's value system and business functions and represents cherished values of the Company. The Code provides guidance to employees in recognizing and dealing with important ethical and legal issues and fosters a culture of honesty and accountability. The code of Conduct includes Integrity, Gifts, Conflict of Interest, Legal compliance, Respect for people, Environmental commitment, Safety, Confidential & Proprietary Information, Financial Information, Company assets, Computer Network use & Security, Records maintenance and Management.

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

c. Prevention of Insider Trading

To harmonize with the amendments carried out by SEBI in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has amended the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons ("Insider Trading Code"), effective from 18th May, 2021 and 26th October, 2021. The Insider Trading Code is aimed to prevent any insider trading and applicable to all the designated persons who are expected to have access to the unpublished price sensitive information relating to the Company. The Company lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing in shares of the Company. The Company has also adopted the Policy for determination of legitimate purposes which forms part of Fair Disclosure Code. The Company sends the advisory mails on regular basis to the Designated Persons to reinstate the basic understanding of the provisions of Insider Trading Code / Regulations.

The Audit Committee reviews cases of non-compliances, if any and the said non – compliances are promptly intimated to the Stock Exchanges in the prescribed format.

d. Related Party Transactions

Pursuant to Regulation 23 of the Listing Regulations and applicable provisions of the Companies Act, 2013, the Company has formulated Policy on Materiality of and dealing with Related Party Transactions ("Related Party Transactions Policy") for dealing with related party transactions. All the related party transactions are entered in compliance to the provisions of the law and the Related Party Transactions Policy. The Related Party Transactions Policy has been revised w.e.f. 25th May, 2022 to align it with the amendments carried out in the Listing Regulations. A copy of the Related Party Transactions Policy for dealing with related party transactions is available on the website **http://torrentpharma.com/pdf/investors/Related_Party_Transactions_Policy.pdf**

The Company has also formulated Policy on Determining Material Subsidiaries as required under Listing Regulations. A copy of this policy is available on the website **http://torrentpharma.com/pdf/investors/Policy_for_determining_Material_Subsidiaries.pdf**

All the related party transactions are duly approved by Audit Committee / Board as required under the provisions of the Companies Act, 2013 and Listing Regulations as well as the Related Party Transaction Policy of the Company. The only material related party transactions of the Company were with its wholly owned subsidiary in US, whose accounts are consolidated with the Company's accounts. Please refer to Note 40 of Standalone Financial Statements, forming part of the Annual Report for details of the related party transactions during the year.

e. CEO / CFO Certification

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

f. Reconciliation of Share Capital

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

g. Certificate from Company Secretary in Practice regarding appointment and continuation of directors

The Company has obtained the Certificate from the Practising Company Secretary certifying that none of the directors of the Company are debarred or disqualified from being appointed or continuing as directors of Company by SEBI / MCA or any such authority.

h. Details of unclaimed shares as per Listing Regulations

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

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 1st April, 2021	160	40,820
Number of shareholders who approached the Company / Registrars and Transfer Agents (RTA) for transfer of shares from unclaimed suspense account during the year ended 31st March, 2022	8	3,360
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2022	8	3,360
Number of shares transferred to IEPF authority from Unclaimed Suspense Account during the year ended 31st March, 2022	142	33,780
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. as on 31st March, 2022	10	3,680

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

i. Whistle Blower Policy

The Company has adopted a 'Whistle-Blower Policy' in order to create consistent value propositions for all stakeholders and to ensure the highest level of honesty, integrity and ethical behaviour in all of its operations. Through this Policy, the Company encourages employees, stakeholders, stockholders, stockists and directors to report any instances of unethical behaviour and actual or suspected fraud or violations of the Company's Code of Conduct that could have an adverse impact on the Company's operation, business performance and / or reputation.

According to this Policy, when any of the aforementioned incidents are reported, the Company conducts an impartial investigation and takes appropriate action to ensure that the required standards of professional and ethical conduct are maintained. Employees who bring such incidents to the attention of the company are suitably protected. The investigation findings are communicated to all parties involved and a written report of the findings is prepared. On a quarterly basis, the Audit Committee (AC) reviews the operation of the Company's Whistle blower mechanism. The said policy is available on the website of the Company **www.torrentpharma.com.**

The Policy also specifies the reporting and investigation procedures to be followed. All Protected Disclosure shall be reported on the contact details specified in the Policy, with financial matters additionally reported on the contact details of the Company's Chief Financial Officer (CFO). When the Protected Disclosures involve the CFO, CEO, or any other Director of the Company, the appropriate disclosures must be made directly to AC's Chairman. Phone calls, emails and letters can all be used to make protected disclosures.

No person has been denied access to the Chairman of the AC.

j. Commodity price risk and hedging activities

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that are used in the manufacturing of drugs. The prices of raw material generally fluctuate in line with commodity cycles over short period of time.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company also has Risk Management framework to pro-actively mitigate the impact through measures like cost based price increases, cost reduction measures, portfolio rationalization, renegotiating procurement contracts etc. Additionally, the Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification. Most of these materials are sourced

from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company does not use any derivative contracts to hedge exposure to fluctuations in commodity prices.

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

In order to ensure a safe and harassment-free workplace for its female employees, the Company has implemented a Policy on the Protection of Women against Sexual Harassment at Workplace. This encourages female employees to pursue their careers without any fear of prejudice, gender bias, sexual harassment and / or any other such implicit or explicit orientation. In accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Complaint Redressal Committees are formed at administrative units / offices for this purpose.

During the year 2021-22, there were no complaints registered under SHP forum.

l. Mandatory & Non-Mandatory Clauses

The Company has complied with all mandatory requirements laid down by Listing Regulations including those specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

The non-mandatory requirements complied with are disclosed below:

Audit Qualification: The Company's financial statements for the year 2021-22 do not contain any modified audit opinion.
Reporting of Internal Auditors: The Internal Auditors present their internal audit observations quarterly to the Audit Committee.

9. COMMUNICATION TO SHAREHOLDERS

During the year, audited quarterly and annual financial results on standalone basis and un-audited quarterly and audited annual financial results on a consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and were published in leading newspapers viz The Financial Express and The Indian Express in all edition of English language and The Financial Express in Gujarati language. These were also promptly put on the Company's website **www.torrentpharma.com**. All official news release of relevance, quarterly / annual results and presentations made by the Company to investors / analysts were also made available on the Company's website. The Company sends soft copies of Annual Report to those shareholders whose e-mail ids are registered with the Depository Participants and / or with the Company's Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the "Green Initiative in Corporate Governance" of the Ministry of Corporate Affairs.

10. GENERAL SHAREHOLDER INFORMATION

a. 49th AGM

Date & Time	**Friday, 29th July, 2022 at 09:30 AM**
Venue	The Company is going to conduct the meeting through VC / OAVM pursuant to the MCA circular dated 5th May, 2020 read with MCA circular dated 5th May, 2022 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

b. Tentative Financial Calendar for the year 2022-23

Financial year	1st April to 31st March
First Quarter results	Fourth week of July 2022
Half Yearly results	Third week of October 2022
Third Quarter results	Fourth week of January 2023
Results for year-end	Second week of May 2023

c. Record date

6th June, 2022

d. Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed around 4th August, 2022.

e. Listing on Stock Exchanges and Security Codes

Name of Stock Exchange	Security Code
A. Equity shares	
BSE Limited, Mumbai (BSE)	500420
National Stock Exchange of India Limited, Mumbai (NSE)	TORNTPHARM
B. Non-Convertible Debentures	
National Stock Exchange of India Limited, Mumbai (NSE)	

The Company has paid the annual listing fees for the year 2022-23 to both the above stock exchanges.

f. Market Price Data

The closing market price of equity share on 31st March, 2022 (last trading day of the year) was ₹ 2,796.30 on BSE & ₹ 2,791.95 on NSE.

The monthly movement of equity share prices during the year at BSE & NSE are summarized below:

Monthly Share Price movement during the financial year ended 31st March, 2022 at BSE & NSE:

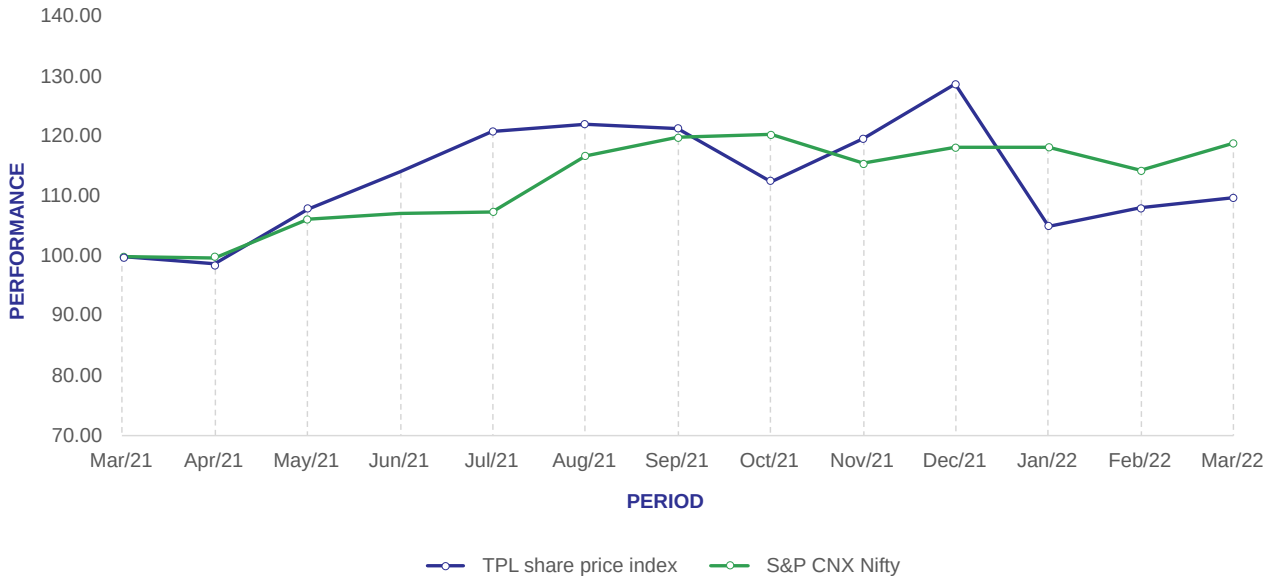
(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-21	2,680.00	2,477.65	2,37,171	2,682.00	2,475.50	55,53,674
May-21	2,891.55	2,486.60	3,60,364	2,892.00	2,484.95	81,14,169
Jun-21	3,007.00	2,715.00	2,25,613	3,009.50	2,715.00	52,68,655
Jul-21	3,121.45	2,882.95	2,91,089	3,144.00	2,883.00	49,39,842
Aug-21	3,156.45	2,855.85	1,71,877	3,157.90	2,854.00	38,28,318
Sep-21	3,248.00	3,017.60	5,04,298	3,250.20	3,019.25	25,05,215
Oct-21	3,200.00	2,765.65	2,01,827	3,203.00	2,766.00	27,07,311
Nov-21	3,248.00	2,734.50	3,71,258	3,248.80	2,735.30	69,90,964
Dec-21	3,304.45	2,919.20	1,67,279	3,298.50	2,924.75	53,41,854
Jan-22	3,299.90	2,601.30	1,93,055	3,295.95	2,615.00	58,31,997
Feb-22	2,775.00	2,540.00	1,08,034	2,778.95	2,530.05	39,16,553
Mar-22	2,985.65	2,651.90	62,758	2,987.75	2,651.00	36,94,521
Total			**28,94,623**			**5,86,93,073**
% of volume traded to outstanding shares			**1.71%**			**34.68%**

The performance of the equity share price of the Company vis-à-vis the S&P CNX Nifty at NSE is as under:

Month	TPL Share Price at NSE**	S&P CNX Nifty**	Relative Index for comparison purpose	
			TPL share price index	S&P CNX Nifty
Mar-21	2,545.05	14,690.70	100.00	100.00
Apr-21	2,509.25	14,631.10	98.59	99.59
May-21	2,741.35	15,582.80	107.71	106.07
Jun-21	2,901.60	15,721.50	114.01	107.02
Jul-21	3,071.10	15,763.05	120.67	107.30
Aug-21	3,105.90	17,132.20	122.04	116.62
Sep-21	3,085.50	17,618.15	121.24	119.93
Oct-21	2,860.40	17,671.65	112.39	120.29
Nov-21	3,042.05	16,983.20	119.53	115.61
Dec-21	3,278.45	17,354.05	128.82	118.13
Jan-22	2,671.45	17,339.85	104.97	118.03
Feb-22	2,749.90	16,793.90	108.05	114.32
Mar-22	2,791.95	17,464.75	109.70	118.88
** data as on closing of the month				

Relative Performance of TPL share price vs. S&P CNX Nifty



g. Distribution of shareholding as at 31st March, 2022

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% To Equity	No. of Holders	% To Holders
1 - 1,000	Electronic	5,469,375	3.23	62,796	96.71
	Physical	305,066	0.18	680	1.05
1,001 - 2,000	Electronic	928,013	0.55	631	0.97
	Physical	35,200	0.02	22	0.03
2,001 - 10,000	Electronic	2,089,148	1.23	480	0.74
	Physical	35,200	0.02	8	0.01
10,001 - 20,000	Electronic	1,224,250	0.72	88	0.14
	Physical	--	--	--	--
Above 20,000	Electronic	159,136,468	94.04	227	0.35
	Physical	--	--	--	--
Total	**Electronic**	**168,847,254**	**99.78**	**64,222**	**98.91**
	Physical	**375,466**	**0.22**	**710**	**1.09**
	Total:	**169,222,720**	**100.00**	**64,932**	**100.00**

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	120,564,720	--	120,564,720	71.25
Mutual Fund	12,658,432	--	12,658,432	7.48
Bank, FIs, AIFs & Insurance Companies	134,016	--	134,016	0.08
Foreign Institutional Investors / QIB / QFIs / NRIs	22,396,269	--	22,396,269	13.23
Other Bodies Corporate	795,534	3,400	798,934	0.47
Indian Public	12,116,857	372,066	12,488,923	7.38
IEPF	181,426	--	181,426	0.11
Total	**168,847,254**	**375,466**	**169,222,720**	**100.00**

h. Dematerialisation of securities

The equity shares of the Company are traded compulsorily in the dematerialised segment of all the stock exchanges and are under rolling settlement. Approximately 99.78% of the shares have been dematerialised. Shares held by promoters are all in dematerialised form. The demat security (ISIN) code for the equity share is INE685A01028.

i. Share transfer system

SEBI vide its circular dated 25th January 2022, has mandated that listed companies shall issue the securities in dematerialized form only, in order to enhance ease of dealing in securities markets by investors, for transactions including Issue of duplicate securities certificate, claim from unclaimed suspense account, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates / folios, transmission and transposition of shares. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website under the link at **https://www.torrentpharma.com/index.php/investors/shareHolder**. The details of transmission approved by the delegates are noted by the Securities Transfer and Stakeholders Relationship Committee. The Company obtains from a Company Secretary in Practice an annual certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges. The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited & Central Depository Services (India) Limited. The transfer of shares in electronic mode need not be approved by the Company.

The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination pursuant to the SEBI Circular dated 3rd November, 2021. Attention of the Members holding shares of the Company in physical form is invited to go through the said important communication under the web link at **https://www.torrentpharma.com/index.php/investors/shareHolder**.

j. Credit Ratings

Details of all credit ratings obtained by the Company for its borrowings including debt instruments are as follows:

ICRA Ltd has assigned credit rating of -

- [ICRA] AA (Positive) for banking facilities and non-convertible debentures.
- [ICRA] A1+ for commercial paper program of the Company.

During the year under review, ICRA has revised rating outlook to "Positive"

India Ratings and Research Private Limited ("India Ratings") has assigned rating of -

- IND AA (Positive) for Non-convertible debentures and term loans.

During the year under review, India Ratings has revised rating outlook to "Positive"

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

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

l. Registered Office

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

m. Plant Locations

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-10, East District, Gangtok (Sikkim) – Unit I & Unit II
4. NH-10, Bagheykhola Village, Majhitar, Rangpo, East Sikkim (Sikkim) – Unit III
5. Plot No 810, Sector III, Industrial area, Pithampur, Dist - Dhar (Madhya Pradesh)
6. Plot No.77, J N Pharma City, Thanam Village, Parawada-Mandal, Vizag (Andhra Pradesh)
7. Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat).
8. Torrent Pharma Inc. - 2091 Hartel Street, Pennsylvania 19057, U.S.A (Operations discontinued from 25th May, 2022)

n. Project Site

Bileshwarpura, Taluka Kalol, District Gandhinagar (Gujarat)

o. Research & Development Facility

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

p. Compliance Officer

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

q. Investor Services

E-mail ID: **investorservices@torrentpharma.com**

r. Registrars & Transfer Agents (RTA)

KFIN Technologies Limited
Unit: Torrent Pharmaceuticals Limited
Selenium Tower-B, Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad - 500 032, India
Tel No: +91 40 67162222
Fax No: +91 40 23001153
Contact person: Mr. Ganesh Chandra Patro
E-mail ID: **einward.ris@kfintech.com**

s. Debenture Trustee

IDBI TRUSTEESHIP SERVICES LIMITED
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.
Website: **http://www.idbitrustee.com**
E-mail ID: **itsl@idbitrustee.com**
Tel. No: + 91 22 4080 7000
Fax No: +91 22 6631 1776

For and on behalf of the Board of Directors
Samir Mehta
Executive Chairman
DIN: 00061903

Ahmedabad
25th May, 2022

ANNEXURE 1 TO CORPORATE GOVERNANCE REPORT

To
The Shareholders,

Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Executive Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1st April, 2021 or the date of their joining the Company, whichever is later, to 31st March, 2022 from all Members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a Member of the Board), Vice Presidents and General Managers.

Ahmedabad
25th May, 2022

Samir Mehta
Executive Chairman
DIN: 00061903

FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Members of

Torrent Pharmaceuticals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Torrent Pharmaceuticals Limited ("the Company"), which comprise the standalone balance sheet as at 31st March, 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant 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 standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its 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 Standalone 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 standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

1. Impairment testing of goodwill [Refer Note 4.8.2, 8 and 9 to the Standalone Financial Statements]

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 4.8.2 to the standalone financial statements, the Company tests goodwill for impairment annually, or more frequently when there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. We identified the annual impairment assessment of goodwill as a key audit matter because the assessment process is complex and judgmental by nature and is based on assumptions on: – projected future cash inflows; – expected growth rate and profitability; – discount rate; – perpetuity value based on long term growth rate; – sensitivity analyses;	Our audit procedures in respect of impairment testing of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amounts of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the model used in determining the value in use of the cash generating units; • Assessing the reasonableness of prior period cash flow forecasts of the Company by reference to actual performance to assess forecast accuracy; • Challenging the significant assumptions and judgements used in impairment analysis, such as forecast revenue, margins, long term growth and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist; • Performing sensitivity analysis of the key assumptions, such as future revenue growth rates, future gross margins, and the discount rate used in determining the recoverable value; • Evaluating the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

2. Recognition and measurement of Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets (Refer Note 4.13 and 22 to the Standalone Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
The Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. As disclosed in Note 22 to the Standalone Financial Statements, the MAT credit is recognized as a deferred tax asset. The utilization of this asset has commenced as the Company now pays taxes under the provision of Income Tax Act, 1961. The Company is required to reassess recognition of MAT credit asset at each reporting date. The Company has recognized MAT credit assets based on the probability of income tax payable on future taxable profits against which such MAT credit assets can be offset before they expire. The recognition is based on the projected profitability. This is determined based on approved business plans. Recognition and measurement of such deferred tax assets has been identified as a key audit matter because the assessment process involves significant judgement regarding the forecasts of future income tax. The assessment process is based on assumptions affected by expected future market or economic conditions.	In respect of MAT credit assets, we assessed recognition and measurement by performing the following procedures: • Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets and underlying data; • Obtaining the approved business plans, projected profitability statements; • Challenging the assumptions used regarding future business plans and taxable profit in light of fiscal developments, current economic environment and prior performance in determining the recoverability of MAT credit assets recognized within the period available under applicable Income tax laws; • Performing sensitivity analysis • Testing the computation of amounts recognized as deferred tax assets on MAT credit; • Focusing on the disclosures on MAT credit assets and assumptions used.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 in preparation of standalone financial statements 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 standalone 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.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

Independent Auditor's Report (Continued)

e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 41 to the standalone financial statements;

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) i) The interim dividend declared or paid during the year by the Company until the date of this audit report is in accordance with Section 123 of the Act.

ii) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 48 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Place: Mumbai
Date: 25th May, 2022

Jamil Khatri
Partner
Membership Number: 102527
UDIN:22102527AJNWTT6657

Annexure - A to the Independent Auditor's Report – 31st March, 2022

(Referred to in our report of even date)

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favor of the lessee) disclosed in the standalone financial statements are held in the name of the Company. Immovable properties of land and building whose title have been pledged as security for loans are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnership or any other parties during the year. The Company has made investments in, granted unsecured loan and provided guarantee to companies and other parties in respect of which the requisite information is provided in clause (a) to (f) as below to the extent applicable. The Company has not made investments in or granted, secured or unsecured loans or provided any guarantee to firms, limited liability partnerships or any other parties during the year.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has made investments, provided loans and stood guarantee as below:

(₹ in crores)

Particulars	Guarantees	Loans
Aggregate amount during the year		
- Subsidiaries	765.65	-
- Others	-	2.77
Balance outstanding as at balance sheet date		
- Subsidiaries	795.97	-
- Others	-	4.36

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided and the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

Annexure - A to the Independent Auditor's Report – 31st March, 2022 (Continued)

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, or provided any guarantees or security as specified under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect of investments made or guarantees provided to the parties covered under Section 186 of the Act. The Company has not granted any loans or provided any security to the parties covered under Section 186 of the Act.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other material statutory dues as applicable have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other material statutory dues as applicable were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax (GST), Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs or Cess, Sales Tax, Excise Duty, Service Tax, Value Added Tax or other material statutory dues which have not been deposited on account of any dispute are reported under Enclosure I to this report.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender. Further, loans amounting to ₹ 399.97 Crores as at 31st March, 2022 are repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given to us, such loans and interest thereon have not been demanded for repayment during the relevant financial year.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

Annexure - A to the Independent Auditor's Report – 31st March, 2022 (Continued)

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries (as defined under the Act.)

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act.)

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under section 406 of the Act. Accordingly, paragraphs 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order are not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) & (b) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi)(a) and 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have more than one CIC.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

Annexure - A to the Independent Auditor's Report – 31st March, 2022 (Continued)

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) Based on information and explanations provided to us, in respect of ongoing projects, the Company through its implementing agency has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act except in respect of the following:

(₹ in crores)

Financial year*	Amount to be spent in accordance with section 135(5)	Amount remaining unspent as at the year-end to be transferred special account u/s 135(6)	Amount transferred to Special Bank Account u/s 135(6), within 30 days from end of financial year (or till the date of audit report, if that is earlier)	Amount transferred to Special Bank Account u/s 135(6), after a period of 30 days from end of financial year (till the date of audit report)	Amount not transferred to Special Bank Account u/s 135(6), till the date of audit report
(a)	(b)	(c)	(d)	(e)	(f)
2020-21	21.54	7.29	-	5.09*	-

*This represents unspent amount deposited by implementing agency on behalf of the Company on 30th September, 2021 and balance of ₹ 2.20 crores were utilized by implementing agency for ongoing projects prior to the date of deposit.

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

Place: Mumbai
Date: 25th May, 2022

Jamil Khatri
Partner
Membership Number: 102527
UDIN:22102527AJNWTT6657

Annexure - A to the Independent Auditor's Report – 31st March, 2022 (Continued)

Enclosure I

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
The Central Excise Act, 1944	Cenvat Credit/Input service tax/demand of duty & penalty	CESTAT- Kolkata	2011-12	2.69	2.64
Finance Act, 1994	Demand of Service Tax/ Interest/Penalty	CESTAT- Ahmedabad	2013-14 to 2015-16	6.40	6.40
Finance Act, 1994	Demand of Service Tax/ Interest/Penalty	Supreme Court of India	2007-08 to June 2012	59.25	59.25
Finance Act, 1994	Demand of Service Tax/ Interest/Penalty	Commissioner of GST & Central Excise-Ahmedabad	July -2012 to Sept 2013 October-2013 to March-2015	11.21	11.21
The Central Excise Act, 1944	Cenvat Credit/Input service tax/demand of duty & penalty	CESTAT- Ahmedabad	2012-13 and 2013-14	12.43	12.13
The Central Goods & Services Tax Act,2017	Interest on Input tax credit refund recovery	Gujarat High Court	July & August 2017	4.04	4.04
The Central Excise Act, 1944	Cenvat Credit/Input service tax/demand of duty & penalty	Dy. Commr. of CGST & Central Excise,Kalol	2005-06	0.05	0.03
The Central Excise Act, 1944	Cenvat Credit/Input service tax/demand of duty & penalty	Dy. Commr. of CGST & Central Excise,Kalol	2013-14 & 2014-15	0.19	0.19
The Central Goods & Services Tax Act,2017	Cenvat Credit/ Interest & penalty	Joint Commissioner-CGST & Central Excise, Siliguri	2016-17 to June-2017	3.82	3.66
The Central Goods & Services Tax Act,2017	Input Tax Credit	CESTAT-Ahmedabad	2017-18	0.67	0.65
Madhya Pradesh Vat Act,2002	Demand of Tax	Assistant Commissioner of Commercial Tax, Madhya Pradesh	2014-15,2015-16 and 2016-17	0.06	0.04
Madhya Pradesh Entry Tax Act, 1976	Demand of Entry Tax	Assistant Commissioner of Commercial Tax, Madhya Pradesh	2015-16 and 2016-17	0.15	0.13
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41	0.33
West Bengal Value Added Tax Act, 2003	Demand of Tax	West Bengal Taxation Tribunal	2008-09 & 2015-16	2.42	2.42
Andhra Pradesh Value Added Tax Act, 2005	Demand of Tax	Commercial Tax Officer	2015-16	0.08	0.08
Kerala Value Added Tax Act , 2003	Demand of Tax	Asst / Jt. Commissioner of Commercial Tax	2007-08 & 2015-16	0.30	0.22
Jharkhand Value Added Tax Act, 2005	Demand of Tax	Asst Commissioner of Commercial Tax	2015-16	0.03	0.03
Employees' State Insurance Act, 1948	Contribution towards ESI	High Court, Gujarat	November 1991 - March 2022	15.50	15.50

Annexure - B to the Independent Auditor's Report on Standalone financial statements of Torrent Pharmaceuticals Limited for the year ended 31st March, 2022

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

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

Opinion

We have audited the internal financial controls with reference to financial statements of Torrent Pharmaceuticals Limited ('the Company') as of 31st March, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Annexure - B to the Independent Auditor's Report on Standalone financial statements of Torrent Pharmaceuticals Limited for the year ended 31st March, 2022 (Continued)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Place: Mumbai
Date: 25th May, 2022

Jamil Khatri
Partner
Membership Number: 102527
UDIN:22102527AJNWTT6657

Standalone Balance Sheet

(₹ in crores)

	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,537.78	2,648.07
Capital work-in-progress	6	543.54	554.84
Right-of-use assets	7	81.58	97.24
Goodwill	8	243.96	243.96
Other intangible assets	9	3,387.93	3,751.97
Intangible assets under development	9	23.96	33.27
Financial assets			
Investments	10	183.66	174.87
Loans	11	1.75	2.02
Other financial assets	12	34.40	20.90
		219.81	**197.79**
Income tax assets (net)		29.02	42.02
Deferred tax assets (net)	22	-	28.33
Other non-current assets	13	24.93	21.67
Total non-current assets		**7,092.51**	**7,619.16**
Current assets			
Inventories	14	1,797.11	1,911.74
Financial assets			
Investments	10	183.98	139.05
Trade receivables	15	1,541.35	1,544.26
Cash and cash equivalents	16	65.00	61.87
Bank balances other than cash and cash equivalents	17	4.46	4.55
Loans	11	2.61	3.08
Other financial assets	12	112.73	89.38
		1,910.13	**1,842.19**
Other current assets	13	226.16	387.95
Non-current assets held for sale	45	126.65	-
Total current assets		**4,060.05**	**4,141.88**
TOTAL ASSETS		**11,152.56**	**11,761.04**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	84.62	84.62
Other equity	19	6,260.80	5,945.48
Total equity		**6,345.42**	**6,030.10**
Non-current liabilities			
Financial liabilities			
Borrowings	20	1,971.60	2,941.07
Lease liabilities		0.79	3.58
Other financial liabilities	24	5.04	3.26
		1,977.43	**2,947.91**
Provisions	21	210.83	193.93
Deferred tax liabilities (net)	22	193.56	-
Other non-current liabilities	25	1.96	3.30
Total non-current liabilities		**2,383.78**	**3,145.14**
Current liabilities			
Financial liabilities			
Borrowings	20	1,371.81	1,443.36
Lease liabilities		3.31	16.13
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	20.36	19.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	603.85	628.09
		624.21	**648.05**
Other financial liabilities	24	187.23	241.06
		2,186.56	**2,348.60**
Provisions	21	120.34	106.83
Other current liabilities	25	116.46	130.37
Total current liabilities		**2,423.36**	**2,585.80**
TOTAL EQUITY AND LIABILITIES		**11,152.56**	**11,761.04**
Notes forming part of the Standalone Financials Statements	1-51		

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Standalone Statement of Profit and Loss

(₹ in crores)

	Notes	Year ended 31st March, 2022	Year ended 31st March, 2021
REVENUE			
Revenue from operations	26	6,742.32	6,450.57
Other income	27	204.17	118.34
Total Revenue		**6,946.49**	**6,568.91**
EXPENSES			
Cost of materials consumed	28	1,528.60	1,420.82
Purchases of stock-in-trade		397.24	398.99
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(18.34)	(150.14)
Employee benefits expense	30	1,097.93	1,097.12
Finance costs	31	236.29	334.12
Depreciation and amortisation expense	32	602.43	609.84
Other expenses	33	1,636.13	1,492.05
Total Expenses		**5,480.28**	**5,202.80**
PROFIT BEFORE TAX		1,466.21	1,366.11
TAX EXPENSE	22		
Current tax		253.27	247.77
Deferred tax charge/ (credit)		221.49	(19.51)
		474.76	**228.26**
PROFIT FOR THE YEAR		**991.45**	**1,137.85**
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		(2.39)	11.08
Equity instruments through other comprehensive income		0.25	-
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		0.84	(3.87)
Equity instruments through other comprehensive income		(0.09)	-
Items that will be reclassified subsequently to profit or loss			
Effective portion on gains on hedging instruments in a cash flow hedge		3.30	157.59
Income tax relating to items that will be reclassified subsequently to profit or loss			
Effective portion on losses on hedging instruments in a cash flow hedge		(1.15)	(55.07)
		0.76	**109.73**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**992.21**	**1,247.58**
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	35	58.59	67.24
Notes forming part of the the Standalone Financial Statements	1 - 51		

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Standalone Statement of Changes in Equity

(A) Equity share capital

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	84.62	84.62
Changes during the year	-	-
Balance at the end of the year	**84.62**	**84.62**

(B) Other equity

(₹ in crores)

	Reserves and surplus					Other comprehensive income		
	Retained earnings	General reserve	Debenture redemption reserve	Capital reserve	Securities premium	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Total
Balance as at 1st April 2021	2,899.91	2,783.95	216.07	0.00	4.34	0.01	41.20	5,945.48
Profit for the year	991.45	-	-	-	-	-	-	991.45
Other comprehensive income (net of tax)	(1.55)	-	-	-	-	0.16	2.15	0.76
Dividends*	(676.89)	-	-	-	-	-	-	(676.89)
Transfer from debenture redemption reserve	-	73.21	(73.21)	-	-	-	-	-
Balance as at 31st March, 2022	**3,212.92**	**2,857.16**	**142.86**	**0.00**	**4.34**	**0.17**	**43.35**	**6,260.80**
Balance as at 1st April 2020	2,093.30	2,648.31	351.71	0.00	4.34	0.01	(61.32)	5,036.35
Profit for the year	1,137.85	-	-	-	-	-	-	1,137.85
Other comprehensive income (net of tax)	7.21	-	-	-	-	-	102.52	109.73
Dividends**	(338.45)	-	-	-	-	-	-	(338.45)
Transfer from debenture redemption reserve	-	135.64	(135.64)	-	-	-	-	-
Balance as at 31st March, 2021	**2,899.91**	**2,783.95**	**216.07**	**0.00**	**4.34**	**0.01**	**41.20**	**5,945.48**

* Dividends include 2020-21 final dividend of ₹ 15 per share and 2021-22 interim dividend of ₹ 25 per share.

**Dividends include 2020-21 interim dividend of ₹ 20 per share.

Standalone Statement of Changes in Equity (Continued)

Nature and purpose of reserves :

(a) **Retained earnings :** Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

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

(c) **Debenture redemption reserve :** The reserve represents amount required to be set aside out of profits in accordance with Companies Act, 2013 upto 16th August, 2019.

(d) **Capital reserve :** Capital reserve represents profit or loss on cancellation of own forfeited equity instruments.

(e) **Securities premium :** Securities premium comprises of the premium on issue of shares. The reserve can be utilised in accordance with the specific provision of the Companies Act, 2013.

(f) **Equity instruments through other comprehensive income :** This represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

(g) **Effective portion of cash flow hedges :** This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the statement of profit and loss.

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Standalone Statement of Cash Flows

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,466.21	1,366.11
Adjustments for :		
Depreciation and amortisation expense	602.43	609.84
Allowance for credit loss (net)	(0.04)	0.08
Impairment of investment in subsidiary	14.99	3.88
Unrealised foreign exchange (gain) / loss (net)	(12.70)	4.65
Loss on sale / discard / write-off of property, plant & equipments	0.34	0.34
Net gain on sale of investments	(10.14)	(15.58)
Finance costs	236.29	334.12
Interest income	(3.26)	(4.15)
Dividend income	-	(48.38)
	2,294.12	**2,250.91**
Adjustments for changes in working capital :		
Trade receivables, loans and other assets	18.55	(75.62)
Inventories	114.63	(403.98)
Trade payables, liabilities and provisions	(46.93)	11.48
CASH GENERATED FROM OPERATIONS	**2,380.37**	**1,782.79**
Direct taxes paid (net of refunds)	(240.27)	(209.90)
NET CASH FROM OPERATING ACTIVITIES	**2,140.10**	**1,572.89**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets (including capital work-in-progress and capital advances paid)	(108.18)	(201.99)
Proceeds from sale of property, plant and equipments	3.47	0.37
Payment for additional investment in subsidiary	(23.54)	(3.88)
Payment to acquire other non-current investments	-	(40.00)
Investments in mutual funds (net)	(34.79)	(123.45)
Dividend received from subsidiary	-	48.38
Investment in fixed deposits	(0.01)	(0.04)
Interest received	3.35	4.33
NET CASH USED IN INVESTING ACTIVITIES	**(159.70)**	**(316.28)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	895.00
Repayment of long-term borrowings	(1,032.98)	(1,401.15)
Repayment of short term borrowings (net)	(10.41)	(378.93)
Repayment of lease obligations	(16.67)	(18.73)
Dividend paid	(676.89)	(338.45)
Finance costs paid	(240.32)	(338.94)
NET CASH USED IN FINANCING ACTIVITIES	**(1,977.27)**	**(1,581.20)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**3.13**	**(324.59)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**61.87**	**386.46**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Refer note 16)	**65.00**	**61.87**

Notes:

(1) The Company considers investing in liquid mutual fund as an important part of its cash management activities. In accordance with Ind AS 7, the same is presented as cash flows from investing activities. As at 31st March, 2022, investment amount is ₹ 183.96 crores (As at 31st March, 2021: ₹ 139.03 crores).

Standalone Statement of Cash Flows (Continued)

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
(2) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES :		
Long-term borrowings including current maturities of long-term debt (Refer note 20) :		
Opening balance	3,974.05	4,505.03
Amount borrowed during the year	-	895.00
Amount repaid during the year	(1,032.98)	(1,401.15)
Amortised cost adjustment	2.37	2.55
Foreign exchange difference	-	(27.38)
Closing balance	**2,943.44**	**3,974.05**
Lease liabilities (Non-Current and Current liabilities):		
Opening balance	19.71	32.32
New lease contracts entered during the year	0.19	3.88
Interest accrued during the year	0.87	2.31
Amount paid during the year	(16.67)	(18.73)
Remeasurement of lease liability	-	(0.12)
Foreign exchange difference	-	0.05
Closing balance	**4.10**	**19.71**
Short-term borrowings (Refer note 20) :		
Opening balance	410.38	789.31
Amount repaid during the year (net)	(10.41)	(378.93)
Closing balance	**399.97**	**410.38**

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Notes forming part of the Standalone Financial Statements

1. CORPORATE INFORMATION

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

2. STATEMENT OF COMPLIANCE

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.1. Basis of preparation and presentation

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

- Derivative financial instruments
- Investments in mutual funds, equity instruments and LLP
- Defined benefit plan – plan assets measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of asset.

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

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

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

3.2. Functional and presentation currency

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

3.3. Use of estimates

The preparation of financial statements are in conformity with the recognition and measurement principles of Ind AS which

Notes forming part of the Standalone Financial Statements

3.3. Use of estimates (Continued)

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 :

- Useful lives of property, plant and equipment (refer note 4.1)
- Valuation of assets acquired as part of business combination (refer note no. 4.2.1)
- Useful lives of intangible assets (refer note 4.3)
- Impairment of investments in subsidiaries (refer note no. 4.5.1)
- Valuation of inventories (refer note 4.7)
- Impairment of intangible assets and goodwill (refer note 4.8.2)
- Employee benefits (refer note no. 4.9)
- Provisions & contingent liabilities (refer note 4.11)
- Sales returns (refer note 4.12)
- Valuation of deferred tax assets (refer note 4.13)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property, plant and equipment

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

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

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

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

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

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

4.1. Property, plant and equipment (Continued)

The estimated useful lives of property, plant and equipments are as under:

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

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

4.2. Business combinations and goodwill

4.2.1. Business combinations

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

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

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

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose. The financial statement of prior period is restated as if the business combination had occurred from the beginning of the preceding period, irrespective of the actual date of combination.

Notes forming part of the Standalone Financial Statements

4.2.2. Goodwill

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

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

4.3. Intangible assets

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

Acquired research and development intangible assets that are under development are recognised as intangible assets under development. These assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangible assets are as mentioned below:

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

4.4. Foreign currency transaction and translation

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

4.5. Financial instruments

4.5.1. Financial assets

(a) 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.

(b) Initial measurement :

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

(c) 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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. 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 and foreign exchange gains and losses 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. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- **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. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(d) Derecognition of financial assets :

A financial asset (or, where applicable, a part of a financial asset or part of a group 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 not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Notes forming part of the Standalone Financial Statements

4.5.1. Financial assets (Continued)

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 retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(e) Income recognition :
Dividend is accounted when the right to receive payment is established. Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

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

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

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

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

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

4.5.2. Financial liabilities

The Company's financial liabilities include trade payables, loans and borrowing and derivative financial instruments.

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

(b) 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 added to or 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.

(c) 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.

(d) 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

4.5.2. Financial liabilities (Continued)

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.

(e) Borrowings :

Borrowings are initially recorded at fair value 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.

(f) Trade payables :

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

4.5.3. Derivative financial instruments and hedge accounting

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

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

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

4.6. Leases – Company as lessee

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.

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 apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

Notes forming part of the Standalone Financial Statements

4.7. Inventories

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

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

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

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

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

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

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

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

4.8. Impairment of assets

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

4.8.2. 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.

Goodwill

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

4.8.2. Non-financial assets (Continued)

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

4.9. Employee benefits

4.9.1. Short term employee benefits

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

4.9.2. Long term employment benefits

Defined contribution plans :

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

Defined benefit plans :

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

Termination benefits :

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

Compensated absences and earned leaves :

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

4.10. Government grants

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

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

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

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

Notes forming part of the Standalone Financial Statements

4.11. Provisions, contingent liabilities and contingent assets

Contingent liability :

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets :

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

Provisions :

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

4.12. Revenue recognition

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is 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 is 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.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

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

Income From Research Services (Out-Licensing)

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and/or other similar payments from third parties for granting a license for product or technology-related intellectual property (IP). Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones.

4.13. Income taxes

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

4.13. Income taxes (Continued)

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

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

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

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

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

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

4.14. Earnings per share

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

4.15. Research and development

Revenue expenditure on research and development activities is 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 Group 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 when the probability of expected future economic benefits criterion is considered to be satisfied.

4.16. Borrowing cost

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

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

Notes forming part of the Standalone Financial Statements

4.17. GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilizable is charged to the statement of profit and loss for the year.

4.18. 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.

5. 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 23rd March, 2022 MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April 2022, as below:

a) Ind AS 16 – Proceeds before intended use

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as a part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after 1st April 2022. The company has evaluated the amendment and there is no impact on its financial statements.

b) Ind AS 103 – Reference to Conceptual Framework

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The company does not expect the amendment to have any significant impact in its financial statements.

c) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 01st April 2021	789.22	980.65	1,826.67	61.78	21.50	113.70	210.75	4,004.27
Additions during the year	-	69.98	113.59	3.46	0.69	16.43	10.94	215.09
Deductions during the year	-	-	18.89	0.40	1.74	6.55	0.38	27.96
Non-current assets held for sale (Refer Note 45)	126.65	-	-	-	-	-	-	126.65
Gross carrying amount as at 31st March, 2022	**662.57**	**1,050.63**	**1,921.37**	**64.84**	**20.45**	**123.58**	**221.31**	**4,064.75**
Accumulated depreciation as at 1st April 2021	-	210.67	923.06	38.53	6.87	83.70	93.37	1,356.20
Depreciation for the year	-	31.03	136.43	3.96	2.04	10.26	11.19	194.91
Deductions during the year	-	-	16.25	0.37	1.06	6.16	0.30	24.14
Accumulated depreciation as at 31st March, 2022	**-**	**241.70**	**1,043.24**	**42.12**	**7.85**	**87.80**	**104.26**	**1,526.97**
Net carrying amount as at 31st March, 2022	**662.57**	**808.93**	**878.13**	**22.72**	**12.60**	**35.78**	**117.05**	**2,537.78**
Capital work-in-progress								543.54
Total								**3,081.32**
Gross carrying amount as at 1st April 2020	784.44	940.26	1,755.12	59.20	19.60	104.35	206.54	3,869.51
Additions during the year	4.78	40.39	76.10	2.63	2.02	9.39	4.21	139.52
Deductions during the year	-	-	4.55	0.05	0.12	0.04	-	4.76
Gross carrying amount as at 31st March, 2021	**789.22**	**980.65**	**1,826.67**	**61.78**	**21.50**	**113.70**	**210.75**	**4,004.27**
Accumulated depreciation as at 1st April 2020	-	182.10	791.17	34.76	5.04	72.34	83.38	1,168.79
Depreciation for the year	-	28.57	135.76	3.82	1.93	11.39	9.99	191.46
Deductions during the year	-	-	3.87	0.05	0.10	0.03	-	4.05
Accumulated depreciation as at 31st March, 2021	**-**	**210.67**	**923.06**	**38.53**	**6.87**	**83.70**	**93.37**	**1,356.20**
Net carrying amount as at 31st March, 2021	**789.22**	**769.98**	**903.61**	**23.25**	**14.63**	**30.00**	**117.38**	**2,648.07**
Capital work-in-progress								554.84
Total								**3,202.91**

(i) Certain property, plant and equipments hypothecated/mortgaged as security for borrowings as disclosed under note 20.

(ii) Capital work-in-progress includes expenditure of ₹ 28.53 crores (previous year : ₹ 25.62 crores) incurred in the course of construction.

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

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

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
Buildings	6.48	0.07
Plant and equipments [including laboratory equipments]	13.07	7.20
Electrical equipments	1.26	0.51
Furniture and fixtures	0.67	0.39
Office equipments	4.30	0.15
Intangibles being softwares	5.56	0.40
Total	**31.34**	**8.72**

Notes forming part of the Standalone Financial Statements

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(v) Pro-rata cost of assets owned jointly with Torrent Power Limited, a fellow subsidiary are as under:

(₹ in crores)

	Proportion of holding	As at 31st March, 2022	As at 31st March, 2021
Freehold Land	50%	23.79	23.79
Freehold Land	30%	35.69	35.69
Building	30%	0.65	0.65
Total		**60.13**	**60.13**

(vi) Capital work-in-progress ageing schedule for the year ended :

(₹ in crores)

	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
As at 31st March, 2022					
Projects in Progress*	100.51	50.76	83.42	193.51	428.19
Others	48.36	22.62	10.10	34.26	115.35
Total	**148.87**	**73.38**	**93.52**	**227.77**	**543.54**
As at 31st March, 2021					
Projects in Progress*	50.69	83.46	124.63	71.85	330.62
Others	56.02	6.15	28.76	133.28	224.21
Total	**106.71**	**89.61**	**153.39**	**205.12**	**554.84**

* In case of Oncology facility, since the project completion date is linked to approval of the facility by relevant regulatory authorities, the same is classified as Project in Progress and shall be capitalized / commercialized only after said approval/s.

(vii) For capital-work-in progress, there is no project whose completion is overdue or has exceeded its cost compared to its original plan.

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7. RIGHT-OF-USE ASSETS

(₹ in crores)

	Land	Buildings	Vehicles	Total
Gross carrying amount as at 1st April 2021	82.49	8.49	43.85	134.83
Additions during the year	-	0.18	-	0.18
Deductions / Adjustments during the year	-	0.11	36.64	36.75
Gross carrying amount as at 31st March, 2022	**82.49**	**8.56**	**7.21**	**98.26**
Accumulated depreciation as at 1st April 2021	3.77	3.28	30.54	37.59
Depreciation for the year	1.92	2.34	11.58	15.84
Deductions during the year	-	0.11	36.64	36.75
Accumulated depreciation as at 31st March, 2022	**5.69**	**5.51**	**5.48**	**16.68**
Net carrying amount as at 31st March, 2022	**76.80**	**3.05**	**1.73**	**81.58**
Gross carrying amount as at 1st April 2020	81.71	6.86	43.68	132.25
Additions during the year	0.78	3.41	0.47	4.66
Deductions / Adjustments during the year	-	1.78	0.30	2.08
Gross carrying amount as at 31st March, 2021	**82.49**	**8.49**	**43.85**	**134.83**
Accumulated depreciation as at 1st April 2020	1.88	2.52	15.42	19.82
Depreciation for the year	1.89	2.42	15.42	19.73
Deductions during the year	-	1.66	0.30	1.96
Accumulated depreciation as at 31st March, 2021	**3.77**	**3.28**	**30.54**	**37.59**
Net carrying amount as at 31st March, 2021	**78.72**	**5.21**	**13.31**	**97.24**

(i) Lease contracts entered by the Company majorly pertains for land, buildings and vehicles taken on lease to conduct its business in the ordinary course.

(ii) Lease expenses of ₹ 20.36 crores and ₹ 17.92 crores recognised in statement of profit and loss in other expenses for the year ended 31st March, 2022 and 31st March, 2021 respectively towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability.

(iii) Extension and termination options are included in some of 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 Balance Sheet, Finance costs (refer note 31), Liquidity risk (refer note 39) and Statement of Cash Flows.

8. GOODWILL

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Balance at beginning of year	243.96	243.96
Balance at end of year	**243.96**	**243.96**

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

Key assumptions for CGUs with significant amount of goodwill are as follows :

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

b) Discount rate applied to projected cash flow is 13.00% to 15.60%.

Acquired brands are considered as CGU for testing of impairment of goodwill generated on such acquisitions.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

Notes forming part of the Standalone Financial Statements

9. OTHER INTANGIBLE ASSETS

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	Product licenses	Brands	Non-compete fees	Drug master files	Total
Gross carrying amount as at 1st April 2021	124.64	54.68	5,266.80	98.53	25.03	5,569.68
Additions during the year	17.01	10.62	-	-	-	27.63
Deductions during the year	1.93	-	-	-	-	1.93
Gross carrying amount as at 31st March, 2022	**139.72**	**65.30**	**5,266.80**	**98.53**	**25.03**	**5,595.38**
Accumulated amortisation as at 1st April 2021	105.55	43.09	1,582.25	75.36	11.46	1,817.71
Amortisation for the year	15.93	8.52	351.12	13.61	2.50	391.68
Deductions during the year	1.94	-	-	-	-	1.94
Accumulated amortisation as at 31st March, 2022	**119.54**	**51.61**	**1,933.37**	**88.97**	**13.96**	**2,207.45**
Net carrying amount as at 31st March, 2022	**20.18**	**13.69**	**3,333.43**	**9.56**	**11.07**	**3,387.93**
Intangible assets under development						23.96
Total						**3,411.89**
Gross carrying amount as at 1st April 2020	114.85	54.68	5,266.80	98.53	25.03	5,559.89
Additions during the year	10.23	-	-	-	-	10.23
Deductions during the year	0.44	-	-	-	-	0.44
Gross carrying amount as at 31st March, 2021	**124.64**	**54.68**	**5,266.80**	**98.53**	**25.03**	**5,569.68**
Accumulated amortisation as at 1st April 2020	89.89	27.77	1,231.13	61.75	8.96	1,419.50
Amortisation for the year	16.10	15.32	351.12	13.61	2.50	398.65
Deductions during the year	0.44	-	-	-	-	0.44
Accumulated amortisation as at 31st March, 2021	**105.55**	**43.09**	**1,582.25**	**75.36**	**11.46**	**1,817.71**
Net carrying amount as at 31st March, 2021	**19.09**	**11.59**	**3,684.55**	**23.17**	**13.57**	**3,751.97**
Intangible assets under development						33.27
Total						**3,785.24**

(i) Material intangible assets to the Company's financial statement :

Description of intangible assets	**Brands**
Net Carrying amount	₹ 3,333.43 crores as at 31st March, 2022 (₹ 3,684.55 crores as at 31st March, 2021)
Remaining amortisation period	7 years to 11 years as at 31st March, 2022 (8 years to 12 years as at 31st March, 2021)

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

(₹ in crores)

	Amount of intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Others (As at 31st March, 2022)	0.51	8.74	2.20	12.51	23.96
Others (As at 31st March, 2021)	11.19	1.46	2.85	17.77	33.27

10. INVESTMENTS

(₹ in crores)

	No. of shares	As at 31st March, 2022	As at 31st March, 2021
Non-current			
At Cost			
Investments in subsidiaries			
Equity instruments of :			
Zao Torrent Pharma (Russia)	23,802	58.80	58.80
fully paid-up equity shares of Russian Roubles 100 each			
Less : Provision for impairment		(23.08)	(23.08)
		35.72	**35.72**
Torrent Do Brasil Ltda. (Brazil)	1,91,44,418	31.11	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma Gmbh (Germany) : equity capital	-	23.37	23.37
Torrent Pharma Inc. (USA)	12,000	4.99	4.99
fully paid-up common Stock of USD 100 each			
Torrent Pharma Philippines Inc. (Philippines)	1,92,732	4.75	4.75
fully paid-up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent, S.A. De C.V. (Mexico)	74,741	27.99	27.99
fully paid-up equity shares of Mexican Pesos 1000 each			
Torrent Australasia Pty Ltd (Australia)	6,75,000	0.30	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma S.R.L. (Romania) *	-	-	10.15
fully paid-up equity shares of RON 42.74 each	(1,47,538)		
Less : Provision for impairment		-	(10.15)
* During the year the company invested ₹ 16.32 crores in Torrent Pharma S.R.L. (Romania). The subsidiary has been liquidated with effect from 11th January, 2022.		-	-
Torrent Pharma (UK) Ltd (United Kingdom)	2,25,000	1.68	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co., Ltd. (Thailand)	23,80,000	2.10	2.10
fully paid-up equity shares of 5 Thai baht each			
Torrent Pharma France S.A.S. (France) **	-	-	0.09
fully paid-up equity share of 1 Euro each	(1)		
Less : Provision for impairment		-	(0.09)
** Liquidated with effect from 13th January, 2022.		-	-
Laboratories Torrent (Malaysia) SDN. BHD. (Malaysia)	10,00,000	0.77	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
TPL (Malta) Limited	10,04,999	8.55	-
fully paid-up equity share of 1 Euro each			
		141.33	**132.78**

Notes forming part of the Standalone Financial Statements

10. INVESTMENTS (CONTINUED)

(₹ in crores)

	No. of shares	As at 31st March, 2022	As at 31st March, 2021
At fair value through other comprehensive income			
Equity instruments of :			
Epigeneres Biotech Private Limited	158	2.00	2.00
fully paid-up equity shares of ₹ 10 each			
Shivalik Solid Waste Management Limited	20,000	0.02	0.02
fully paid-up equity shares of ₹ 10 each			
UNM Foundation (formerly known as Tornascent Care Institute)	50,000	0.05	0.03
fully paid-up equity shares of ₹ 10 each	(25,000)		
UNM Foundation	-	-	0.03
fully paid-up equity shares of ₹ 10 each	(25,000)		
Investment in LLP :			
ABCD Technologies LLP (to be renamed as Indo Health Services LLP)	6.45% * (12.5%)	40.25	40.00
* Share of profit/loss and voting rights			
At amortised cost			
National savings certificates		0.01	0.01
		183.66	**174.87**
Current			
At fair value through other comprehensive income			
Equity instruments of :			
Union Bank of India	5,115	0.02	0.02
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		183.96	139.03
		183.98	139.05
		367.64	**313.92**
(i) Aggregate amount of unquoted investments		183.66	174.87
(ii) Aggregate amount of quoted investments		0.02	0.02
(iii) Aggregate amount of investment in mutual funds at market value		183.96	139.03
(iv) Aggregate impairment in value of investment		23.08	33.32
(v) Ownership interest in all subsidiaries is 100%.			
(vi) Number of shares in bracket represents shares held in previous year.			

11. LOANS

[Unsecured and considered good, unless otherwise stated]

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Employee loans	1.75	2.02
	1.75	**2.02**
Current		
Employee loans	2.61	3.08
	2.61	**3.08**
	4.36	**5.10**

12. OTHER FINANCIAL ASSETS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Security deposits	9.60	9.90
Derivative financial instruments	24.60	10.80
Fixed deposit with maturity of more than 12 months	0.20	0.20
	34.40	**20.90**
Current		
Security deposits	0.51	0.65
Derivative financial instruments	85.59	88.38
Interest accrued on deposits	0.05	0.14
Other receivables (Includes receivables on derivative instrument, etc.)	26.58	0.21
	112.73	**89.38**
	147.13	**110.28**

13. OTHER ASSETS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Capital advances	24.93	21.67
	24.93	**21.67**
Current		
Export benefits receivable	35.53	47.06
Claims receivable (indirect tax / insurance / others)	39.79	149.87
Employee advances	4.90	4.74
Pre-paid expenses	36.31	35.99
Indirect taxes recoverable	67.21	107.31
Advances to suppliers	33.37	32.77
Other receivables (Includes gratuity assets (net), etc.)	9.05	10.21
	226.16	**387.95**
	251.09	**409.62**

Notes forming part of the Standalone Financial Statements

14. INVENTORIES

[At lower of cost or net realisable value]

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Raw materials	839.77	976.32
Packing materials	57.62	54.04
Work-in-progress	177.59	180.32
Finished goods	558.62	508.77
Stock-in-trade	163.51	192.29
	1,797.11	**1,911.74**

(i) The Company (reversed)/ charged inventory write-down (net) of ₹ (14.30) crores and ₹ 10.35 crores to statement of profit and loss for the year ended 31st March, 2022 and 31st March, 2021 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 20.

15. TRADE RECEIVABLES

[Unsecured]

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
(a) Considered good	1,541.35	1,544.26
(b) Credit-impaired	4.77	9.63
Less: Allowance for credit loss	4.77	9.63
	1,541.35	**1,544.26**
(i) Trade receivables are non-interest bearing and are generally on credit period of 60-180 days.		
(ii) Movements in allowance for credit loss :		
Opening balance	9.63	9.80
(Less)/Add : Provision (reversed)/made during the year (net)	(0.04)	0.08
Less: Provision used during the year	(3.40)	(0.11)
Less: Translation exchange difference	(1.42)	(0.14)
Closing balance	**4.77**	**9.63**

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15. TRADE RECEIVABLES (CONTINUED)

(iii) Trade receivable ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(₹ in crores)

As at 31st March, 2022	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,163.96	374.88	0.09	-	-	2.41	1,541.35
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	0.00	-	1.23	0.00	1.16	2.40
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	0.40	0.66	0.06	0.46	0.57	0.22	2.37
Less: Allowance for credit loss							(4.77)
Total							**1,541.35**

(₹ in crores)

As at 31st March, 2021	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,100.43	439.37	-	0.66	1.07	2.73	1,544.26
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	0.49	-	1.10	0.19	5.81	7.59
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	1.22	0.03	0.57	-	0.22	2.04
Less: Allowance for credit loss							(9.63)
Total							**1,544.26**

16. CASH AND CASH EQUIVALENTS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Balances with banks	64.85	61.69
Cash on hand	0.15	0.18
	65.00	**61.87**

17. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Earmarked balances with banks*	4.44	4.54
Fixed deposit with maturity of less than 12 months	0.02	0.01
	4.46	**4.55**

*Earmarked balances with banks primarily relates to unclaimed dividends.

Notes forming part of the Standalone Financial Statements

18. EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Authorised		
250,000,000 (previous year 250,000,000) equity shares of ₹ 5 each	125.00	125.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	150.00	**150.00**
Issued		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
Subscribed and fully paid-up		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
	84.62	**84.62**

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Numbers	₹ In crores	Numbers	₹ In crores
As at the beginning of the year	169,222,720	84.62	169,222,720	84.62
Outstanding at the end of the year	**169,222,720**	**84.62**	**169,222,720**	**84.62**

(ii) Torrent Investments Private Limited, the holding Company, holds 120,563,720 (previous year 120,563,720) equity shares of ₹ 5 each, equivalent to 71.25% (previous year 71.25%) of the total number of subscribed & paid up equity shares, which is the only shareholder holding more than 5 % of total equity shares.

(iii) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

(iv) Disclosure of shareholding of promoters:

Shares held by Promoters at the end of the Year		As at 31st March, 2022		As at 31st March, 2021		% Change during the Year
S. No.	Promoter's Name	No. of Shares	% of total shares	No. of Shares	% of total shares	
1	Sudhir Uttamlal Mehta (HUF)	100	0.00	100	0.00	-
2	Samir Uttamlal Mehta (HUF)	100	0.00	100	0.00	-
3	Sudhir Uttamlal Mehta	100	0.00	100	0.00	-
4	Samir Uttamlal Mehta	100	0.00	100	0.00	-
5	Anita Sudhir Mehta	100	0.00	100	0.00	-
6	Sapna Samir Mehta	100	0.00	100	0.00	-
7	Jinal Sudhir Mehta	100	0.00	100	0.00	-
8	Varun Sudhir Mehta	100	0.00	100	0.00	-
9	Shaan Mehta	100	0.00	100	0.00	-
10	Aman Mehta	100	0.00	100	0.00	-
11	Torrent Investments Private Limited	120,563,720	71.25	120,563,720	71.25	-
Total		**120,564,720**	**71.25**	**120,564,720**	**71.25**	**-**

Notes forming part of the Standalone Financial Statements

19. OTHER EQUITY

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Reserves and Surplus		
Retained earnings	3,212.92	2,899.91
General reserve	2,857.16	2,783.95
Debenture redemption reserve	142.86	216.07
Capital reserve	0.00	0.00
Securities premium	4.34	4.34
	6,217.28	**5,904.27**
Other comprehensive income		
Effective portion of cash flow hedges	43.35	41.20
Equity instruments through other comprehensive income	0.17	0.01
	43.52	**41.21**
	6,260.80	**5,945.48**

20. BORROWINGS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Long-term borrowings:		
Non-current		
Secured non-convertible debentures	772.64	1,240.25
Secured term loans from banks	865.62	1,300.82
Secured term loans from others	333.34	400.00
	1,971.60	**2,941.07**
Current		
Current maturities of long-term debt		
Secured non-convertible debentures	467.86	317.86
Secured term loans from banks	437.32	713.56
Secured term loans from Others	66.66	-
Unsecured term loans from others	-	1.56
Other borrowings		
Secured loans from banks	199.97	212.29
Unsecured loans from banks	200.00	100.00
Unsecured commercial paper from banks	-	98.09
	1,371.81	**1,443.36**
	3,343.41	**4,384.43**

Notes forming part of the Standalone Financial Statements

20. BORROWINGS (CONTINUED)

Notes:

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

(a) ₹ 947.60 crores (Previous year ₹ 1487.65 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.

(b) ₹ 355.34 crores (Previous year ₹ 526.73 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(ii) Non-convertible debentures referred above to the extent of :

(a) ₹ NIL (Previous year ₹ 150.00 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) ₹ 570.50 crores (Previous year ₹ 713.11 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.

(c) ₹ 670.00 crores (Previous year ₹ 695.00 crores) are secured by first pari passu mortgage/ charge on tangible immovable and movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(iii) Term Loans from others referred above to the extent of ₹ 400.00 crores (previous year ₹ 400.00 crores) are secured by first exclusive mortgage/ charge on identified Land situated at Shilaj-Thaltej, Ahmedabad as well as first pari passu mortgage/ charge on certain identified trademarks of the Company including its future line extensions.

(iv) Short term Borrowings from banks are in nature of working capital facilities which are secured by hypothecation of inventories and book debts.

(v) Average interest rate on borrowings is 6.09% for the year ended 31st March, 2022 (previous year 6.96%).

(vi) The principal amount repayable in yearly instalments for long-term loans are as under:

(₹ in crores)

Financial year	
2022-23	971.85
2023-24	1,018.51
2024-25	576.63
2025-26	380.95
	2,947.94
Less : Amortised cost adjustment	4.50
Total	**2,943.44**

(₹ in crores)

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

Effective Rate of Interest	2022-23	2023-24	2024-25	2025-26	Total Repayment	Amortised cost Adjustment	Closing Balance
5.54 % to 7.70 %	467.86	487.86	142.86	142.84	1,241.42	0.92	1,240.50

(viii) The Company has been sanctioned working capital limits from banks on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

21. PROVISIONS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Provision for employee benefits		
Leave benefits	96.33	96.47
	96.33	**96.47**
Provision for sales returns	114.50	97.46
	210.83	**193.93**
Current		
Provision for employee benefits		
Leave benefits	16.29	15.86
	16.29	**15.86**
Provision for sales returns	104.05	90.97
	120.34	**106.83**
	331.17	**300.76**

Provision for sales returns:

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

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	188.43	167.57
Add: Provision made during the year	121.09	100.29
Less: Provision utilised during the year	90.97	79.43
Closing balance	**218.55**	**188.43**
Non-current provision	114.50	97.46
Current provision	104.05	90.97
Total	**218.55**	**188.43**

22. INCOME TAXES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
(a) Charge / (credit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	253.27	247.77
Deferred tax:		
Deferred tax charge/(credits) for the year	221.49	(19.51)
	474.76	**228.26**
(b) Charge / (credit) recognised in other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	0.84	(3.87)
Equity instruments through other comprehensive income	(0.09)	-
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge	(1.15)	(55.07)
	(0.40)	**(58.94)**

Notes forming part of the Standalone Financial Statements

22. INCOME TAXES (CONTINUED)

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	1,466.21	1,366.11
Enacted tax rate in India	34.94%	34.94%
Expected income tax expenses	**512.35**	**477.37**
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	-	(0.03)
Effect of deductions allowed under Income Tax	(48.80)	(294.27)
Effect of expenses not deductible in determining taxable profit	40.81	28.14
Effect of change in taxation of goodwill	-	20.37
Foreign tax credit disallowed	-	5.13
Tax impact on future transition to new tax regime	(25.69)	(18.00)
Deferred Tax on Asset held for Sale	(3.90)	-
Others (net)	-	9.55
Adjusted income tax expenses	**474.77**	**228.26**
Effective Tax Rate	**32.38%**	**16.71%**
(d) Deferred tax relates to:		
Deferred tax liabilities / (assets) :		
Property, plant and equipments, goodwill and other intangible assets	967.14	976.45
Cash flow hedge reserve	23.28	22.13
Provision for employee benefit expense	(41.09)	(39.25)
Valuation of inventories	(9.96)	(9.26)
Non current assets held for sale	(3.90)	-
MAT credit entitlement	(724.06)	(965.65)
C/f of Long Term Capital Losses	(7.73)	-
Others	(10.12)	(12.75)
Deferred tax liabilities / (assets) net	**193.56**	**(28.33)**

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised based on the approved business plan and projected profitability statement.

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

(₹ in crores)

Year ended 31st March, 2022	Opening balance as at 1st April, 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as at 31st March, 2022
Deferred tax liabilities / (assets) in relation to:				
Property, plant and equipments, goodwill and other intangible assets	976.45	(9.31)	-	967.14
Cash flow hedge reserve	22.13	-	1.15	23.28
Provision for employee benefit expense	(39.25)	(1.00)	(0.84)	(41.09)
Valuation of inventories	(9.26)	(0.70)	-	(9.96)
Non Current assets held for sale	-	(3.90)	-	(3.90)
MAT credit entitlement	(965.65)	241.59	-	(724.06)
C/f of Long Term Capital Losses	-	(7.73)	-	(7.73)
Others	(12.75)	2.54	0.09	(10.12)
Deferred tax liabilities / (assets) net	**(28.33)**	**221.49**	**0.40**	**193.56**

22. INCOME TAXES (CONTINUED)

(₹ in crores)

Year ended 31st March, 2021	Opening balance as at 1st April, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as at 31st March, 2021
Deferred tax liabilities / (assets) in relation to:				
Property, plant and equipments, goodwill and other intangible assets	932.26	44.19	-	976.45
Cash flow hedge reserve	(32.94)	-	55.07	22.13
Provision for employee benefit expense	(35.97)	(7.15)	3.87	(39.25)
Valuation of inventories	(8.74)	(0.52)	-	(9.26)
MAT credit entitlement	(900.57)	(65.08)	-	(965.65)
Others	(21.80)	9.05	-	(12.75)
Deferred tax liabilities / (assets) net	**(67.76)**	**(19.51)**	**58.94**	**(28.33)**

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Notes forming part of the Standalone Financial Statements

23. TRADE PAYABLES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Total outstanding dues of micro enterprises and small enterprises	20.36	19.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	603.85	628.09
	624.21	**648.05**

(i) Trade Payables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(₹ in crores)

As at 31st March, 2022	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	-	17.20	2.36	0.32	0.31	0.17	20.36
(ii) Others	146.37	366.03	84.36	1.25	0.65	5.19	603.85
(iii) Disputed dues- MSME *	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
Total	**146.37**	**383.23**	**86.72**	**1.57**	**0.96**	**5.36**	**624.21**

* MSME as per the Micro,Small and Medium Enterprise Development Act, 2006.

(₹ in crores)

As at 31st March, 2021	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	-	18.86	0.39	0.59	0.05	0.07	19.96
(ii) Others	181.73	350.78	81.02	3.89	0.84	9.83	628.09
(iii) Disputed dues- MSME *	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-
Total	**181.73**	**369.64**	**81.40**	**4.48**	**0.89**	**9.90**	**648.05**

* MSME as per the Micro,Small and Medium Enterprise Development Act, 2006.

(ii) Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under :

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
a. (i) The principal amount remaining unpaid at the end of the year	20.36	19.96
(ii) Interest due on principal remaining unpaid at the end of the year	-	-
b. (i) The delayed payments of principal amount paid beyond the appointed date during the year	21.65	27.66
(ii) Interest actually paid under Section 16 of the MSMED Act	0.12	0.03
c. Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.07	0.12
d. Total interest accrued during the year and remaining unpaid	0.07	0.12
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	-	-

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

24. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-Current		
Creditors for capital goods	0.78	3.04
Security deposits	4.26	0.22
	5.04	**3.26**
Current		
Interest accrued but not due on borrowings	34.17	41.45
Creditors for capital goods	15.35	22.56
Payables for employee benefits	88.61	107.20
Book overdraft	38.96	54.56
Unclaimed dividend	4.44	4.54
Other payables	5.70	10.75
	187.23	**241.06**
	192.27	**244.32**

25. OTHER LIABILITIES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-Current		
Government grant	1.96	3.30
	1.96	**3.30**
Current		
Payables to statutory and other authorities	56.50	68.93
Trade advances	49.66	48.18
Government grant	1.35	2.19
Other payables	8.95	11.07
	116.46	**130.37**
	118.42	**133.67**

26. REVENUE FROM OPERATIONS

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Sales		
Sales in India	4,661.44	3,998.22
Sales outside India	2,004.52	2,334.82
	6,665.96	**6,333.04**
Other operating income		
Export benefits	24.77	50.05
Income from product registration dossiers	1.72	2.22
Compensation and settlement income	19.64	-
Government grant income	2.19	2.19
Other income	28.04	63.07
	76.36	**117.53**
	6,742.32	**6,450.57**

Notes forming part of the Standalone Financial Statements

26. REVENUE FROM OPERATIONS (CONTINUED)

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Reconciliation of revenue from operations with the contracted price :		
Contracted price	6,787.75	6,433.94
Adjustments :		
Discounts	(0.70)	(0.61)
Sales return	(121.09)	(100.29)
Sales	**6,665.96**	**6,333.04**
Add : Other operating income	76.36	117.53
Revenue from operations	**6,742.32**	**6,450.57**
Revenue disaggregation by geography :		
India	4,683.20	4,029.45
Outside India :		
USA	799.46	1,072.42
Germany	198.84	165.39
Brazil	304.22	384.21
Other countries	756.60	799.10
	6,742.32	**6,450.57**

Revenue from operations also includes contract manufacturing revenue of ₹ 547.18 crores and ₹ 506.37 crores for the year ended 31st March, 2022 and 31st March, 2021 respectively.

27. OTHER INCOME

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Interest income	3.26	4.15
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ 0.26 crores and ₹ 0.08 crores for year ended 31st March, 2022 and 31st March, 2021 respectively)	10.14	15.58
Net foreign exchange gain (including gain on hedging)	173.38	37.03
Dividend income	-	48.38
Other non-operating income	17.39	13.20
	204.17	**118.34**

28. COST OF MATERIALS CONSUMED

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Raw materials	1,318.46	1,234.52
Packing materials	210.14	186.30
	1,528.60	**1,420.82**

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Opening inventory :		
Finished goods	508.77	407.67
Work-in-progress	180.32	203.18
Stock-in-trade	192.29	120.39
	881.38	731.24
Less : Closing inventory :		
Finished goods	558.62	508.77
Work-in-progress	177.59	180.32
Stock-in-trade	163.51	192.29
	899.72	881.38
Changes in inventory	**(18.34)**	**(150.14)**

30. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Salaries, wages and bonus	960.23	969.94
Contribution to provident and other funds	76.75	71.58
Gratuity cost	22.98	22.79
Staff welfare expenses	37.97	32.81
	1,097.93	**1,097.12**

31. FINANCE COSTS

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Interest expenses	233.29	329.69
Interest expenses on lease	0.87	2.31
Other borrowing cost	2.13	2.12
	236.29	**334.12**

32. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Depreciation of tangible assets	194.91	191.46
Amortisation of intangible assets	391.68	398.65
Depreciation on right-of-use assets	15.84	19.73
	602.43	**609.84**

Notes forming part of the Standalone Financial Statements

33. OTHER EXPENSES

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Selling, publicity and medical literature expenses	673.65	595.84
Power and fuel	140.00	122.04
Laboratory goods and testing expenses	137.18	120.88
Stores and spares consumed	94.14	88.88
Clinical research expense	37.06	24.27
Travelling, conveyance and vehicle expenses	55.74	47.05
Cost of outsourced manpower	47.42	47.31
Professional and legal fees	48.68	55.73
Allowance for credit loss (net)	(0.04)	0.08
Auditors remuneration and expenses (Refer note 36)	1.22	1.17
Commission to non-executive directors	1.13	6.14
Donation	37.79	38.04
Corporate social responsibility expenditure (Refer note 43)	23.00	22.29
General charges	339.16	322.33
	1,636.13	**1,492.05**

34. RESEARCH AND DEVELOPMENT EXPENSES

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
(a) Break-up of research and development expenses included in statement of profit and loss under below heads:		
Material cost - Exhibit batches	55.10	39.49
Employee benefits expense		
Salaries, wages and bonus	117.67	118.59
Contribution to provident and other funds	11.15	11.05
Gratuity cost	3.12	3.78
Staff welfare expenses	3.20	2.54
	135.14	**135.96**
Other expenses		
Power and fuel	8.02	7.31
Stores and spares consumed	30.41	24.11
Laboratory goods and testing expenses	107.64	100.89
Travelling, conveyance and vehicle expenses	2.40	0.72
Clinical research expense	37.06	24.26
General charges	30.75	25.18
	406.52	**357.92**
(b) Depreciation and amortisation includes ₹ 23.36 crores (previous year ₹ 23.14 crores) pertaining to property, plant and equipments and other intangible assets used for research and development purposes.		
(c) Capital work in progress and advances for capital expenditure on research and development assets are as under :		
Capital work in progress	17.73	26.69
Advances for capital expenditure	1.11	0.04
Total	**18.84**	**26.73**

35. EARNINGS PER SHARE

		Year Ended 31st March, 2022	Year Ended 31st March, 2021
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	991.45	1,137.85
Weighted average number of equity shares [b]	(Nos.)	169,222,720	169,222,720
EPS (basic and diluted) [a] / [b]	₹	58.59	67.24
Nominal value per equity share	₹	5.00	5.00

36. AUDITORS REMUNERATION

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
(a) As audit fees		
Statutory audit fees	0.92	0.92
(b) For quarterly limited reviews of subsidiaries financials	0.17	0.17
(c) For other services	0.12	0.06
(d) For reimbursement of expenses	0.01	0.02
	1.22	**1.17**

37. DONATION TO POLITICAL PARTIES

Donation includes political contributions of ₹ 19.50 crores and ₹ 10.00 crores for the year ended 31st March, 2022 and 31st March, 2021 respectively.

38. DEFINED BENEFIT PLANS

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

General description of the plan :

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

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :		
Obligations at the beginning of the year	268.66	235.38
Current service cost	24.04	23.09
Interest cost	17.65	15.44
Liability transferred in	0.05	0.46
Liability transferred out	(0.46)	(0.12)
Actuarial losses	1.51	3.76
Benefits paid directly by the employer	(0.83)	(0.43)
Benefits paid from the fund	(16.14)	(8.92)
Obligations at the end of the year	**294.48**	**268.66**
(b) Reconciliation of opening and closing balances of the fair value of plan assets :		
Plan assets at the beginning of the year, at fair value	278.47	233.25
Interest income	18.30	15.30
Return on plan assets, excluding interest income	(0.88)	14.84
Contributions	21.00	24.00

Notes forming part of the Standalone Financial Statements

38. DEFINED BENEFIT PLANS (CONTINUED)

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Benefits paid	(16.14)	(8.92)
Plan assets at the end of the year, at fair value	**300.75**	**278.47**
Actual return on plan assets	17.42	30.14
(c) Expense recognised in the statement of profit and loss for the year :		
Current service cost	24.04	23.09
Net interest on net defined benefit liability	(0.65)	0.14
Net gratuity cost *	**23.39**	**23.23**
* ₹ 0.41 crores (previous year ₹ 0.44 crores) capitalised as pre-operative expenses out of the above amount.		
(d) Losses/(Gains) recognised in other comprehensive income for the year :		
Actuarial losses	1.51	3.76
Return on plan assets, excluding interest income	0.88	(14.84)
	2.39	(11.08)
(e) Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :		
Obligations at the end of the year	294.48	268.66
Plan assets at the end of the year, at fair value	300.75	278.47
Asset recognised in balance sheet	**(6.27)**	**(9.81)**
(f) Remeasurement of net defined benefit liability / (asset) :		
Actuarial losses from changes in demographic assumptions	0.15	-
Actuarial gains from changes in financial assumptions	(6.65)	(0.19)
Experience adjustments	8.01	3.95
Remeasurement of defined benefit liability	**1.51**	**3.76**
Remeasurement of return on plan assets	0.88	(14.84)
Total	**2.39**	**(11.08)**
(g) Expected contribution for the next year	19.14	14.23
(h) Assumptions :		
Discount rate	6.90%	6.57%
Salary escalation rate	10.00%	10.00%
Weighted average duration of defined benefit obligation	8 years	8 years

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

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

(i) Sensitivity Analysis for each significant actuarial assumption :

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

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Impact of increase in discount rate by 1 %	(18.58)	(17.55)
Impact of decrease in discount rate by 1 %	21.06	19.98
Impact of increase in salary escalation rate by 1 %	20.23	19.13
Impact of decrease in salary escalation rate by 1 %	(18.24)	(17.19)

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

38. DEFINED BENEFIT PLANS (CONTINUED)

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

(j) Investment details of plan assets:

	As at 31st March, 2022	As at 31st March, 2021
Equity instruments	8.93%	8.55%
Corporate bonds	43.78%	40.41%
Government securities	24.11%	32.35%
Other investments and net current assets	23.18%	18.69%

(k) Maturity profile :

The defined benefit obligations shall mature after year ended 31st March, 2022 as follows:

(₹ in crores)

	Undiscounted values
1st following year	30.09
2nd following year	27.78
3rd following year	27.89
4th following year	29.73
5th following year	28.79
Thereafter	377.91

(l) Asset-liability matching strategies :

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

39. FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

(₹ in crores)

As at 31st March, 2022	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost*:					
Cash and cash equivalents	65.00	-	-	-	-
Bank balances other than cash and cash equivalents	4.46	-	-	-	-
Trade receivables	1,541.35	-	-	-	-
Investments	0.01	-	-	-	-
Loans	4.36	-	-	-	-
Other financial assets	36.94	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments (Other than investment in subsidiaries)	42.34	0.02	-	42.32	42.34
Fair value through profit or loss :					
Investment in mutual funds	183.96	183.96	-	-	183.96
Derivative instruments :					
Designated as cash flow hedge	66.63	-	66.63	-	66.63
Fair value through profit and loss	43.56	-	43.56	-	43.56
Total	**1,988.61**	**183.98**	**110.19**	**42.32**	**336.49**

Notes forming part of the Standalone Financial Statements

39. FINANCIAL INSTRUMENTS (CONTINUED)

(₹ in crores)

As at 31st March, 2022	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities :					
Amortised cost * :					
Borrowings	3,343.41	-	-	-	-
Trade payables	624.21	-	-	-	-
Lease liaibilities	4.10				
Other financial liabilities	192.27	-	-	-	-
Total	**4,163.99**	**-**	**-**	**-**	**-**

(₹ in crores)

As at 31st March, 2021	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets :					
Amortised cost * :					
Cash and cash equivalents	61.87	-	-	-	-
Bank balances other than cash and cash equivalents	4.55	-	-	-	-
Trade receivables	1,544.26	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.10	-	-	-	-
Other financial assets	11.10	-	-	-	-
Fair value through other comprehensive income :					
Investment in equity instruments (Other than investment in subsidiaries)	42.10	0.02	-	42.08	42.10
Fair value through profit or loss :					
Investment in mutual funds	139.03	139.03	-	-	139.03
Derivative instruments :					
Designated as cash flow hedge	63.33	-	63.33	-	63.33
Fair value through profit and loss	35.85	-	35.85	-	35.85
Total	**1,907.20**	**139.05**	**99.18**	**42.08**	**280.31**
Financial liabilities :					
Amortised cost * :					
Borrowings	4,384.43	-	-	-	-
Trade payables	648.05	-	-	-	-
Lease liaibilities	19.71				
Other financial liabilities	244.32	-	-	-	-
Total	5,296.51	-	-	-	-

* The Company has not disclosed the fair value of financial instruments, because their carrying amount are a reasonable approximation of fair value.

Determination of fair values:

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

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

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

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

39. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Derivative financial instruments

Cash flow hedges:

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

Currency	Nature of derivative contracts	Buy / Sell	Net position (Amount in crores)		Fair value gain / (loss) (₹ in crores)	
			31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
USD	Forward contracts	Sell	32.25	37.38	34.17	70.43
EUR	Forward contracts	Sell	4.53	4.92	12.35	0.29
GBP	Forward contracts	Sell	0.49	0.69	1.85	(3.71)
MXN	Forward contracts	Sell	5.50	4.60	(1.15)	(1.32)
MYR	Forward contracts	Sell	3.30	3.25	(1.68)	(1.75)
RUB	Forward contracts	Sell	86.86	66.08	21.16	(0.64)
THB	Forward contracts	Sell	0.22	0.60	(0.01)	0.03
AUD	Forward contracts	Sell	0.03	-	(0.06)	-
					66.63	**63.33**
Less : Deferred tax					23.28	22.13
Balance in cash flow hedge reserve					**43.35**	**41.20**

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

(₹ in crores)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Balance at the beginning of the year	41.20	(61.32)
(Gain) / losses reclassified to profit or loss	(124.31)	(13.13)
Deferred tax on (gains) / losses reclassified to profit or loss	43.44	4.59
Change in the fair value of effective portion of cash flow hedges	127.61	170.71
Deferred tax on change in the fair value of effective portion of cash flow hedges	(44.59)	(59.65)
Balance at the end of the year	**43.35**	**41.20**

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

(Amount in crores)

Hedged item / nature of derivative contracts	Buy/Sell	Currency	Net Position under derivative contracts	
			31st March, 2022	31st March, 2021
1. Foreign currency trade payables				
Forward exchange contracts	Buy	EUR	0.01	-
	Buy	USD	0.05	-
2. Foreign currency receivables				
Forward exchange contracts	Sell	USD	15.10	16.20
	Sell	EUR	0.31	0.29
	Sell	RUB	43.18	33.60
	Sell	GBP	0.37	0.48
	Sell	MXN	0.99	1.35
	Sell	MYR	0.90	0.10
	Sell	AUD	0.04	-

Notes forming part of the Standalone Financial Statements

39. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Financial risk management

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

(a) Market risk:

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

(a1) Foreign currency exchange rate risk:

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1 based on management's current assessment. The Company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

As at 31st March, 2022	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.01	-	6.07	6.08
Trade receivables	1,144.31	25.99	103.03	1,273.33
Other assets	18.39	4.52	0.49	23.40
Total	**1,162.71**	**30.51**	**109.59**	**1,302.81**
Liabilities :				
Trade payables	85.86	8.80	12.96	107.62
Other liabilities	11.60	36.79	1.44	49.83
Total	**97.46**	**45.59**	**14.40**	**157.45**
Net assets / (liabilities)	**1,065.25**	**(15.08)**	**95.19**	**1,145.36**

(₹ in crores)

As at 31st March, 2021	US Dollar	Euro	Others*	Total
Assets :				
Cash and cash equivalents	0.01	-	-	0.01
Trade receivables	1,191.04	27.05	111.93	1,330.02
Other assets	11.63	5.66	0.19	17.48
Total	**1,202.68**	**32.71**	**112.12**	**1,347.51**
Liabilities :				
Trade payables	81.16	5.96	19.12	106.24
Other liabilities	11.23	44.59	6.84	62.66
Total	**92.39**	**50.55**	**25.96**	**168.90**
Net assets / (liabilities)	**1,110.29**	**(17.84)**	**86.16**	**1,178.61**

*Others mainly includes currencies namely British Pound, Mexican Peso, Russian Rouble.

39. FINANCIAL INSTRUMENTS (CONTINUED)

With respect to the Company's derivative financial instruments which is in the form of forward contracts, a 5% increase / decrease in relation to USD & EURO of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹ 66.50 crores (₹ 71.32 crores) in the Company's net profit and ₹ 70.57 crores (₹ 157.99 crores) in cash flow hedge reserve from such contracts as at 31st March, 2022 and 31st March, 2021 respectively.

With respect to the Company's non-derivative financial instruments (as given above), a 5% increase / decrease in relation to USD & EURO on the underlying would have resulted in increase / decrease of ₹ 51.75 crores (₹ 54.64 crores) in the Company's net profit for the year ended 31st March, 2022 and 31st March, 2021 respectively.

(a2) Interest rate risk :

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is exposed to fluctuations in interest rates in respect of foreign currency borrowings and rupee borrowings.

As at 31st March, 2022, the Company has outstanding rupee borrowings of ₹ 2,573.44 crores with variable rate of interest and ₹ 769.97 crores with fixed rate of interest.

Cash flow risk in respect of variable rate instruments :

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit by ₹ 25.73 crores. 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.

Fair value risk in respect of fixed rate instruments :

The Company carries borrowings at amortised cost and hence, change in the interest rate at reporting date does not affect statement of profit or loss.

(b) Credit risk :

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10 % of outstanding accounts receivable (excluding outstanding from subsidiaries) as at 31st March, 2022 and 31st March, 2021.

With respect to investments, the Company limits its exposure to credit risk by investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. The Company's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Company therefore considers credit risks on such investments to be negligible.

With respect to derivatives, the Company's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹ 1,928.56 crores and ₹ 1,864.92 crores as at 31st March, 2022 and 31st March, 2021 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments, and these financial assets are of good credit quality including those that are past due.

(c) Liquidity risk :

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Notes forming part of the Standalone Financial Statements

39. FINANCIAL INSTRUMENTS (CONTINUED)

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

As at 31st March, 2022	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Total
Trade payables	624.21	-	-	624.21
Borrowings*	1,371.82	1,018.51	957.58	3,347.91
Other financial liabilities				
Lease obligations	3.31	0.73	0.06	4.10
Others	187.23	5.04	-	192.27
Total	**2,186.57**	**1,024.28**	**957.64**	**4,168.49**

(₹ in crores)

As at 31st March, 2021	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Total
Trade payables	648.05	-	-	648.05
Borrowings*	1,443.36	971.85	1,976.09	4,391.30
Other financial liabilities				
Lease Obligations	16.13	2.91	0.67	19.71
Others	241.06	3.26	-	244.32
Total	**2,348.60**	**978.02**	**1,976.76**	**5,303.38**

*Excluding amortised cost adjustment.

(iv) Capital management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

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Notes forming part of the Standalone Financial Statements

40. RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Holding Company		Subsidiaries		Key Management Personnel / Independent Directors		Other related parties		Total	
(a) Nature of Transactions	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**
Sale of finished goods*	-	-	1,535.62	1,851.56	-	-	-	-	1,535.62	1,851.56
Sale of dossiers	-	-	0.03	0.02	-	-	-	-	0.03	0.02
Purchase of material, consumables etc (net of returns)	-	-	2.78	10.43	-	-	-	0.39	2.78	10.82
Remuneration to key management personnel / independent directors**	-	-	-	-	27.53	40.26	-	-	27.53	40.26
Remuneration	-	-	-	-	-	-	2.24	1.51	2.24	1.51
Contribution to gratuity / superannuation trust	-	-	-	-	-	-	38.25	39.51	38.25	39.51
Lease rent paid	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Services received	-	-	1.35	10.01	-	-	18.26	17.42	19.61	27.43
Sales commission	-	-	-	-	-	-	2.70	2.75	2.70	2.75
Donation	-	-	-	-	-	-	7.50	2.75	7.50	2.75
CSR expenditure	-	-	-	-	-	-	20.93	21.53	20.93	21.53
Interest income	-	-	-	-	-	-	0.03	0.04	0.03	0.04
Expenses reimbursement	-	-	5.97	1.79	-	-	0.16	0.24	6.13	2.03
Remittance of insurance claim received on behalf	-	-	4.90	-	-	-	-	-	4.90	-
Equity contribution	-	-	24.87	3.88	-	-	-	-	24.87	3.88
Impairment of investment	-	-	15.54	3.88	-	-	-	-	15.54	3.88
Profit/(Loss) on disposal of Investment	-	-	0.55	-	-	-	-	-	0.55	-
Payables written back	-	-	4.22	-	-	-	-	-	4.22	-
Recovery of expenses	-	-	15.33	15.57	-	-	-	-	15.33	15.57
Dividend received	-	-	-	48.38	-	-	-	-	-	48.38
Transfer (in) / out of employees (net)	-	-	-	-	-	-	0.60	(0.44)	0.60	(0.44)
(b) Balances at the end of the year	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**
Trade receivables	-	-	1,177.26	1,230.17	-	-	-	-	1,177.26	1,230.17
Security deposit receivable	-	-	-	-	-	-	0.66	0.66	0.66	0.66
Trade advances	-	-	39.54	41.98	-	-	-	-	39.54	41.98
Investments in equities	-	-	164.41	166.10	-	-	0.05	0.06	164.46	166.16
Provision for impairment in value of investment	-	-	23.08	33.32	-	-	-	-	23.08	33.32
Trade payables	-	-	8.12	30.01	-	-	2.20	1.22	10.32	31.23
Other payables	-	-	-	-	21.01	26.24	-	-	21.01	26.24
Advances to gratuity trust	-	-	-	-	-	-	0.21	0.21	0.21	0.21
Guarantees given ***	-	-	795.97	839.79	-	-	1.33	-	797.30	839.79

* Sale of finished goods includes sale to Torrent Pharma Inc. of ₹ 745.80 crores for the year ended 31st March, 2022 (previous year ₹ 1,046.74 crores).

** Excluding provision for gratuity and leave benefits, insurance premium for group personal accident and group mediclaim.

*** Net Guarantees (withdrawal)/ given (including exchange rate variation) for 2021-22 ₹ (43.82) crores (Previous Year ₹ (21.57) crores) in respect of subsidiaries and ₹ 1.33 crores (Previous Year ₹ NIL) in respect of other related parties.

Notes forming part of the Standalone Financial Statements

40. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

Names of holding Company, subsidiaries and enterprises controlled by the Company:

1. Holding Company	Torrent Investments Private Limited
2. Subsidiaries and step down subsidiaries	Zao Torrent Pharma, Torrent Pharma Gmbh, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma Gmbh & Co. Generica KG, Torrent Australasia Pty Ltd, Torrent Pharma S.R.L. (liquidated w.e.f. 11th January, 2022), Laboratorios Torrent, S.A. De C.V., Heunet Pharma Gmbh, Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd, Laboratories Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S. (liquidated w.e.f. 13th January, 2022), TPL (Malta) Ltd. (w.e.f. 17th August, 2021), Torrent Pharma (Malta) Ltd. (w.e.f. 17th August, 2021)

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of the business and are on an arm's length basis.

(c) Remuneration to Key Management Personnel / Independent Directors

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
Salaries and other benefits	5.37	12.66
Contribution to defined contribution plan	0.44	0.91
Commission	21.13	26.14
Sitting Fees	0.59	0.55
Total	**27.53**	**40.26**

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41. COMMITMENTS AND CONTINGENCIES

(₹ in crores)

	As at 31st Mar, 2022	As at 31st March, 2021
Commitments:		
(a) Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	368.37	189.41
(b) Uncalled liability on partly paid shares of Torrent Australasia Pty Ltd., a wholly owned subsidiary. [Australian Dollar (AUD) 0.06 crores (previous year AUD 0.06 crores)]	3.34	3.29
	371.71	**192.70**

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts :		
Disputed demand of income tax for which appeals have been preferred	1.46	1.46
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	15.50	14.79
Disputed demand of goods and service tax / excise	100.81	97.22
Disputed demand of local sales tax and C.S.T.	0.24	0.26
Disputed demand of stamp duty and registration charges	3.43	3.43
Disputed cases at labour court / industrial court	7.05	5.48
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	0.25	0.25
	128.74	**122.89**

In most of the cases above, the relevant authorities have raised a demand or disallowed / deducted the relevant taxes. The Company has preferred an appeal and the outcome is awaited.

Against the claims not acknowledged as debts, the Company has paid ₹ 3.84 crores (previous year ₹ 3.86 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

(b) The Company and/or its subsidiaries are involved in certain legal proceedings, including product liability 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 Company assesses likely outcome based on internal assessment as well as considers views of legal counsel representing the Company. Moreover, Company carries product liability insurance policy of amount which it believes to be sufficient for its needs.

(c) In view of amendment in Section 37(1) of Income Tax Act, 1961 introduced in Finance Act, 2022, it is possible that the Company may get involved in the litigation on allowability of certain expenses in relation to the years for which assessment proceedings have not commenced. It is difficult to ascertain the financial effects from such future proceedings, if any, that will result in to its ultimate disposition. The Company assesses likely outcome based on internal assessment as well as considers views of external consultants representing the Company.

(d) Guarantees of ₹ 795.97 crores and ₹ 839.79 crores are outstanding as at 31st March, 2022 and 31st March, 2021 respectively, which were issued to third parties on behalf of wholly owned subsidiaries for contractual obligations.

Notes forming part of the Standalone Financial Statements

42. The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of tangible and intangible assets, financials assets, inventory, receivables etc as well as borrowings and liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as future estimate of volumes, continuity of supply chain etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on the Company's ability to discharge its borrowings and liabilities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

43. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) Gross amount required to be spent by the Company	22.65	17.44
(b) Amount approved by the Board to be spent during the year	23.00	22.60
(c) Amount spent during the year on		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above *	23.00	22.29
	23.00	**22.29**
(d) Shortfall at the end of the year	-	-
(e) Total of previous year shortfall	-	-
(f) Reason for shortfall	Not Applicable	Not Applicable
(g) Contribution to section 8 companies, which are related parties, included in (c) above, in relation to CSR expenditure*	20.93	21.53
(h) Nature of CSR activites : Community Healthcare, Sanitation & Hygiene, Education and Knowlegde Enhancement, Social care & Concern		

*Unspent amount as at 31st March, 2022 is ₹ 17.21 crores (31st March, 2021 ₹ 5.10 crores (net of utilisation till 30th September, 2021)) has been transferred to special bank account specified under section 135 (6) of the Companies Act, 2013.

44. RELATIONSHIP WITH STRUCKOFF COMPANIES

The Company has balances of ₹ 0.03 crores as of 31st March, 2022 (Previous year ₹ 0.03 crores) with respect to four companies, which are struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

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45. NON-CURRENT ASSETS HELD FOR SALE

During the year, considering that there is no alternate use in the foreseeable future, the Company has classified the land with carrying value of ₹ 126.65 crores as non-current assets held for sale since the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

46. REGISTRATION OF CHARGES

All the charges created or satisfied during the current year and previous year were registered with Registrar of Companies within statutory period.

47. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries) other than in the ordinary course of business with its subsidiary companies. The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

48. PROPOSED DIVIDEND

The Board of Directors in their meeting held on 25th May, 2022, recommended a final equity dividend of ₹ 8/- per equity share. The Company is completing 50 years of its incorporation this year. To commemorate the same, the Board has additionally recommended :

1. A special dividend of ₹15/- per equity share. Considering this, the total dividend for year become ₹ 48/- per equity share (includes interim dividend of ₹ 25/- per equity share).
2. Bonus share issue in the ratio of 1:1 i.e. one equity bonus share for each fully paid up equity share. Consequent to the bonus issue, the total paid up share capital will be ₹ 169.22 crores from the existing ₹ 84.62 crores.

49. The financial statements for the year ended 31st March, 2022 were approved for issue by the Board of Directors on 25th May, 2022.

50. The figures for the previous year have been restated/regrouped wherever necessary to make them comparable.

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Notes forming part of the Standalone Financial Statements

51. ANALYTICAL RATIOS FOR THE YEAR ENDED 31ST MARCH 2022 AND 31ST MARCH 2021

Sr. No	Ratios	Year ended 31st March, 2022	Year ended 31st March, 2021	Variance
(a)	Current Ratio : Current assets / Current liabilities	1.68	1.60	4.6%
(b)	Debt equity ratio * : Total debt / Net worth Total debt: Long term borrowings (incl. current maturities of long term borrowings) + Short tem borrowings Net worth: Equity share capital + Other equity	0.53	0.73	(28.0%)
(c)	Debt service coverage ratio * : (Profit after tax + Deferred tax + Depreciation and amortisation + Interest on debt and lease) / (Interest on debt and lease + Principal repayments of long term debt including lease payment)	1.60	1.18	35.7%
(d)	Return on Equity Ratio : Net profit after taxes / Average shareholder's equity	0.16	0.20	(21.5%)
(e)	Inventory turnover : Net sales / Average Inventories	3.59	3.70	(3.0%)
(f)	Debtors turnover : Net sales / Average trade receivables	4.32	4.10	5.4%
(g)	Trade payables turnover : Net sales / Average trade payables	10.48	9.77	7.2%
(h)	Net capital turnover ratio: Net Sales/Working Capital	4.07	4.07	0.1%
(i)	Net profit ratio: Net Profit/Net Sales	14.9%	18.0%	(17.2%)
(j)	Return on Capital employed: EBIT/Capital Employed	18.3%	17.0%	7.9%
(k)	Return on investment: Income from mutual fund/Average investment	3.60%	3.45%	4.3%

*Debt repayments during the year has resulted in to improved Debt-Equity ratio and Debt Service Coverage Ratio

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Independent Auditor's Report

To the Members of

Torrent Pharmaceuticals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report (Continued)

Description of Key Audit Matters

1. Impairment testing of goodwill (Refer Note 4.9.2, 8, 9 and 38 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 4.9.2 to the consolidated financial statements the Group tests goodwill for impairment annually, or more frequently when there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. During the year, the group has recorded an impairment charge of ₹ 439 crores, refer note 8, 9 and 38 of the consolidated financial statement. We identified the annual impairment assessment of goodwill as a key audit matter because the assessment process is complex and judgmental by nature and is based on assumptions on: – projected future cash inflows; – expected growth rate and profitability; – discount rate; – perpetuity value based on long term growth rate; – sensitivity analyses.	Our audit procedures in respect of impairment testing of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amounts of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the model used in determining the recoverable value of the cash generating units; • Assessing the reasonableness of prior period cash flow forecasts of the Group by reference to actual performance to assess forecast accuracy; • Challenging the significant assumptions and judgements used in impairment analysis such as forecast revenue, margins, long term growth and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist, as appropriate ; • Performing sensitivity analysis of the key assumptions, such as future revenue growth rates, future gross margins, and the discount rate used in determining the recoverable value. • In relation to the impairment charge recorded in the current year, discussing with management on the triggers for impairment including the overall business conditions as well as judgments exercised in reaching the conclusion by management. Further, assessing the appropriateness of the impairment charge recorded and challenging the significant assumptions used in the impairment. • Evaluating the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

2. Recognition and measurement of Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets (Refer Note 4.14 and 22 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
The Holding Company pays minimum alternate tax (MAT) under Section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. As disclosed in Note 22 to the Consolidated Financial Statements, the MAT credit is recognized as a deferred tax asset. The utilization of this asset has commenced as the Holding Company now pays taxes under the provision of Income Tax Act, 1961. The Holding Company is required to reassess recognition of MAT credit asset at each reporting date. The Holding Company has recognized MAT credit assets based on the probability of income tax payable on future taxable profits against which such MAT credit assets can be offset before they expire. The recognition is based on the projected profitability. This is determined based on approved business plans. Recognition and measurement of such deferred tax asset has been identified as a key audit matter because the assessment process involves significant judgement and complexity regarding the forecasts of Holding Company's future income tax. The assessment process is based on assumptions affected by expected future market or economic conditions.	In respect of MAT credit assets, we assessed recognition and measurement by performing the following procedures: • Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets and underlying data; • Obtaining the approved business plans, projected profitability statements; • Challenging the assumptions used regarding future business plans and taxable profit in light of fiscal developments, current economic environment and prior performance in determining the recoverability of MAT credit assets recognized within the period available under applicable Income tax laws; • Performing sensitivity analysis; • Testing the computation of amounts recognized as deferred tax assets on MAT credit; • Focusing on the disclosures on MAT credit assets and assumptions used.

Independent Auditor's Report (Continued)

3. Revenue recognition (Refer Note 4.13 and 26 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
• The Group distributes its products in several geographies through commercial arrangement prevalent in those geographies. These arrangements involve granting of various considerations such as discounts, rebates, chargebacks, sales return and other allowances. As disclosed in Note 26 to the Consolidated Financial Statements, revenue is measured net of discounts, rebates, chargebacks, sales return and other similar allowances. • One of the key estimate of the Group is recognition and measurement of accrual of these deductions. The estimation is dependent on various internal and external factors. These factors include, for example, the length of time when a sale is made and when the sales return takes place, arrangements with varying terms which are based on annual contracts or shorter-term arrangements, etc., some of which are beyond the control of the Company. In addition, the value and timing of discounts, rebates, chargebacks and other similar allowances for products vary from period to period, and the activity spans beyond the year end. • Accuracy of revenues may deviate on account of change in judgements and estimates. Accordingly, the evaluation of accrual for discounts, rebates, chargebacks, sales returns and other similar allowances has been considered as a key audit matter.	Our audit procedures included following: • Assessing the Group's accounting policies for discounts, rebates, chargebacks, sales return and other allowances by comparing with applicable accounting standards. • Testing the design, implementation and operating effectiveness of key controls over the development of assumption of expected sales returns based on experience and computation of discounts, rebates, chargebacks and similar allowances and their accruals. • Testing samples relating to discounts, rebates, chargebacks, sales returns and other allowances recorded during the year and comparing to the actual payments made or credit notes generated towards these items. Further, performed procedures to test the accruals made for the year end on a test basis and compared with the relevant source documents. • Checking completeness and accuracy of the data used by the Company for accrual of discounts, rebates, chargebacks, sales return and other similar allowances and also checking the accrual for a selected sample of sales; • Comparing the assumptions to current trends of discounts, rebates, chargebacks, sales returns and other allowances. We have also examined the historical and current trends of the Group's estimates. The examination was to assess the assumptions and judgements used by the Group in accrual of discounts, rebates, chargebacks, sales return and other similar allowances.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records,

Independent Auditor's Report (Continued)

relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

Independent Auditor's Report (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of 13 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 3,160.21 crores as at 31st March, 2022, total revenues (before consolidation adjustments) of ₹ 2,325.65 crores and net cash outflows (before consolidation adjustments) amounting to ₹ 174.51 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, according to the information and explanations given to us and based on our examination, there are no companies included in the consolidated financial statements of the Holding Company which are companies incorporated in India except the Holding Company. The Companies (Auditor's Report) Order, 2020 of the Holding Company did not include any unfavourable answers or qualifications or adverse remarks.
2. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
    c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
    d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company, being the only Company in the Group which is incorporated in India, none of the directors of the Holding Company, is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, being the only Company in the Group which is incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

Independent Auditor's Report (Continued)

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a) The consolidated financial statements disclose the impact of pending litigations as at 31st March, 2022 on the consolidated financial position of the Group. Refer Note 40 to the consolidated financial statements.

b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company, being the only Company in the Group which is incorporated in India during the year ended 31st March, 2022.

d) i. The management has represented that, to the best of its knowledge and belief, as disclosed in note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
   - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company incorporated in India or
   - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii. The management has represented, that, to the best of its knowledge and belief, as disclosed in note 45 to the consolidated financial statements, no funds have been received by the Holding Company incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company incorporated in India shall:
   - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
   - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

iii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) i. The interim dividend declared or paid by the Holding Company, being the only Company in the group to which such requirements of the Act are applicable, during the year until the date of this audit report is in accordance with Section 123 of the Act.

ii. The final dividend paid by the Holding Company, being the only Company in the group to which such requirements of the Act are applicable, during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 46 to the financial statements, the Board of Directors of the Holding Company, being the only Company in the group to which such requirements of the Act are applicable, have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company, being the only Company to which such requirements of the Act are applicable, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Jamil Khatri
Partner
Membership Number: 102527
UDIN :- 22102527AJNWTZ7843

Place: Mumbai
Date: 25th May, 2022

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Torrent Pharmaceuticals Limited for the year ended 31st March, 2022

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2022, we have audited the internal financial controls with reference to consolidated financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") being the only company in the group to which requirement of the Companies Act, 2013 ("the Act") are applicable.

In our opinion, the Holding Company has in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March, 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (the "Guidance Note")

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors of the Holding Company, being the only company in the group to which requirement of the Act are applicable, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's, being the only company in the group to which requirement of the Act are applicable, internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, being the only company in the group to which requirement of the Act are applicable.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Torrent Pharmaceuticals Limited for the year ended 31st March, 2022 (Continued)

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Place: Mumbai
Date: 25th May, 2022

Jamil Khatri
Partner
Membership Number: 102527
UDIN :- 22102527AJNWTZ7843

Consolidated Balance Sheet

(₹ in crores)

	Notes	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,575.08	2,757.79
Capital work-in-progress	6	544.34	743.90
Right-of-use assets	7	127.51	125.55
Goodwill	8	259.48	341.23
Other intangible assets	9	3,460.58	3,840.06
Intangible assets under development	9	85.48	145.48
Financial assets			
Investments	10	42.33	42.09
Loans	11	1.75	2.02
Other financial assets	12	66.85	52.11
		110.93	**96.22**
Income tax assets (net)		122.21	55.89
Deferred tax assets (net)	22	493.65	421.66
Other non-current assets	13	25.93	23.65
Total non-current assets		**7,805.19**	**8,551.43**
Current assets			
Inventories	14	2,462.32	2,681.20
Financial assets			
Investments	10	183.98	139.05
Trade receivables	15	1,632.48	1,523.37
Cash and cash equivalents	16	398.40	572.56
Bank balances other than cash and cash equivalents	17	5.01	30.94
Loans	11	2.61	3.08
Other financial assets	12	167.98	120.79
		2,390.46	**2,389.79**
Other current assets	13	312.21	450.51
Total current assets		**5,164.99**	**5,521.50**
Non-current assets held for sale	44	129.66	1.72
TOTAL ASSETS		**13,099.84**	**14,074.65**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	84.62	84.62
Other equity	19	5,868.33	5,752.55
Total equity		**5,952.95**	**5,837.17**
Non-current liabilities			
Financial liabilities			
Borrowings	20	2,123.22	2,941.07
Lease liabilities		36.82	22.20
Other financial liabilities	24	5.04	7.51
		2,165.08	**2,970.78**
Provisions	21	368.74	369.62
Deferred tax liabilities (net)	22	193.56	-
Other non-current liabilities	25	4.42	5.46
Total non-current liabilities		**2,731.80**	**3,345.86**
Current liabilities			
Financial liabilities			
Borrowings	20	1,894.88	1,884.39
Lease liabilities		14.73	26.47
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	20.36	19.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	23	1,654.08	2,046.85
		1,674.44	**2,066.81**
Other financial liabilities	24	279.27	300.84
		3,863.32	**4,278.51**
Provisions	21	411.03	431.06
Liabilities for current tax (net)		41.48	53.99
Other current liabilities	25	99.26	128.06
Total current liabilities		**4,415.09**	**4,891.62**
TOTAL EQUITY AND LIABILITIES		**13,099.84**	**14,074.65**
Notes forming part of Consolidated Financials Statements	1-49		

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Consolidated Statement of Profit and Loss

(₹ in crores)

	Notes	Year ended 31st March, 2022	Year ended 31st March, 2021
REVENUE			
Revenue from operations	26	8,508.04	8,004.57
Other income	27	196.56	56.91
Total Revenue		**8,704.60**	**8,061.48**
EXPENSES			
Cost of materials consumed	28	1,537.50	1,420.69
Purchases of stock-in-trade		830.65	1,004.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	73.86	(279.24)
Employee benefits expense	30	1,526.45	1,439.62
Finance costs	31	255.06	352.94
Depreciation, amortisation and impairment expense	32	662.16	657.79
Other expenses	33	2,108.31	1,938.45
Total Expenses		**6,993.99**	**6,535.22**
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		1,710.61	1,526.26
Exceptional items	38	484.70	-
PROFIT BEFORE TAX		**1,225.91**	**1,526.26**
TAX EXPENSE	22		
Current tax		346.22	334.08
Deferred tax charge/ (credit)		106.53	(52.98)
Excess provision for tax of earlier years		(4.02)	(6.72)
		448.73	**274.38**
PROFIT FOR THE YEAR		**777.18**	**1,251.88**
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement (losses)/gains on defined benefit plans		9.08	3.46
Equity instruments through other comprehensive income		0.25	-
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		0.84	(3.45)
Equity instruments through other comprehensive income		(0.09)	-
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		(0.70)	(4.63)
Effective portion on gains on hedging instruments in a cash flow hedge		3.30	160.82
Income tax relating to items that will be reclassified subsequently to profit or loss			
Effective portion on losses on hedging instruments in a cash flow hedge		(1.15)	(55.78)
		11.53	**100.42**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**788.71**	**1,352.30**
PROFIT FOR THE YEAR ATTRIBUTABLE TO :			
Owners of the Company		**777.18**	**1,251.88**
Non-controlling interests		-	-
		777.18	**1,251.88**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :			
Owners of the Company		788.71	1,352.30
Non-controlling interests		-	-
		788.71	**1,352.30**
Earnings per share [Nominal value per equity share of ₹ 5]			
Basic and diluted	34	45.93	73.98
Notes forming part of the Consolidated Financial Statements	1 - 49		

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Consolidated Statement of Changes in Equity

(A) Equity share capital

(₹ in crores)

	As at 31st March, 2022	Year ended 31st March, 2021
Balance at the beginning of the year	84.62	84.62
Changes during the year	-	-
Balance at the end of the year	84.62	84.62

(B) Other equity

(₹ in crores)

	Reserves and surplus					Other comprehensive income			
	Retained earnings	General reserve	Debenture redemption reserve	Capital reserve	Securities premium	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Foreign currency translation reserve	Total
Balance as at 1st April, 2021	2,806.47	2,784.04	216.07	5.56	4.34	0.01	41.20	(105.14)	5,752.55
Profit for the year	777.18	-	-	-	-	-	-	-	777.18
Other comprehensive income (net of tax)	9.92	-	-	-	-	0.16	2.15	(0.70)	11.53
Dividends*	(676.89)	-	-	-	-	-	-	-	(676.89)
Transfer from debenture redemption reserve	-	73.21	(73.21)	-	-	-	-	-	-
Reclassified to statement of profit and loss on deconsolidation of subsidiary	-	-	-	-	-	-	-	3.96	3.96
Balance as at 31st March, 2022	**2,916.68**	**2,857.25**	**142.86**	**5.56**	**4.34**	**0.17**	**43.35**	**(101.88)**	**5,868.33**
Balance as at 1st April, 2020	1,893.03	2,648.40	351.71	5.56	4.34	0.01	(63.84)	(100.61)	4,738.60
Profit for the year	1,251.88	-	-	-	-	-	-	-	1,251.88
Other comprehensive income (net of tax)	0.01	-	-	-	-	-	105.04	(4.63)	100.42
Dividends**	(338.45)	-	-	-	-	-	-	-	(338.45)
Transfer from debenture redemption reserve	-	135.64	(135.64)	-	-	-	-	-	-
Reclassified to statement of profit and loss on deconsolidation of subsidiary	-	-	-	-	-	-	-	0.10	0.10
Balance as at 31st March, 2021	**2,806.47**	**2,784.04**	**216.07**	**5.56**	**4.34**	**0.01**	**41.20**	**(105.14)**	**5,752.55**

* Dividends include 2020-21 final dividend of ₹ 15 per share and 2021-22 interim dividend of ₹ 25 per share.

**Dividends include 2020-21 interim dividend of ₹ 20 per share.

Consolidated Statement of Changes in Equity (Continued)

Nature and purpose of reserves :

(a) Retained earnings : Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

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

(c) Debenture redemption reserve : The reserve represents amount required to be set aside out of profits in accordance with Companies Act, 2013 upto 16th August, 2019.

(d) Capital reserve : Capital reserve represents profit or loss on cancellation of own forfeited equity instruments and excess of fair value of net assets acquired over the consideration transferred.

(e) Securities premium : Securities premium comprises of the premium on issue of shares. The reserve can be utilised in accordance with the specific provision of the Companies Act, 2013.

(f) Equity instruments through other comprehensive income : This represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

(g) Effective portion of cash flow hedges : This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the statement of profit and loss.

(h) Foreign currency translation reserve : This reserve represents exchange differences arising on account of conversion of foreign operations to parent company's functional currency.

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Consolidated Statement of Cash Flows

(₹ in crores)

		Notes	Year ended 31st March, 2022	Year ended 31st March, 2021
A	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Profit before tax		**1,225.91**	**1,526.26**
	Adjustments for :			
	Depreciation, amortisation and impairment expense		662.16	657.79
	Allowance for credit loss (net)		0.90	14.42
	Exceptional items (Impairment of Liquid facility)	38	484.70	-
	Unrealised foreign exchange gain (net)		(36.40)	(12.96)
	Loss on sale / discard / write-off of property, plant & equipments		0.82	1.30
	Net gain on sale of investments		(10.14)	(15.58)
	Finance costs		255.06	352.94
	Interest income		(7.15)	(5.07)
			2575.86	**2519.10**
	Adjustments for changes in working capital :			
	Trade receivables, loans and other assets		(113.06)	65.21
	Inventories		218.88	(532.98)
	Trade payables, liabilities and provisions		(457.67)	129.52
	CASH GENERATED FROM OPERATIONS		**2,224.01**	**2,180.85**
	Direct taxes paid (net of refunds)		(421.02)	(175.50)
	NET CASH FROM OPERATING ACTIVITIES		**1,802.99**	**2,005.35**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipments and intangible assets (including capital work-in-progress and capital advances paid)		(202.57)	(335.15)
	Proceeds from sale of property, plant and equipment and intangible assets		6.79	1.13
	Payment to acquire other non-current investments		-	(40.00)
	Investments in mutual funds (net)		(34.79)	(123.45)
	Fixed deposits matured (net)		26.70	42.80
	Interest received		7.24	5.25
	NET CASH USED IN INVESTING ACTIVITIES		**(196.63)**	**(449.42)**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from long-term borrowings		-	895.00
	Repayment of long-term borrowings		(1,032.98)	(1,437.90)
	Proceeds from / (repayment of) short term borrowings (net)		218.64	(378.93)
	Repayment of lease obligations		(32.10)	(34.46)
	Dividend paid		(676.89)	(338.45)
	Finance costs paid		(257.72)	(356.05)
	NET CASH USED IN FINANCING ACTIVITIES		**(1,781.05)**	**(1,650.79)**
	NET DECREASE IN CASH AND CASH EQUIVALENTS		**(174.69)**	**(94.86)**
	Effect of exchange rate changes on foreign currency cash and cash equivalents		0.53	5.60
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**572.56**	**661.82**
	CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Refer note 16)		**398.40**	**572.56**

Notes:

(1) The Group considers investing in liquid mutual fund as an important part of its cash management activities. In accordance with Ind AS 7, the same is presented as cash flows from investing activities. As at 31st March, 2022, investment amount is ₹ 183.96 crores (As at 31st March, 2021: ₹ 139.03 crores).

Consolidated Statement of Cash Flows (Continued)

(₹ in crores)

		Year ended 31st March, 2022	Year ended 31st March, 2021
(2)	**Changes in liabilities arising from financing activities :**		
	Long-term borrowings including current maturities of long-term debt (Refer note 20) :		
	Opening balance	4,121.06	4,693.50
	Amount borrowed during the year	-	895.00
	Amount repaid during the year	(1,032.98)	(1,437.90)
	Amortised cost adjustment	2.37	2.55
	Foreign exchange difference	4.61	(32.09)
	Closing balance	**3,095.06**	**4,121.06**
	Lease liabilities (Non-Current and Current liabilities):		
	Opening balance	48.67	55.68
	New lease contracts entered during the year	29.91	21.56
	Interest accrued during the year	2.99	4.66
	Amount paid during the year	(32.10)	(34.46)
	Remeasurement of lease liability	-	0.86
	Foreign exchange difference	2.08	0.37
	Closing balance	**51.55**	**48.67**
	Short-term borrowings (Refer note 20) :		
	Opening balance	704.40	1,090.85
	Amount borrowed/(repaid) during the year (net)	205.07	(378.93)
	Foreign exchange difference	13.57	(7.52)
	Closing balance	**923.04**	**704.40**

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

Notes forming part of the Consolidated Financial Statements

1. GROUP INFORMATION

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

The consolidated financial statements comprise the financial statements of the Parent Company Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries (together referred to as "Group"):

Entity	Country of Incorporation
Subsidiaries [having 100% proportion of ownership interest and voting rights]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda.	Brazil
Torrent Pharma Gmbh (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratories Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty Ltd	Australia
Torrent Pharma (Thailand) Co., Ltd.	Thailand
TPL (Malta) Limited	Malta
Torrent Pharma (UK) Ltd	United Kingdom
Laboratorios Torrent (Malaysia) SDN.BHD.	Malaysia
Step-down subsidiary of TPL (Malta) Ltd [having 100% proportion of ownership interest and voting rights]	
Torrent Pharma (Malta) Limited	Malta
Step-down subsidiaries of TPG [having 100% proportion of ownership interest and voting rights]	
Heumann Pharma Gmbh & Co. Generica KG	Germany
Heunet Pharma Gmbh	Germany

During the year, Torrent Pharma S.R.L , subsidiary of Torrent Pharmaceutical Limited, liquidated with effect from 11th January, 2022 and Torrent Pharma France S.A.S, subsidiary of Torrent Pharmaceutical Limited, liquidated with effect from 13th January, 2022.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.1. Basis of preparation and presentation

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

- Derivative financial instruments
- Investments in mutual funds, equity instruments and LLP
- Defined benefit plan – plan assets measured at fair value
- Contingent consideration in business combination

Notes forming part of the Consolidated Financial Statements

3.1. Basis of preparation and presentation (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of asset.

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

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

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

3.2. Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the functional currency of the Parent Company. All the amounts are stated in the nearest rupee crores.

3.3. Use of estimates

The preparation of consolidated financial statements are in conformity with the recognition and measurement principles of Ind AS which requires management to make critical 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 :

- Useful lives of property, plant and equipment (refer note 4.2)
- Valuation of assets acquired as part of business combination and contingent consideration (refer note 4.3.1)
- Useful lives of intangible assets (refer note 4.4)
- Valuation of inventories (refer note 4.8)
- Impairment of intangible assets and goodwill (refer note 4.9.2)
- Employee benefits (refer note no. 4.10)
- Provisions & contingent liabilities (refer note 4.12)
- Sales returns, rebates, chargeback and medicaid (refer note 4.13)
- Valuation of deferred tax assets (refer note 4.14)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Basis of consolidation

The Company consolidates all entities which it controls. Control is established when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4.2. Property, plant and equipment

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

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

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

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

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

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

Notes forming part of the Consolidated Financial Statements

4.2. Property, plant and equipment (Continued)

The estimated useful lives of property, plant and equipments are as under:

Type of property, plant and equipments	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Laboratory equipments*	5 to 20 years
Electrical equipments*	5 to 20 years
Furniture and fixtures*	3 to 10 years
Office equipments*	10 years
Computer equipments*	2 to 5 years
Vehicles*	5 to 10 years

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

4.3. Business combinations and goodwill

4.3.1. Business combinations

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

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

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

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose. The financial statement of prior period is restated as if the business combination had occurred from the beginning of the preceding period, irrespective of the actual date of combination.

4.3.2. Goodwill

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

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

4.4. Intangible assets

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

Acquired research and development intangible assets that are under development are recognised as intangible assets under development. These assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

Intangible assets are amortized over their respective estimated useful life using straight-line method. The estimated useful life of amortizable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangibles are as mentioned below:

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

4.5. Foreign currency transaction, translation and foreign operations

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

Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

Notes forming part of the Consolidated Financial Statements

4.6. Financial instruments

4.6.1. Financial assets

(a) Classification of financial assets :

The Group 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 Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(b) Initial measurement :

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

(c) 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. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. 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 and foreign exchange gains and losses 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. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- **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. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(d) Derecognition of financial assets :

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

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

When the Group has transferred an asset, the Group 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 Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

4.6.1 Financial assets (Continued)

Where the Group 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 Group has not retained control over the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(e) Income recognition :
Dividend is accounted when the right to receive payment is established. Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

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

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

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

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

4.6.2. Financial liabilities

The Group's financial liabilities include trade payables, loans and borrowing and derivative financial instruments.

(a) Classification :
All the Group's financial liabilities, except for financial liabilities at fair value through profit or loss, are measured at amortized cost.

(b) 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 added to or 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.

(c) 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.

(d) Derecognition of financial liabilities :
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or waived off or have expired. An exchange between the Group 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.

Notes forming part of the Consolidated Financial Statements

4.6.2 Financial liabilities (Continued)

(e) Borrowings :
Borrowings are initially recorded at fair value 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.

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

4.6.3. Derivative financial instruments and hedge accounting

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

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

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

4.7. Leases – Group as lessee

At inception of a contract, the Group 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 Group assesses whether contract involves the use of an identified asset, the Group has a right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use and the Group 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 Group 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.

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

The Group has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

4.8. Inventories

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

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

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

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

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

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

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

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

4.9. Impairment of assets

4.9.1. Financial assets

At each balance sheet date, the Group assesses whether a financial asset is to be impaired. Ind AS 109 requires the Group to apply expected credit loss model for recognition and measurement of impairment loss. The Group 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 amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

4.9.2. 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.

Goodwill

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

Notes forming part of the Consolidated Financial Statements

4.9.2 Non-financial assets (Continued)

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

4.10. Employee benefits

4.10.1. Short term employee benefits

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

4.10.2. Long term employment benefits

Defined contribution plans :

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

Defined benefit plans :

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

Termination benefits :

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

Compensated absences and earned leaves :

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

4.11. Government grants

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

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

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

4.11. Government grants (Continued)

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

4.12. Provisions, contingent liabilities and contingent assets

Contingent liability :

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets :

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

Provisions :

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

4.13. Revenue recognition

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

Revenue from sale of goods is recognized at point in time when control is 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 is 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 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.

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

Income from research services (out-licensing)

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and/or other similar payments from third parties for granting a license for product or technology-related intellectual property (IP). Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones.

Notes forming part of the Consolidated Financial Statements

4.14. Income taxes

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

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

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

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

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

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

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealized inter-company profit or loss on inventories held by the Group in different tax jurisdictions is recognised using the tax rate of jurisdiction in which such inventories are held.

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

4.15. Earnings per share

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

4.16. Research and development

Revenue expenditure on research and development activities is 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 Group 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 when the probability of expected future economic benefits criterion is considered to be satisfied.

4.17. Borrowing cost

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

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

4.18. GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilizable is charged to the statement of profit and loss for the year.

4.19. 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.

5. 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 23rd March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1st April, 2022, as below:

a) Ind AS 16 – Proceeds before intended use

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as a part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after 1st April, 2022. The Group has evaluated the amendment and there is no impact on its financial statements.

b) Ind AS 103 – Reference to Conceptual Framework

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its financial statements.

c) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

6 PROPERTY, PLANT AND EQUIPMENT

(₹ in crores)

	Freehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 1st April, 2021	820.96	1,014.93	1,880.85	78.57	21.59	129.30	219.44	4,165.64
Additions during the year	-	153.84	212.49	4.00	0.69	19.69	33.28	423.99
Deductions during the year	-	-	18.93	0.40	1.74	6.59	0.37	28.03
Non-current assets held for sale	126.65	-	-	-	-	-	-	126.65
Translation exchange difference	0.99	1.04	3.29	0.32	-	0.90	2.79	9.33
Gross carrying amount as at 31st March, 2022	**695.30**	**1,169.81**	**2,077.70**	**82.49**	**20.54**	**143.30**	**255.14**	**4,444.28**
Accumulated depreciation and impairment as at 1st April, 2021	-	215.87	946.46	47.50	6.96	93.48	97.58	1,407.85
Depreciation during the year	-	34.82	147.73	5.06	2.04	12.83	14.07	216.55
Deductions during the year	-	-	16.27	0.37	1.06	6.18	0.30	24.18
Impairment during the year (Refer Note 38)	18.57	108.17	114.56	0.42	-	3.34	21.01	266.07
Translation exchange difference	(0.09)	(0.32)	1.43	0.26	-	0.57	1.06	2.91
Accumulated depreciation and impairment as at 31st March, 2022	**18.48**	**358.54**	**1,193.91**	**52.87**	**7.94**	**104.04**	**133.42**	**1,869.20**
Net carrying amount as at 31st March, 2022	**676.82**	**811.27**	**883.79**	**29.62**	**12.60**	**39.26**	**121.72**	**2,575.08**
Capital work-in-progress (Net of impairment - Refer note 38)								544.34
Total								**3,119.42**
Gross carrying amount as at 1st April, 2020	816.99	974.96	1,810.28	75.95	19.91	116.52	215.10	4,029.71
Additions during the year	4.78	40.39	77.22	2.95	2.02	13.68	5.59	146.63
Deductions during the year	-	-	4.76	0.52	0.33	0.63	0.18	6.42
Translation exchange difference	(0.81)	(0.42)	(1.89)	0.19	(0.01)	(0.27)	(1.07)	(4.28)
Gross carrying amount as at 31st March, 2021	**820.96**	**1,014.93**	**1,880.85**	**78.57**	**21.59**	**129.30**	**219.44**	**4,165.64**
Accumulated depreciation and impairment as at 1st April, 2020	-	186.08	809.61	42.80	5.33	80.56	87.44	1,211.82
Depreciation during the year	-	29.74	141.72	5.26	1.95	13.63	10.78	203.08
Deductions during the year	-	-	4.05	0.49	0.31	0.60	0.16	5.61
Translation exchange difference	-	0.05	(0.82)	(0.07)	(0.01)	(0.11)	(0.48)	(1.44)
Accumulated depreciation and impairment as at 31st March, 2021	**-**	**215.87**	**946.46**	**47.50**	**6.96**	**93.48**	**97.58**	**1,407.85**
Net carrying amount as at 31st March, 2021	**820.96**	**799.06**	**934.39**	**31.07**	**14.63**	**35.82**	**121.86**	**2,757.79**
Capital work-in-progress								743.90
Total								**3,501.69**

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Certain property, plant and equipments hypothecated / mortgaged as security for borrowings as disclosed under note 20.
(ii) Capital work-in-progress includes expenditure of ₹ 29.15 crores (previous year : ₹ 69.65 crores) incurred in the course of construction
(iii) The amount of capital commitments is disclosed in note 40.
(iv) Pro-rata cost of assets owned jointly with Torrent Power Limited, a fellow subsidiary are as under:

(₹ in crores)

	Proportion of holding	As at 31st March, 2022	As at 31st March, 2021
Freehold Land	50%	23.79	23.79
Freehold Land	30%	35.69	35.69
Buildings	30%	0.65	0.65
Total		**60.13**	**60.13**

(v) Ageing Schedule of CWIP assets under development:

(₹ in crores)

As at 31st March, 2022	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress *	100.51	50.76	83.42	193.51	428.20
Others	49.16	22.62	10.10	34.26	116.14
Total	**149.67**	**73.38**	**93.52**	**227.77**	**544.34**

(₹ in crores)

As at 31st March, 2021	Amount in Capital work-in-progress for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in Progress *	178.86	144.35	124.63	71.85	519.69
Others	56.02	6.15	28.76	133.28	224.21
Total	**234.88**	**150.50**	**153.39**	**205.13**	**743.90**

* In case of Oncology facility, since the project completion date is linked to approval of the facility by relevant regulatory authorities, the same is classified as Project in Progress and shall be capitalized / commercialized only after said approval/s.

(vi) For capital-work-in progress, there is no project whose completion is overdue or has exceeded its cost compared to its original plan.

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Notes forming part of the Consolidated Financial Statements

7. RIGHT-OF-USE ASSETS

(₹ in crores)

	Land	Buildings	Vehicles	Total
Gross carrying amount as at 1st April, 2021	82.49	55.74	48.27	186.50
Additions during the year	14.05	15.35	0.51	29.91
Deductions / Adjustments during the year	-	5.58	37.00	42.58
Translation exchange difference	-	3.94	0.18	4.12
Gross carrying amount as at 31st March, 2022	**96.54**	**69.45**	**11.96**	**177.95**
Accumulated depreciation as at 1st April, 2021	3.77	24.67	32.51	60.95
Depreciation during the year	2.00	15.05	12.70	29.75
Deductions during the year	-	5.70	36.89	42.59
Translation exchange difference	-	2.21	0.12	2.33
Accumulated depreciation as at 31st March, 2022	**5.77**	**36.23**	**8.44**	**50.44**
Net carrying amount as at 31st March, 2022	**90.77**	**33.22**	**3.52**	**127.51**
Gross carrying amount as at 1st April, 2020	81.71	36.56	47.57	165.84
Additions during the year	0.78	21.00	0.56	22.34
Deductions / Adjustments during the year	-	1.77	0.30	2.07
Translation exchange difference	-	(0.05)	0.44	0.39
Gross carrying amount as at 31st March, 2021	**82.49**	**55.74**	**48.27**	**186.50**
Accumulated depreciation as at 1st April, 2020	1.88	12.33	16.21	30.42
Depreciation during the year	1.89	15.29	16.45	33.63
Deductions during the year	-	2.82	0.30	3.12
Translation exchange difference	-	(0.13)	0.15	0.02
Accumulated depreciation as at 31st March, 2021	**3.77**	**24.67**	**32.51**	**60.95**
Net carrying amount as at 31st March, 2021	**78.72**	**31.07**	**15.76**	**125.55**

(i) Lease contracts entered by the Group majorly pertains for land, buildings and vehicles taken on lease to conduct its business in the ordinary course.

(ii) Lease expenses of ₹ 21.84 crores and ₹ 20.07 crores recognised in statement of profit and loss in other expenses for the year ended 31st March, 2022 and 31st March, 2021 respectively towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability.

(iii) Extension and termination options are included in some of the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Group's operations.

(iv) Lease obligations, interest expense on lease, maturity profile of lease obligation and payment of lease obligations are disclosed respectively in Balance Sheet, Finance costs (refer note 31), Liquidity risk (refer note 37) and Statement of Cash Flows.

8. GOODWILL

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Balance at beginning of year	341.23	342.09
Less : Impairment during the year (Refer Note 38)	(84.50)	-
Add : Translation exchange difference	2.75	(0.86)
Balance at end of year	**259.48**	**341.23**

The Group tests goodwill for impairment annually or based on an indicator. The Group provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

Key assumptions for CGUs with significant amount of goodwill are as follows :

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

b) Discount rate applied to projected cash flow is 12.00% to 15.60%.

Acquired brands and assets of liquid facility are considered as CGU for testing of impairment of goodwill generated on such acquisition (Refer Note 38)

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

9. OTHER INTANGIBLE ASSETS

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	Product licenses	Brands	Non-compete fees	Drug master files	Total
Gross carrying amount as at 1st April, 2021	138.76	283.89	5,266.80	103.68	25.03	5,818.16
Additions during the year	24.88	20.38	-	-	-	45.26
Deductions during the year	8.83	4.93	-	5.31	-	19.07
Translation exchange difference	0.45	1.52	-	0.16	-	2.13
Gross carrying amount as at 31st March, 2022	**155.26**	**300.86**	**5,266.80**	**98.53**	**25.03**	**5,846.48**
Accumulated amortisation and impairment as at 1st April, 2021	117.28	188.47	1,582.25	78.64	11.46	1,978.10
Amortisation during the year	19.28	28.68	351.12	14.12	2.50	415.70
Deductions during the year	8.83	1.17	-	5.31	-	15.31
Impairment during the year (Refer Note 38)	4.67	-	-	1.41	-	6.08
Translation exchange difference	0.44	0.79	-	0.10	-	1.33
Accumulated amortisation and impairment as at 31st March, 2022	**132.84**	**216.77**	**1,933.37**	**88.96**	**13.96**	**2,385.90**
Net carrying amount as at 31st March, 2022	**22.42**	**84.09**	**3,333.43**	**9.57**	**11.07**	**3,460.58**
Intangible assets under development (Net of impairment - Refer note 38)						85.48
Total						**3,546.06**
Gross carrying amount as at 1st April, 2020	128.12	272.73	5,266.80	103.81	25.03	5,796.49
Additions during the year	11.51	12.63	-	-	-	24.14
Deductions during the year	0.82	3.30	-	-	-	4.12
Translation exchange difference	(0.05)	1.83	-	(0.13)	-	1.65
Gross carrying amount as at 31st March, 2021	**138.76**	**283.89**	**5,266.80**	**103.68**	**25.03**	**5,818.16**
Accumulated amortisation and impairment as at 1st April, 2020	100.82	153.79	1,231.13	64.07	8.96	1,558.77
Amortisation during the year	17.40	34.94	351.12	14.64	2.50	420.60
Deductions during the year	0.87	1.63	-	-	-	2.50
Translation exchange difference	(0.07)	1.37	-	(0.07)	-	1.23
Accumulated amortisation and impairment as at 31st March, 2021	**117.28**	**188.47**	**1,582.25**	**78.64**	**11.46**	**1,978.10**
Net carrying amount as at 31st March, 2021	**21.48**	**95.42**	**3,684.55**	**25.04**	**13.57**	**3,840.06**
Intangible assets under development						145.48
Total						**3,985.54**

(i) Material intangible assets to the Group's financial statement :

Description of intangible assets	Brands
Net Carrying amount	₹ 3,333.43 crores as at 31st March, 2022
	(₹ 3,684.55 crores as at 31st March, 2021)
Remaining amortisation period	7 years to 11 years as at 31st March, 2022
	(8 years to 12 years as at 31st March, 2021)

Notes forming part of the Consolidated Financial Statements

9. OTHER INTANGIBLE ASSETS (CONTINUED)

(ii) Ageing Schedule of Intangible assets under development:

(₹ in crores)

	Amount of intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Others (As at 31st March, 2022)	27.47	17.63	6.64	33.74	85.48
Others (As at 31st March, 2021)	20.08	7.51	8.24	109.65	145.48

10. INVESTMENTS

(₹ in crores)

	No. of shares	As at 31st March, 2022	As at 31st March, 2021
Non-current			
At fair value through other comprehensive income			
Equity Instruments of :			
Epigeneres Biotech Private Limited	158	2.00	2.00
fully paid-up equity shares of ₹ 10 each			
Shivalik Solid Waste Management Limited	20,000	0.02	0.02
fully paid-up equity shares of ₹ 10 each			
UNM Foundation (formerly known as Tornascent Care Institute)	50,000	0.05	0.03
fully paid-up equity shares of ₹ 10 each	(25,000)		
UNM Foundation	-	-	0.03
fully paid-up equity shares of ₹ 10 each	(25,000)		
Investment in LLP :			
ABCD Technologies LLP (to be renamed as Indo Health Services LLP)	6.45% * (12.5%)	40.25	40.00
* Share of profit/loss and voting rights			
At amortised cost			
National savings certificates		0.01	0.01
		42.33	42.09
Current			
At fair value through other comprehensive income			
Equity Instruments of :			
Union Bank of India	5,115	0.02	0.02
fully paid-up equity shares of ₹ 2 each			
At fair value through profit or loss			
Mutual funds		183.96	139.03
		183.98	**139.05**
		226.31	**181.14**
(i) Aggregate amount of unquoted investments		42.33	42.09
(ii) Aggregate amount of quoted investments		0.02	0.02
(iii) Aggregate amount of investment in mutual funds at market value		183.96	139.03
(iv) Number of shares in bracket represents shares held in previous year.			

11. LOANS

[Unsecured and considered good, unless otherwise stated]

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Employee loans	1.75	2.02
	1.75	**2.02**
Current		
Employee loans	2.61	3.08
	2.61	**3.08**
	4.36	**5.10**

12. OTHER FINANCIAL ASSETS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Security deposits	16.66	15.28
Derivative financial instruments	24.60	10.80
Fixed deposit with maturity of more than 12 months	25.59	26.03
	66.85	**52.11**
Current		
Security deposits	0.94	1.09
Derivative financial instruments	85.59	94.35
Interest accrued on deposits	0.05	0.14
Other receivables (Includes receivables on derivative instrument, discount receivables from vendors, etc.)	81.40	25.21
	167.98	**120.79**
	234.83	**172.90**

13. OTHER ASSETS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Capital advances	25.93	23.65
	25.93	**23.65**
Current		
Export benefits receivable	35.53	47.06
Claims receivable (indirect tax / insurance / others)	68.51	156.49
Employees advances	6.98	6.27
Pre-paid expenses	51.46	54.80
Indirect taxes recoverable	84.05	122.63
Advances to suppliers	56.60	52.97
Other receivables (Includes gratuity assets (net), etc.)	9.08	10.29
	312.21	**450.51**
	338.14	**474.16**

Notes forming part of the Consolidated Financial Statements

14. INVENTORIES

[At lower of cost or net realisable value]

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Raw materials	841.24	985.23
Packing materials	57.62	58.65
Work-in-progress	177.59	180.32
Finished goods	1,013.08	958.23
Stock-in-trade	372.79	498.77
	2,462.32	**2,681.20**

(i) The Group (reversed)/charged inventory write-down (net) of ₹ (51.63) crores and ₹ 49.88 crores to statement of profit and loss for the year ended 31st March, 2022 and 31st March, 2021 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 20.

15. TRADE RECEIVABLES

[Unsecured]

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
(a) Considered good	1,632.48	1,523.37
(b) Credit-impaired	7.73	18.03
Less : Allowance for credit loss	7.73	18.03
	1,632.48	**1,523.37**
(i) Trade receivables are non-interest bearing and are generally on credit period of 60-180 days.		
(ii) Movements in allowance for credit loss:		
Opening balance	18.03	19.47
Add: Provision made during the year (net)	0.90	14.42
Less: Provision used during the year	(9.88)	(15.72)
Less: Translation exchange difference	(1.32)	(0.14)
Closing balance	**7.73**	**18.03**

(iii) Trade Receivable Ageing

(₹ in crores)

As at 31st March, 2022	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,565.54	61.39	1.46	0.97	0.55	2.57	1,632.48
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	0.41	1.88	0.59	2.03	4.91
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	0.40	0.66	0.06	0.46	0.57	0.67	2.82
Less: Allowance for credit loss							(7.73)
Total							**1,632.48**

15. TRADE RECEIVABLES (CONTINUED)

(₹ in crores)

As at 31st March, 2021	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	1,447.62	68.98	0.98	1.89	1.17	2.73	1,523.37
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	0.48	0.03	1.67	0.29	13.08	15.55
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	1.22	0.03	0.57	-	0.66	2.48
Less : Allowance for credit loss							(18.03)
Total							**1,523.37**

16. CASH AND CASH EQUIVALENTS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Balances with banks	375.29	557.27
Cash on hand	0.30	0.36
Fixed deposit with original maturity of less than 3 months	22.81	14.93
	398.40	**572.56**

17. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Earmarked balances with banks*	4.44	4.54
Fixed deposit with maturity of less than 12 months	0.57	26.40
	5.01	**30.94**

* Earmarked balances with banks primarily relates to unclaimed dividends.

18. EQUITY SHARE CAPITAL

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Authorised		
250,000,000 (previous year 250,000,000) equity shares of ₹ 5 each	125.00	125.00
2,500,000 (previous year 2,500,000) preference shares of ₹ 100 each	25.00	25.00
	150.00	**150.00**
Issued		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
Subscribed and fully paid-up		
169,222,720 (previous year 169,222,720) equity shares of ₹ 5 each	84.62	84.62
	84.62	**84.62**

Notes forming part of the Consolidated Financial Statements

18. EQUITY SHARE CAPITAL (CONTINUED)

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Numbers	₹ In crores	Numbers	₹ In crores
As at the beginning of the year	169,222,720	84.62	169,222,720	84.62
Outstanding at the end of the year	**169,222,720**	**84.62**	**169,222,720**	**84.62**

(ii) Torrent Investments Private Limited, the holding Company, holds 120,563,720 (previous year 120,563,720) equity shares of ₹ 5 each, equivalent to 71.25% (previous year 71.25%) of the total number of subscribed & paid up equity shares, which is the only shareholder holding more than 5 % of total equity shares.

(iii) The Company has one class of equity shares having par value of ₹ 5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

(iv) Disclosure of shareholding of promoters

Shares held by Promoters at the end of the Year		As at 31st March, 2022		As at 31st March, 2021		% Change during the Year
Sr. No.	Promoter's Name	No. of Shares	% of total shares	No. of Shares	% of total shares	
1	Sudhir Uttamlal Mehta (HUF)	100	0.00	100	0.00	-
2	Samir Uttamlal Mehta (HUF)	100	0.00	100	0.00	-
3	Sudhir Uttamlal Mehta	100	0.00	100	0.00	-
4	Samir Uttamlal Mehta	100	0.00	100	0.00	-
5	Anita Sudhir Mehta	100	0.00	100	0.00	-
6	Sapna Samir Mehta	100	0.00	100	0.00	-
7	Jinal Sudhir Mehta	100	0.00	100	0.00	-
8	Varun Sudhir Mehta	100	0.00	100	0.00	-
9	Shaan Mehta	100	0.00	100	0.00	-
10	Aman Mehta	100	0.00	100	0.00	-
11	Torrent Investments Private Limited	120,563,720	71.25	120,563,720	71.25	-
Total		**120,564,720**	**71.25**	**120,564,720**	**71.25**	**-**

19. OTHER EQUITY

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Reserves and Surplus		
Retained earnings	2,916.68	2,806.47
General reserve	2,857.25	2,784.04
Debenture redemption reserve	142.86	216.07
Capital reserve	5.56	5.56
Securities premium	4.34	4.34
	5,926.69	**5,816.48**
Other comprehensive income		
Equity instruments through other comprehensive income	0.17	0.01
Effective portion of cash flow hedges	43.35	41.20
Foreign currency translation reserve	(101.88)	(105.14)
	(58.36)	**(63.93)**
	5,868.33	**5,752.55**

20. BORROWINGS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-current		
Secured non-convertible debentures	772.64	1,240.25
Secured term loans from banks	1,017.24	1,300.82
Secured term loans from others	333.34	400.00
	2,123.22	**2,941.07**
Current		
Current maturities of long-term debt		
Secured non-convertible debentures	467.86	317.86
Secured term loans from banks	437.32	860.57
Secured term loans from others	66.66	-
Unsecured term loans from others	-	1.56
Other borrowings		
Secured loans from banks	199.97	212.29
Unsecured loans from banks	723.07	394.02
Unsecured commercial paper from banks	-	98.09
	1,894.88	**1,884.39**
	4,018.10	**4,825.46**

(i) Term Loans from banks referred above to the extent of :
   (a) ₹ 947.60 crores (Previous year ₹ 1487.65 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.
   (b) ₹ 355.34 crores (Previous year ₹ 526.73 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.
   (c) ₹ 151.62 crores (previous year ₹ 147.01 crores) from bank is secured by hypothecation of inventories and book debts.

(ii) Non-convertible debentures referred above to the extent of :
   (a) ₹ NIL (Previous year ₹ 150.00 crores) are secured by first pari passu mortgage/ charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.
   (b) ₹ 570.50 crores (Previous year ₹ 713.11 crores) are secured by first pari-passu mortgage/ charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.
   (c) ₹ 670.00 crores (Previous year ₹ 695.00 crores) are secured by first pari passu mortgage/ charge on tangible immovable and movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(iii) Term Loans from others referred above to the extent of ₹ 400.00 crores (previous year ₹ 400.00 crores) are secured by first exclusive mortgage/ charge on identified Land situated at Shilaj-Thaltej, Ahmedabad as well as first pari passu mortgage/ charge on certain identified trademarks of the Company including its future line extensions.

(iv) Short term borrowings from banks are in nature of working capital facilities which are secured by hypothecation of inventories and book debts.

(v) Average interest rate on borrowings is 5.70% for the year ended 31st March, 2022 (previous year 6.66%).

Notes forming part of the Consolidated Financial Statements

20. BORROWINGS (CONTINUED)

(vi) The principal amount repayable in yearly instalments for long-term loans are as under:

(₹ in crores)

Financial year	
2022-23	971.85
2023-24	1,018.51
2024-25	576.63
2025-26	532.57
	3,099.56
Less : Amortised cost adjustment	4.50
Total	**3,095.06**

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

(₹ in crores)

Effective Rate of Interest	2022-23	2023-24	2024-25	2025-26	Total Repayment	Amortised cost Adjustment	Closing Balance
5.54 % to 7.70 %	467.86	487.86	142.86	142.84	1,241.42	0.92	1,240.50

(viii) The Company has been sanctioned working capital limits from banks on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

21. PROVISIONS

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	89.75	103.06
Leave benefits	96.33	96.47
	186.08	**199.53**
Provision for sales returns	170.18	159.96
Provision for expenses	12.48	10.13
	368.74	**369.62**
Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	2.90	2.72
Leave benefits	16.58	16.12
	19.48	**18.84**
Provision for sales returns	219.09	224.14
Provision for failure to supply	139.15	173.63
Provision for medicaid	6.38	11.74
Provision for expenses	26.93	2.71
	411.03	**431.06**
	779.77	**800.68**

21. PROVISIONS (CONTINUED)

(i) Provision for sales returns :

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

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	384.10	328.60
Add: Provision made during the year	248.61	287.27
Less: Provision utilised during the year	(250.18)	(227.42)
Add / (Less): Translation exchange difference	6.74	(4.35)
Closing balance	**389.27**	**384.10**
Non-current provision	170.18	159.96
Current provision	219.09	224.14
Total	**389.27**	**384.10**

(ii) Provision for expenses :

(a) Non-current :

Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil.

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	10.13	10.51
Add: Additional provision (net of reversal)	(0.09)	0.78
Add / (Less): Translation exchange difference	2.44	(1.16)
Closing balance	**12.48**	**10.13**

(b) Current :

Provision for expenses includes estimated amount of liability pertaining to certain contractual obligations and product recall expenses.

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	2.71	4.37
Add: Additional provision (net of reversal) (Refer Note - 38)	26.04	2.43
Less: Utilisation during the year	(2.19)	(3.99)
Add / (Less): Translation exchange difference	0.37	(0.10)
Closing balance	**26.93**	**2.71**

(iii) Provision for failure to supply :

The Group 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 Group.

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	173.63	204.65
Add: Addition during the year	43.70	31.26
Less: Reversal during the year	(62.16)	(55.75)
Less: Utilisation during the year	(14.21)	(12.62)
Add / (Less): Translation exchange difference	(1.81)	6.09
Closing balance	**139.15**	**173.63**

Notes forming part of the Consolidated Financial Statements

21. PROVISIONS (CONTINUED)

(iv) Provision for medicaid:

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.

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Opening balance	11.74	11.89
Add: Additional provision (net of reversal)	26.24	42.74
Less: Utilization during the year	(31.92)	(42.60)
Add / (Less): Translation exchange difference	0.32	(0.29)
Closing balance	**6.38**	**11.74**

22. INCOME TAXES

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) Charge / (credit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	346.22	334.08
Expense pertaining to prior years	(4.02)	(6.72)
Deferred tax:		
Deferred tax for current year	106.53	(52.98)
	448.73	**274.38**
(b) Charge / (credit) recognised in other comprehensive income :		
Re-measurement gains / (losses) on defined benefit plans	0.84	(3.45)
Equity instruments through other comprehensive income	(0.09)	-
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge	(1.15)	(55.78)
	(0.40)	**(59.23)**
(c) Reconciliation of Effective Tax Rate :		
Profit before income taxes	1,225.91	1,526.26
Enacted tax rate in India	34.94%	34.94%
Expected income tax expenses	**428.38**	**533.34**
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of deductions allowed under Income Tax	(48.80)	(279.13)
Weighted deduction allowed in respect of research and development expenses	-	(0.03)
Tax impact on future transition to new tax regime	(25.69)	(18.00)
Effect of expenses not deductible in determining taxable profit	52.94	28.12
Foreign exchange difference	(1.34)	(4.97)
Effect of difference between Indian tax rate and foreign tax rate	72.45	4.49
Tax adjustments of prior periods	(4.02)	(6.72)
Effect of change in taxation of goodwill	-	20.37
Foreign tax credit disallowed	-	5.13
Deferred tax on assets held for sales	(3.90)	-
Others (net)	(21.29)	(8.22)
Adjusted income tax expenses	**448.73**	**274.38**
Effective Tax Rate	**36.60%**	**17.98%**

22. INCOME TAXES (CONTINUED)

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
(d) Deferred tax relates to:		
Deferred tax liabilities / (assets):		
Property, plant and equipments, goodwill and other intangible assets	883.09	939.28
Cash flow hedge reserve	23.28	22.13
Provision for employee benefit expense	(55.37)	(51.32)
Valuation of inventories	(62.39)	(65.26)
Provision for expenses	(179.19)	(97.66)
Provision for chargebacks	(101.53)	(117.28)
Non current assets held for sale	(3.90)	-
Tax losses of subsidiaries	(16.24)	(8.63)
MAT Credit entitlement	(724.06)	(965.65)
Unrealised profit in inventory	(39.46)	(63.01)
Others	(24.32)	(14.26)
Deferred tax liabilities / (assets) net	**(300.09)**	**(421.66)**
The deferred tax liabilities / assets are off-set, where the Group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:		
Deferred tax liabilities	193.56	-
Deferred tax assets	493.65	421.66
	(300.09)	**(421.66)**

Amount of ₹ 16.24 crores pertains to deferred tax asset created on tax losses of subsidiaries. The Group, based on future taxable income generation projections, expects to realise the same in future periods.

Amount of unused tax losses for which deferred tax asset not recognised is ₹ 50.18 crores as at 31st March, 2022.

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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 Group will realize the benefits of those deductible differences. Accordingly, amount of deferred tax assets are considered realizable.

Notes forming part of the Consolidated Financial Statements

22. INCOME TAXES (CONTINUED)

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

(₹ in crores)

Year ended 31st March, 2022	Opening balance as at 1st April, 2021	Recognised in statement of profit and loss	Recognised in other comprehensive income	Foreign exchange difference	Closing balance as at 31st March, 2022
Deferred tax liabilities / (assets) in relation to:					
Property, plant and equipments, goodwill and other intangible assets	939.28	(58.71)	-	2.52	883.09
Cash flow hedge reserve	22.13	-	1.15	-	23.28
Provision for employee benefit expense	(51.32)	(4.91)	(0.84)	1.70	(55.37)
Valuation of inventories	(65.26)	0.25	-	2.62	(62.39)
Provision for expenses	(97.66)	(85.53)	-	4.00	(179.19)
Provision for chargebacks	(117.28)	12.64	-	3.11	(101.53)
Non-current assets held for sale	-	(3.90)	-	-	(3.90)
Tax losses of subsidiaries	(8.63)	(7.49)	-	(0.12)	(16.24)
MAT credit entitlement	(965.65)	241.59	-	-	(724.06)
Unrealised profit in Inventory	(63.01)	23.56	-	(0.01)	(39.46)
Others	(14.26)	(10.97)	0.09	0.82	(24.32)
Deferred tax liabilities / (assets) net	**(421.66)**	**106.53**	**0.40**	**14.64**	**(300.09)**

(₹ in crores)

Year ended 31st March, 2021	Opening balance as at 1st April, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	Foreign exchange difference	Closing balance as at 31st March, 2021
Deferred tax liabilities / (assets) in relation to:					
Property, plant and equipments, goodwill and other intangible assets	890.64	47.60	-	1.04	939.28
Cash flow hedge reserve	(33.71)	-	55.78	0.06	22.13
Provision for employee benefit expense	(47.72)	(7.72)	3.45	0.67	(51.32)
Valuation of inventories	(44.96)	(20.99)	-	0.69	(65.26)
Provision for expenses	(93.52)	(5.56)	-	1.42	(97.66)
Provision for chargebacks	(117.06)	(2.09)	-	1.87	(117.28)
Tax losses of subsidiaries	(10.50)	2.15	-	(0.28)	(8.63)
MAT credit entitlement	(900.57)	(65.08)	-	-	(965.65)
Unrealised profit in Inventory	(54.96)	(8.05)	-	-	(63.01)
Others	(20.85)	6.76	-	(0.17)	(14.26)
Deferred tax liabilities / (assets) net	**(433.21)**	**(52.98)**	**59.23**	**5.30**	**(421.66)**

23. TRADE PAYABLES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Total outstanding dues of micro enterprises and small enterprises	20.36	19.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,654.08	2,046.85
	1,674.44	**2,066.81**

(i) Trade Payables ageing schedule for the year ended as on 31st March, 2022 and 31st March, 2021

(₹ in crores)

As at 31st March, 2022	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	-	17.20	2.36	0.32	0.31	0.17	20.36
(ii) Others	1,124.62	432.74	88.22	3.99	0.65	1.91	1,652.13
(iii) Disputed dues- MSME *	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	1.95	-	1.95
Total	**1,124.62**	**449.94**	**90.58**	**4.31**	**2.91**	**2.08**	**1,674.44**

* MSME as per the Micro,Small and Medium Enterprise Development Act, 2006.

(₹ in crores)

As at 31st March, 2021	Outstanding for following periods from due date of payment						
	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME *	-	18.86	0.39	0.59	0.05	0.07	19.96
(ii) Others	1,500.31	446.44	90.68	5.83	0.61	1.09	2,044.96
(iii) Disputed dues- MSME *	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	1.89	-	-	1.89
Total	**1,500.31**	**465.30**	**91.07**	**8.31**	**0.66**	**1.16**	**2,066.81**

* MSME as per the Micro,Small and Medium Enterprise Development Act, 2006.

(ii) Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under:

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
(a) (i) The principal amount remaining unpaid at the end of the year	20.36	19.96
(ii) Interest due on principal remaining unpaid at the end of the year	-	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	21.65	27.66
(ii) Interest actually paid under Section 16 of the MSMED Act	0.12	0.03
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.07	0.12
(d) Total interest accrued during the year and remaining unpaid	0.07	0.12
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the company. This has been relied upon by the auditors.

Notes forming part of the Consolidated Financial Statements

24. OTHER FINANCIAL LIABILITIES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-Current		
Creditors for capital goods	0.78	3.04
Security deposits	4.26	0.22
Derivative financial instruments	-	0.06
Other payables	-	4.19
	5.04	**7.51**
Current		
Interest accrued but not due on borrowings	34.70	42.73
Creditors for capital goods	18.58	22.56
Payables for employee benefits	144.79	150.32
Unclaimed dividend	4.44	4.54
Book overdraft	38.96	54.56
Derivative financial instruments	27.71	13.55
Other payables	10.09	12.58
	279.27	**300.84**
	284.31	**308.35**

25. OTHER LIABILITIES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Non-Current		
Government grant	1.96	3.30
Payables to statutory and other authorities	2.46	2.16
	4.42	**5.46**
Current		
Trade advances	10.13	8.73
Payables to statutory and other authorities	78.83	106.07
Government grant	1.35	2.19
Other payables	8.95	11.07
	99.26	**128.06**
	103.68	**133.52**

26. REVENUE FROM OPERATIONS

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Sales		
Sales in India	4,661.44	3,998.22
Sales outside India	3,757.36	3,888.01
	8,418.80	**7,886.23**
Other operating income		
Export benefits	24.77	50.05
Income from product registration dossiers	1.72	2.22
Compensation and settlement income	19.64	-
Government grant income	2.19	2.19
Other income	40.92	63.88
	89.24	**118.34**
	8,508.04	**8,004.57**
Reconciliation of revenue from operations with the contracted price :		
Contracted price	15,121.89	14,760.01
Adjustments :		
Chargeback, rebates and discounts	(6,428.24)	(6,543.77)
Sales return	(248.61)	(287.27)
Others	(26.24)	(42.74)
Sales	8,418.80	7,886.23
Add : Other operating income	89.24	118.34
Revenue from operations	**8,508.04**	**8,004.57**

Revenue disaggregation by geography has been included in segment reporting (Refer note 36).
Revenue from operations also includes contract manufacturing revenue of ₹ 547.18 crores and ₹ 506.37 crores for the year ended 31st March, 2022 and 31st March, 2021 respectively.

27. OTHER INCOME

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Interest income	7.15	5.07
Net gain on sale of investments (including gain/(loss) on fair valuation ₹ 0.26 crores and ₹ 0.08 crores for year ended 31st March, 2022 and 31st March, 2021 respectively)	10.14	15.58
Net foreign exchange gain (Including gain on hedging)	169.54	31.97
Other non-operating income	9.73	4.29
	196.56	**56.91**

Notes forming part of the Consolidated Financial Statements

28. COST OF MATERIALS CONSUMED

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Raw materials	1,326.24	1,234.39
Packing materials	211.26	186.30
	1,537.50	**1,420.69**

29. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Opening inventory :		
Finished goods	958.23	778.33
Work-in-progress	180.32	203.18
Stock-in-trade	498.77	376.57
	1,637.32	1,358.08
Less : Closing inventory :		
Finished goods	1,013.08	958.23
Work-in-progress	177.59	180.32
Stock-in-trade	372.79	498.77
	1,563.46	**1,637.32**
Changes in inventory	**73.86**	**(279.24)**

30. EMPLOYEE BENEFITS EXPENSE

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Salaries, wages and bonus	1,304.67	1,245.47
Contribution to provident and other funds	133.69	118.24
Gratuity and other retirement benefit cost	27.70	26.46
Staff welfare expenses	60.39	49.45
	1,526.45	**1,439.62**

31. FINANCE COSTS

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Interest expenses	249.94	346.16
Interest expenses on lease	2.99	4.66
Other borrowing cost	2.13	2.12
	255.06	**352.94**

32. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Depreciation of tangible assets	216.55	203.08
Amortisation of intangible assets	415.70	420.60
Impairment of intangible assets under development	0.23	0.48
Depreciation on right-of-use assets	29.68	33.63
	662.16	**657.79**

33. OTHER EXPENSES

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Selling, publicity and medical literature expenses	884.91	742.63
Laboratory goods and testing expenses	157.40	175.76
Power and fuel	144.19	122.94
Travelling, conveyance and vehicle expenses	81.64	61.68
Clinical research expense	38.65	25.18
Stores and spares consumed	95.46	88.88
Professional and legal fees	110.71	139.89
Cost of outsourced manpower	88.36	74.80
Allowance for credit loss (net)	0.90	14.42
Auditors remuneration and expenses	4.13	3.82
Commission to non-executive directors	1.13	6.14
Donation	37.79	38.07
Corporate social responsibility expenditure (Refer note 42)	23.00	22.29
General charges	440.04	421.95
	2,108.31	**1,938.45**

34. EARNINGS PER SHARE

		Year Ended 31st March, 2022	Year Ended 31st March, 2021
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	777.18	1,251.88
Weighted average number of equity shares [b]	(Nos.)	169,222,720	169,222,720
EPS (basic and diluted) [a] / [b]	₹	45.93	73.98
Nominal value per equity share	₹	5.00	5.00

Notes forming part of the Consolidated Financial Statements

35. DEFINED BENEFIT PLANS

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

General description of the plan :

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

(ii) **Pension:** Employees pension benefit plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called "Monsanto Pension Plan 2000". It is a defined benefit plan (the pension plan) which provides pension benefits to eligible employees post retirement.

(iii) Retirement Benefit Plan: Philippines subsidiary has a non-contributory defined benefit retirement plan covering all of its regular employees. The benefits are based on respective employee's salary and the tenure of employment.

(iv) **Retirement Benefit and Seniority Premium Plan:** The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labour laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

(₹ in crores)

	Year ended 31st March, 2022				Year ended 31st March, 2021			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation :								
Obligations at the beginning of the year	268.66	95.37	7.43	2.98	235.38	86.78	5.50	1.54
Current service cost	24.04	0.44	0.98	1.43	23.09	0.38	0.80	0.53
Interest cost	17.65	1.32	0.31	0.23	15.44	1.56	0.26	0.14
Liability transferred in	0.05	-	-	-	0.46	-	-	-
Liability transferred out	(0.46)	-	-	-	(0.12)	-	-	-
Actuarial (gains) / losses	1.51	(10.03)	(1.26)	(0.18)	3.76	5.94	0.72	0.96
Benefits paid directly by the employer	(0.83)	(2.59)	-	(1.62)	(0.43)	(2.45)	-	(0.43)
Benefits paid from the fund	(16.14)	-	-	-	(8.92)	-	-	-
Translation exchange difference	-	(1.62)	(0.73)	0.19	-	3.16	0.15	0.24
Obligations at the end of the year	**294.48**	**82.89**	**6.73**	**3.03**	**268.66**	**95.37**	**7.43**	**2.98**
(b) Reconciliation of opening and closing balances of the fair value of plan assets :								
Plan assets at the beginning of the year, at fair value	278.47	-	-	-	233.25	-	-	-
Interest income	18.30	-	-	-	15.30	-	-	-
Return on plan assets, excluding interest income	(0.88)	-	-	-	14.84	-	-	-
Contributions	21.00	-	-	-	24.00	-	-	-
Benefits paid	(16.14)	-	-	-	(8.92)	-	-	-
Plan assets at the end of the year, at fair value	**300.75**	**-**	**-**	**-**	**278.47**	**-**	**-**	**-**
Actual return on plan assets	**17.42**	**-**	**-**	**-**	**30.14**	**-**	**-**	**-**

35. DEFINED BENEFIT PLANS (CONTINUED)

(₹ in crores)

	Year ended 31st March, 2022				Year ended 31st March, 2021			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(c) Expense recognised in the statement of profit and loss for the year :								
Current service cost	24.04	0.44	0.98	1.43	23.09	0.38	0.80	0.53
Net Interest on net defined benefit liability	(0.65)	1.32	0.31	0.23	0.14	1.56	0.26	0.14
Net gratuity and other retirement benefit cost *	**23.39**	**1.76**	**1.29**	**1.66**	**23.23**	**1.94**	**1.06**	**0.67**
* ₹ 0.40 crores (previous year ₹ 0.44 crores) capitalised as pre-operative expenses out of the above amount.								
(d) (Gains) / losses recognised in other comprehensive income for the year :								
Actuarial (gains) / losses	1.51	(10.03)	(1.26)	(0.18)	3.76	5.94	0.72	0.96
Return on plan assets, excluding interest income	0.88	-	-	-	(14.84)	-	-	-
	2.39	**(10.03)**	**(1.26)**	**(0.18)**	**(11.08)**	**5.94**	**0.72**	**0.96**
(e) Reconciliation of the present value of the defined benefit obligation and fair value of plan assets :								
Obligations at the end of the year	294.48	82.89	6.73	3.03	268.66	95.37	7.43	2.98
Plan assets at the end of the year, at fair value	300.75	-	-	-	278.47	-	-	-
(Asset) / Liability recognised in balance sheet	**(6.27)**	**82.89**	**6.73**	**3.03**	**(9.81)**	**95.37**	**7.43**	**2.98**
(f) Remeasurement of net defined benefit liability / (asset) :								
Actuarial (gains) / losses :								
Changes in demographic assumptions	0.15	-	-	-	-	-	-	-
Changes in financial assumptions	(6.65)	(9.67)	(1.13)	0.06	(0.19)	5.82	0.49	0.07
Experience adjustments	8.01	(0.36)	(0.13)	(0.24)	3.95	0.12	0.23	0.89
Remeasurement of defined benefit liability	**1.51**	**(10.03)**	**(1.26)**	**(0.18)**	**3.76**	**5.94**	**0.72**	**0.96**
Remeasurement of return on plan assets	0.88	-	-	-	(14.84)	-	-	-
Total	**2.39**	**(10.03)**	**(1.26)**	**(0.18)**	**(11.08)**	**5.94**	**0.72**	**0.96**

Notes forming part of the Consolidated Financial Statements

35. DEFINED BENEFIT PLANS (CONTINUED)

(₹ in crores)

	Year ended 31st March, 2022				Year ended 31st March, 2021			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(g) Expected contribution for the next year	19.14	2.68	0.02	0.50	14.23	2.72	0.02	0.46
(h) Assumptions :								
Discount rate	6.90%	2.10%	5.50%	9.50%	6.57%	1.36%	4.25%	8.00%
Salary escalation rate	10.00%	2.50%	6.00%	4.50%	10.00%	2.50%	6.00%	4.50%
Weighted average duration of defined benefit obligation	8 years	14.90 years	12.64 years	5.34 years	8 years	16.16 years	14.53 years	5.01 years

Expected long term productivity gains and long term risk-free real rate of interest have been used as guiding factors to determine long term salary growth.
For gratuity plan, future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(i) Sensitivity Analysis for each significant actuarial assumption :

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

(₹ in crores)

	Year ended 31st March, 2022				Year ended 31st March, 2021			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
Impact of increase in discount rate by 1 %	(18.58)	(10.85)	(0.74)	(0.14)	(17.55)	(13.53)	(0.92)	(0.14)
Impact of decrease in discount rate by 1 %	21.06	13.60	0.88	0.16	19.98	17.21	1.11	0.16
Impact of increase in salary escalation rate by 1 %	20.23	0.29	0.87	0.14	19.13	0.37	1.08	0.14
Impact of decrease in salary escalation rate by 1 %	(18.24)	(0.28)	(0.74)	(0.12)	(17.19)	(0.36)	(0.91)	(0.13)

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

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

(j) Investment details of plan assets (Gratuity) :

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

35. DEFINED BENEFIT PLANS (CONTINUED)

	As at 31st March, 2022	As at 31st March, 2021
Equity instruments	8.93%	8.55%
Corporate bonds	43.78%	40.41%
Government securities	24.11%	32.35%
Other investments and net current assets	23.18%	18.69%

(k) Maturity profile:

The defined benefit obligations shall mature after year ended 31st March, 2022 as follows:

(₹ in crores)

	Undiscounted values			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
1st following year	30.09	2.88	0.02	0.50
2nd following year	27.78	3.14	0.02	0.52
3rd following year	27.89	3.22	0.03	0.57
4th following year	29.73	3.28	1.37	0.63
5th following year	28.79	3.38	1.09	0.69
Thereafter	377.91	18.51	2.64	4.04

(l) Asset-liability matching strategies:

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

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Notes forming part of the Consolidated Financial Statements

36. SEGMENT REPORTING

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker [CODM] to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Generic Formulation Business is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance.

Entity - wide disclosures :

(i) Revenues from external customers:

(₹ in crores)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
India	4,683.20	4,029.46
Outside India :		
USA	1,067.21	1,263.24
Germany	966.31	1,038.56
Brazil	742.04	630.19
Other countries	1049.28	1,043.12
Total	**8,508.04**	**8,004.57**

Revenue from external customers is allocated based on the location of the customer.

(ii) Non-current assets:

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
India	6,843.68	7,349.53
Outside India :		
USA	65.54	479.60
Germany	82.93	58.13
Brazil	24.11	23.24
Other countries	62.14	67.16
Total	**7,078.40**	**7,977.66**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and capital advances. It is allocated based on the geographic location of the respective assets.

(iii) Major customers :

The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended 31st March, 2022 and 31st March, 2021.

37. FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

(₹ in crores)

As at 31st March, 2022	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost*:					
Cash and cash equivalents	398.40	-	-	-	-
Bank balances other than cash and cash equivalents	5.01	-	-	-	-
Trade receivables	1,632.48	-	-	-	-
Investments	0.01	-	-	-	-
Loans	4.36	-	-	-	-
Other financial assets	124.64	-	-	-	-
Fair value through other comprehensive income:					
Investment in equity instruments	42.34	0.02	-	42.32	42.34
Fair value through profit or loss:					
Investment in mutual funds	183.96	183.96	-	-	183.96
Derivative instruments:					
Designated as cash flow hedge	66.63	-	66.63	-	66.63
Fair value through profit and loss	43.56	-	43.56	-	43.56
Total	**2,501.39**	**183.98**	**110.19**	**42.32**	**336.49**
Financial liabilities:					
Amortised cost*:					
Borrowings	4,018.10	-	-	-	-
Trade payables	1,674.44	-	-	-	-
Other financial liabilities	256.60	-	-	-	-
Lease liability	51.55	-	-	-	-
Derivative instruments:					
Fair value through profit and loss	27.71	-	27.71	-	27.71
Total	**6,028.40**	**-**	**27.71**	**-**	**27.71**

Notes forming part of the Consolidated Financial Statements

37. FINANCIAL INSTRUMENTS (CONTINUED)

(₹ in crores)

As at 31st March, 2021	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost*:					
Cash and cash equivalents	572.56	-	-	-	-
Bank balances other than cash and cash equivalents	30.94	-	-	-	-
Trade receivables	1,523.37	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.10	-	-	-	-
Other financial assets	67.75	-	-	-	-
Fair value through other comprehensive income:					
Investment in equity instruments	42.10	0.02	-	42.08	42.10
Fair value through profit or loss:					
Investment in mutual funds	139.03	139.03	-	-	139.03
Derivative instruments:					
Designated as cash flow hedge	63.33	-	63.33	-	63.33
Fair value through profit and loss	41.82	-	41.82	-	41.82
Total	**2,486.01**	**139.05**	**105.15**	**42.08**	**286.28**
Financial liabilities:					
Amortised cost*:					
Borrowings	4,825.46	-	-	-	-
Trade payables	2,066.81	-	-	-	-
Other financial liabilities	308.35	-	-	-	-
Lease liability	48.67				
Fair value through profit or loss:					
Other financial liabilities**	4.19	-	-	4.19	4.19
Derivative instruments:					
Fair value through profit and loss	13.61	-	13.61	-	13.61
Total	**7,267.09**	**-**	**13.61**	**4.19**	**17.80**

* The Group has not disclosed the fair value of financial instruments, because their carrying amount are a reasonable approximation of fair value.

** Management does not expect any significant change in liability on settlement.

Determination of fair values:

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

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

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

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

37. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Derivative financial instruments

Cash flow hedges :

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

Currency	Nature of Derivative contracts	Buy/Sell	Net position (Amount in crores)		Fair value gain / (loss) (₹in crores)	
			31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
USD	Forward contracts	Sell	32.25	37.38	34.17	70.43
EUR	Forward contracts	Sell	4.53	4.92	12.35	0.29
GBP	Forward contracts	Sell	0.49	0.69	1.85	(3.71)
MXN	Forward contracts	Sell	5.50	4.60	(1.15)	(1.32)
MYR	Forward contracts	Sell	3.30	3.25	(1.68)	(1.75)
RUB	Forward contracts	Sell	86.86	66.08	21.16	(0.64)
THB	Forward contracts	Sell	0.22	0.60	(0.01)	0.03
AUD	Forward contracts	Sell	0.03	-	(0.06)	-
					66.63	**63.33**
Less : Deferred tax					23.28	22.13
Balance in cash flow hedge reserve					**43.35**	**41.20**

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

(₹ in crores)

Particulars	Year ended 31st March, 2022	Year ended 31st March, 2021
Balance at the beginning of the year	**41.20**	**(63.84)**
(Gain) / losses transferred to profit or loss	(124.31)	(9.90)
Deferred tax on (gains) / losses reclassified to profit or loss	43.44	3.88
Change in the fair value of effective portion of cash flow hedges	127.61	170.71
Deferred tax on change in the fair value of effective portion of cash flow hedges	(44.59)	(59.65)
Balance at the end of the year	**43.35**	**41.20**

(iii) Financial risk management

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

(a) Market risk :

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

(a1) Foreign currency exchange rate risk :

The Group's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Since a major part of the Group's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Group's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

Notes forming part of the Consolidated Financial Statements

37. FINANCIAL INSTRUMENTS (CONTINUED)

The major foreign currency exposures for the Group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Group hedges trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1 based on management's current assessment. The parent company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

As at 31st March, 2022	US Dollar	Euro	Others*	Total
Assets:				
Cash and cash equivalents	65.23	121.41	146.02	332.66
Trade receivables	609.81	298.90	455.75	1,364.46
Bank balances other than cash and cash equivalents	-	0.55	-	0.55
Other assets	18.39	84.58	7.83	110.80
Total	**693.43**	**505.44**	**609.60**	**1,808.47**
Liabilities :				
Borrowings	674.68	-	-	674.68
Trade payables	112.63	977.77	67.50	1,157.90
Other liabilities	34.07	27.18	78.44	139.69
Total	**821.38**	**1,004.95**	**145.94**	**1,972.27**
Net assets / (liabilities)	**(127.95)**	**(499.51)**	**(463.66)**	**(163.80)**
As at 31st March, 2021	**US Dollar**	**Euro**	**Others***	**Total**
Assets :				
Cash and cash equivalents	67.03	363.42	77.82	508.27
Trade receivables	584.96	390.94	333.40	1,309.30
Bank balances other than cash and cash equivalents	-	26.39	-	26.39
Other assets	12.52	55.29	12.11	79.92
Total	**664.51**	**836.04**	**423.33**	**1,923.88**
Liabilities :				
Borrowings	294.02	-	-	294.02
Trade payables	122.57	1,314.10	85.69	1,522.36
Other liabilities	177.69	30.44	53.99	262.12
Total	**594.28**	**1,344.54**	**139.68**	**2,078.50**
Net assets / (liabilities)	**70.23**	**(508.50)**	**283.65**	**(154.62)**

*Others mainly includes currencies namely British Pound, Mexican Peso, Russian Rouble.

With respect to the Group's derivative financial instruments which is in the form of forward contracts and currency swap, a 5% increase / decrease in relation to USD & EURO of each of the currencies underlying such contracts would have resulted in increase /decrease of ₹74.98 crores (₹90.39 crores) in the Group's net profit and ₹70.57 crores (₹157.99 crores) in cash flow hedge reserve from such contracts as at 31st March, 2022 and 31st March, 2021 respectively.

With respect to the parent company's non-derivative financial instruments, a 5% increase / decrease in relation to USD & EURO on the underlying would have resulted in increase /decrease of ₹51.75 crores (₹54.64 crores) in the Group's net profit for the year ended 31st March, 2022 and 31st March, 2021 respectively.

With respect to the subsidiary's non-derivative financial instruments, a 5% increase / decrease in relation to the underlying currency would have resulted in increase /decrease of ₹44.78 crores (₹39.70 crores) in the Group's foreign currency translation reserve as at 31st March, 2022 and 31st March, 2021 respectively.

37 FINANCIAL INSTRUMENTS (CONTINUED)

(a2) Interest rate risk:

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group is exposed to fluctuations in interest rates in respect of foreign currency borrowings and rupee borrowings.

As at 31st March, 2022, the Group has outstanding rupee borrowings of ₹2,573.44 crores and foreign currency borrowings of ₹674.69 crores (USD 89 Mn) with variable rate of interest and ₹769.97 crores with fixed rate of interest.

Cash flow risk in respect of variable rate instruments :

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit by ₹32.48 crores. 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."

Fair value risk in respect of fixed rate instruments :

The Company carries borrowings at amortised cost and hence, change in the interest rate at reporting date does not affect statement of profit or loss.

(b) Credit risk :

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consist of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group does not have significant concentration of credit risk related to trade receivables. There is 1 customer with outstanding balances of more than 10% of outstanding accounts receivable as at 31st March, 2022 and 31st March, 2021.

With respect to investments, the Group limits its exposure to credit risk by generally investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. Bank deposits are placed with banks with high credit rating. The Group's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Group therefore considers credit risks on such investments and bank deposits to be negligible.

With respect to derivatives, the Group's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹2,456.52 crores and ₹2,443.58 crores as at 31st March, 2022 and 31st March, 2021 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments and such financial assets are of good credit quality including those that are past due.

Notes forming part of the Consolidated Financial Statements

37 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk:

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liability as as below: (₹ in crores)

	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
As at 31st March, 2022					
Trade payables	1,674.44	-	-	-	1,674.44
Borrowings*	1,894.89	1,018.51	1,109.20	-	4,022.60
Other financial Liabilities					
Lease Obligations	14.73	9.84	13.11	13.87	51.55
Others	251.56	5.04	-	-	256.60
Derivative financial liabilities	27.71	-	-	-	27.71
Total	**3,863.33**	**1,033.39**	**1,122.31**	**13.87**	**6,032.90**
As at 31st March, 2021					
Trade payables	2,066.81	-	-	-	2,066.81
Borrowings*	1,884.39	971.85	1,976.09		4,832.33
Other financial Liabilities					
Lease Obligations	26.47	8.90	10.08	3.22	48.67
Others	287.29	3.70	3.75	-	294.74
Derivative financial liabilities	13.55	0.06	-	-	13.61
Total	**4,278.51**	**984.51**	**1,989.92**	**3.22**	**7,256.16**

*Excluding amortised cost adjustment

(iv) Capital management

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group's objective for capital management is to maintain the capital structure which will support the Group's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

38. EXCEPTIONAL ITEMS

(a) Impairment of assets

The management has 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 indicates 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. Based on the management judgment and best estimate assumptions of the fair value of the assets of liquid facility, impairment provision in the consolidated statement of profit and loss aggregating to ₹439.02 crores during the year ended 31st March, 2022 as below :

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
Tangible assets	266.07	-
Capital work-in-progress	6.95	-
Intangible assets	6.08	-
Intangible assets under development	75.42	-
Goodwill	84.50	-
Total	439.02	-

The impairment loss has been determined by considering assets of liquid facility, intangible assets including assets under development and corresponding goodwill as a cash generating unit (CGU). Recoverable amount (i.e. higher of value in use and fair value less cost to sell) of CGU was compared to carrying value and impairment amount was arrived.

(b) Other costs:

The Group has considered provision for expenses of ₹ 45.68 crores including write down of inventory, certain contractual obligations and failure to supply expenses related to discontinuation of liquid facility.

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Notes forming part of the Consolidated Financial Statements

39. RELATED PARTIES AND TRANSACTIONS

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

(₹ in crores)

Particulars	Holding Company		Key Management Personnel/ Independent Directors		Other related parties		Total	
(a) Nature of Transactions	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**
Purchase of material, consumables etc (net of returns)	-	-	-	-	-	0.39	-	0.39
Remuneration to key management personnel / independent directors*	-	-	27.53	40.26	-	-	27.53	40.26
Remuneration	-	-	-	-	2.24	1.51	2.24	1.51
Contribution to gratuity / superannuation trust	-	-	-	-	38.25	39.51	38.25	39.51
Lease rent paid	0.02	0.02	-	-	-	-	0.02	0.02
Services received	-	-	-	-	18.26	17.42	18.26	17.42
Sales commission	-	-	-	-	2.70	2.75	2.70	2.75
Donation	-	-	-	-	7.50	2.75	7.50	2.75
CSR Expenditure	-	-	-	-	20.93	21.53	20.93	21.53
Interest income	-	-	-	-	0.03	0.04	0.03	0.04
Expenses reimbursement	-	-	-	-	0.16	0.24	0.16	0.24
Transfer (in) / out of employees (net)	-	-	-	-	0.60	(0.44)	0.60	(0.44)
(b) Balances at the end of the year	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**	**31st March, 2022**	**31st March, 2021**
Security deposit receivable	-	-	-	-	0.66	0.66	0.66	0.66
Investment in equities	-	-	-	-	0.05	0.06	0.05	0.06
Trade payables	-	-	-	-	2.20	1.22	2.20	1.22
Other payables	-	-	21.01	26.24	-	-	21.01	26.24
Advances to gratuity trust		-		-	0.21	0.21	0.21	0.21
Guarantees given**	-	-	-	-	1.33	-	1.33	-

* Excluding provision for gratuity and leave benefits, insurance premium for group personal accident and group mediclaim.
**Net Guarantees (withdrawal)/ given (including exchange rate variation) for 2021-22 ₹ 1.33 crores (Previous Year ₹ Nil) in respect of other related parties.

Name of holding Company :

Holding Company	Torrent Investments Private Limited

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of the business and are on an arm's length basis.

(c) Remuneration to Key Management Personnel / Independent Directors:

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
Salaries and other benefits	5.37	12.66
Contribution to defined contribution plan	0.44	0.91
Commission	21.13	26.14
Sitting Fees	0.59	0.55
Total	**27.53**	**40.26**

40. COMMITMENTS AND CONTINGENCIES

(₹ in crores)

	As at 31st March, 2022	As at 31st March, 2021
Commitments :		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	376.61	201.45
Contingent liabilities :		
(a) Claims against the Group not acknowledged as debts:		
Disputed demand of income tax for which appeals have been preferred	1.46	1.46
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	15.50	14.79
Disputed demand of goods and service tax / excise	100.81	97.22
Disputed demand of local sales tax and C.S.T	0.24	0.26
Disputed demand of stamp duty	3.43	3.43
Disputed cases at labour court / industrial court	7.05	5.48
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	0.25	0.25
	128.74	**122.89**

In most of the cases above, the relevant authorities have raised a demand or disallowed / deducted the relevant taxes. The Group has preferred an appeal and the outcome is awaited.

Against the claims not acknowledged as debts, the Group has paid ₹ 3.84 crores (previous year ₹ 3.86 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

(b) The Company and/or its subsidiaries are involved in certain legal proceedings, including product liability 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 Company assesses likely outcome based on internal assessment as well as considers views of legal counsel representing the Company. Moreover, Company carries product liability insurance policy of amount which it believes to be sufficient for its needs.

(c) In view of amendment in Section 37(1) of Income Tax Act, 1961 introduced in Finance Act, 2022, it is possible that the Company may get involved in the litigation on allowability of certain expenses in relation to the years for which assessment proceedings have not commenced. It is difficult to ascertain the financial effects from such future proceedings, if any, that will result in to its ultimate disposition. The Company assesses likely outcome based on internal assessment as well as considers views of external consultants representing the Company.

41 The Group has considered the possible effects that may result from COVID-19 on the carrying amounts of tangible and intangible assets, financials assets, inventory, receivables etc as well as borrowings and liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external information such as future estimate of volumes, continuity of supply chain etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying amount of these assets will be recovered and there is no significant impact on the Group's ability to discharge its borrowings and liabilities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

Notes forming part of the Consolidated Financial Statements

42. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(₹ in crores)

	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) Gross amount required to be spent by the Company	22.65	17.44
(b) Amount approved by the Board to be spent during the year	23.00	22.60
(c) Amount spent during the year on	-	-
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	23.00	22.29
	23.00	**22.29**
(d) Shortfall at the end of the year	-	-
(e) Total of previous year shortfall	-	-
(f) Reason for shortfall	Not Applicable	Not Applicable
(g) Contribution to section 8 companies, which are related parties, included in (c) above, in relation to CSR expenditure*	20.93	21.53
(h) Nature of CSR activites : Community Healthcare, Sanitation & Hygiene, Education and Knowlegde Enhancement, Social care & Concern		

*Unspent amount as at 31st March, 2022 is ₹17.21 crores (31st March, 2021 ₹ 5.10 crores (net of utilisation till 30th September, 2021)) has been transferred to special bank account specified under section 135 (6) of the Companies Act, 2013.

43. RELATIONSHIP WITH STRUCKOFF COMPANIES

The Company has balances of ₹ 0.03 crores as of 31st March, 2022 (Previous year ₹ 0.03 crores) with respect to four companies, which are struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year.

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Notes forming part of the Consolidated Financial Statements

44. NON-CURRENT ASSETS HELD FOR SALE

During the year, considering that there is no alternate use in the foreseeable future, the Company has classified the land with carrying value of ₹126.65 crores as non-current assets held for sale since the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

45. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries) other than in the ordinary course of business with its subsidiary companies. The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

46. PROPOSED DIVIDEND

The Board of Directors in their meeting held on 25th May, 2022, recommended a final equity dividend of ₹8/- per equity share. The Company is completing 50 years of its incorporation this year. To commemorate the same, the Board has additionally recommended :

1. A special dividend of ₹15/- per equity share. Considering this, the total dividend for year become ₹48/- per equity share (includes interim dividend of ₹25/- per equity share).
2. Bonus share issue in the ratio of 1:1 i.e. one equity bonus share for each fully paid up equity share. Consequent to the bonus issue, the total paid up share capital will be ₹169.22 crores from the existing ₹84.62 crores.

47. The consolidated financial statements for the year ended 31st March, 2022 were approved for issue by the Board of Directors on 25th May, 2022.

48. The figures for the previous year have been restated/regrouped wherever necessary, to make them comparable.

49. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

(a) As at and for the year ended 31st March, 2022

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹in crores	As % of consolidated profit or loss	₹in crores	As % of consolidated other comprehensive income	₹in crores	As % of consolidated total comprehensive income	₹in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	101.84%	6,062.39	137.55%	1,068.78	6.60%	0.76	135.60%	1,069.54
Subsidiaries								
Foreign								
Zao Torrent Pharma	0.57%	34.10	0.31%	2.41	(15.09%)	(1.74)	0.08%	0.67
Torrent Do Brasil Ltda.	3.45%	205.38	8.32%	64.68	115.96%	13.37	9.90%	78.05
Torrent Pharma Gmbh	0.79%	46.79	(1.54%)	(12.00)	1.47%	0.17	(1.50%)	(11.83)
Torrent Pharma Inc.	(12.76%)	(759.73)	(56.83%)	(441.65)	(141.20%)	(16.28)	(58.06%)	(457.93)

Notes forming part of the Consolidated Financial Statements

49. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 (CONTINUED)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹in crores	As % of consolidated profit or loss	₹in crores	As % of consolidated other comprehensive income	₹in crores	As % of consolidated total comprehensive income	₹in crores
Torrent Pharma Philippines Inc.	1.57%	93.70	2.54%	19.76	(10.67%)	(1.23)	2.35%	18.53
Laboratorios Torrent, S.A. De C.V.	0.66%	39.43	1.24%	9.65	17.35%	2.00	1.48%	11.65
Torrent Australasia Pty Ltd	0.01%	0.37	0.00%	0.03	0.17%	0.02	0.01%	0.05
Torrent Pharma S.R.L.	-	-	0.34%	2.65	(3.04%)	(0.35)	0.29%	2.30
Torrent Pharma (UK) Ltd	(1.47%)	(87.78)	(6.08%)	(47.24)	19.34%	2.23	(5.71%)	(45.01)
Torrent Pharma (Thailand) Co., Ltd.	0.03%	1.68	0.03%	0.27	(0.35%)	(0.04)	0.03%	0.23
Laboratories Torrent (Malaysia) SDN.BHD.	0.22%	13.37	0.30%	2.31	0.87%	0.10	0.31%	2.41
Torrent Pharma France S.A.S.	-	-	(0.01%)	(0.04)	(4.08%)	(0.47)	(0.06%)	(0.51)
TPL (Malta) Ltd.	0.14%	8.50	(0.01%)	(0.09)	0.35%	0.04	(0.01%)	(0.05)
Heumann Pharma Gmbh & Co. Generica KG	3.24%	193.15	9.07%	70.52	132.87%	15.32	10.88%	85.84
Heunet Pharma Gmbh	1.58%	93.85	4.82%	37.49	(19.86%)	(2.29)	4.46%	35.20
Torrent Pharma (Malta) Ltd.	0.13%	7.75	(0.05%)	(0.35)	(0.69%)	(0.08)	(0.05%)	(0.43)
Total	**100.00%**	**5,952.95**	**100.00%**	**777.18**	**100.00%**	**11.53**	**100.00%**	**788.71**

(b) As at and for the year ended 31st March, 2021

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	97.54%	5,693.13	85.23%	1,066.88	109.28%	109.75	86.98%	1,176.63
Subsidiaries								
Foreign								
Zao Torrent Pharma	0.57%	33.43	0.50%	6.21	(1.25%)	(1.26)	0.37%	4.95
Torrent Do Brasil Ltda.	2.18%	127.36	2.11%	26.43	1.10%	1.10	2.04%	27.53
Torrent Pharma Gmbh	1.00%	58.61	(0.22%)	(2.80)	0.04%	0.04	(0.20%)	(2.76)
Torrent Pharma Inc.	(5.17%)	(301.79)	(5.43%)	(67.93)	17.95%	18.03	(3.69%)	(49.90)

49. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 (CONTINUED)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹in crores	As % of consolidated total comprehensive income	₹ in crores
Torrent Pharma Philippines Inc.	1.29%	75.17	2.61%	32.72	(0.17%)	(0.17)	2.41%	32.55
Laboratorios Torrent, S.A. De C.V.	0.47%	27.62	0.84%	10.50	1.09%	1.09	0.86%	11.59
Torrent Australasia Pty Ltd	0.01%	0.33	0.00%	0.05	0.03%	0.03	0.01%	0.08
Torrent Pharma S.R.L.	(0.30%)	(17.74)	0.03%	0.43	(0.45%)	(0.45)	(0.00%)	(0.02)
Torrent Pharma (UK) Ltd	(0.73%)	(42.79)	(0.93%)	(11.63)	(7.98%)	(8.01)	(1.45%)	(19.64)
Torrent Pharma (Thailand) Co., Ltd.	0.02%	1.45	0.07%	0.93	0.02%	0.02	0.07%	0.95
Laboratories Torrent (Malaysia) SDN.BHD.	0.19%	10.98	0.25%	3.07	(0.15%)	(0.15)	0.22%	2.92
Torrent Pharma France S.A.S.	0.01%	0.60	0.25%	3.15	(0.11%)	(0.11)	0.22%	3.04
Heumann Pharma Gmbh & Co. Generica KG	1.92%	112.18	9.21%	115.28	(18.12%)	(18.20)	7.18%	97.08
Heunet Pharma Gmbh	1.00%	58.63	5.48%	68.59	(1.28%)	(1.29)	4.98%	67.30
Norispharm Gmbh	-	-	-	-	-	-	-	-
Total	**100.00%**	**5,837.17**	**100.00%**	**1,251.88**	**100.00%**	**100.42**	**100.00%**	**1,352.30**

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
25th May, 2022

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary
Ahmedabad
25th May, 2022

(A) FORM AOC-1 : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / JOINT VENTURES PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014:

Part "A": Subsidiaries

(₹ in crores)

Sr. No.	Name of the subsidiary	Date of acquisition	Reporting currency	Exchange Rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover*	Profit before taxation*	Provision for taxation*	Profit after taxation*	Proposed Dividend*
1	Zao Torrent Pharma	Not Applicable	Rouble	0.9016	0.21	32.12	64.94	32.61	-	84.92	5.50	4.05	1.45	-
2	Torrent Do Brasil Ltda.	31.05.2001	Reais	16.0005	30.63	161.98	498.17	305.56	-	733.42	88.07	32.31	55.76	-
3	Torrent Pharma Gmbh	Not Applicable	Euro	84.6599	0.21	64.76	213.25	148.28	49.40	4.43	(7.83)	3.79	(11.62)	-
4	Torrent Pharma Inc.	Not Applicable	USD	75.8071	9.10	(766.67)	1,260.03	2,017.60	-	1,019.14	(588.08)	(148.87)	(439.21)	-
5	Torrent Pharma Philippines Inc.	Not Applicable	Pesos	1.4590	5.62	87.66	190.55	97.27	-	173.75	26.87	6.71	20.16	-
6	Laboratorios Torrent, S.A. De C.V.	Not Applicable	Mxn$	3.8165	28.52	11.17	57.10	17.41	-	83.27	13.88	4.41	9.47	-
7	Torrent Australasia Pty Ltd	Not Applicable	Au$	56.7189	0.49	(0.12)	0.37	-	-	0.48	0.04	-	0.04	-
8	Torrent Pharma (Thailand) Co., Ltd.	Not Applicable	THB	2.2761	2.71	(1.02)	2.60	0.91	-	1.62	0.29	0.01	0.28	-
9	Torrent Pharma (UK) Ltd	Not Applicable	GBP	99.5524	2.24	(97.54)	164.97	260.27	-	152.65	(51.49)	(0.14)	(51.35)	-
10	Laboratories Torrent (Malaysia) SDN.BHD.	Not Applicable	MYR	18.0150	1.80	11.61	31.15	17.74	-	74.95	3.82	1.45	2.37	-
11	Heumann Pharma Gmbh & Co. Generica KG	03.07.2005	Euro	84.6599	0.09	195.16	1,421.43	1,226.18	-	797.20	83.87	14.68	69.19	-
12	Heunet Pharma Gmbh	Not Applicable	Euro	84.6599	0.21	91.95	584.74	492.58	-	278.43	71.83	32.51	39.32	-
13	TPL (Malta) Limited	Not Applicable	Euro	84.6599	8.51	(0.09)	8.18	(0.24)	8.09	-	(0.09)	-	(0.09)	-
14	Torrent Pharma(Malta) Ltd	Not Applicable	Euro	84.6599	8.09	(0.35)	21.74	14.00	-	-	(0.35)	-	(0.35)	-

Note: (i) % of shareholding in all subsidiaries either directly or through its subsidiaries is 100%.

(ii) Torrent Australasia Pty Ltd and Torrent Pharma (Malta) Limited are yet to commence their operations.

(iii) Torrent Pharma SRL. was liquidated on 11th January, 2022 and Torrent Pharma France SAS was liquidated on 13th January, 2022.

* Converted using average exchange rates prevailing during the year.

Notes forming part of the Consolidated Financial Statements

(A) FORM AOC-1 : STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / JOINT VENTURES PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 OF THE COMPANIES ACT 2013, READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014:

Part "B": Associates and Joint Ventures

Sr. No.	Name of Associates or Joint Venture	Date of acquisition	Latest Audited Balance Sheet Date	Shares of Associate or Joint Venture held by the company			Description of how there is significant influence	Reason why the Joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit / Loss for the year	
				No. of shares	Amount of investment	Extend of Holding %				Considered in Consolidation	Not considered in Consolidation
1	UNM Foundation (formerly known as Tornascent Care Institute)	Not Applicable	Refer Note below								

Note : UNM Foundation (UNM) (formerly known as Tornascent Care Institute) is a company incorporated under Section 8 of the Companies Act, 2013 and this company is prohibited to give any right over it's profits to the members. In view of restrictions on Section 8 companies, the parent Company's proportionate share in UNM has not been considered in consolidated financial statement.

In accordance with Section 136 of the Companies Act, 2013, the annual audited accounts of each of the subsidiaries shall be made available to the shareholders of the Company seeking such information at any point in time. Further, in accordance with the aforementioned section, the audited financial statements, including the Consolidated Financial Statement and related information of the Company and audited accounts of each of its subsidiaries, are available on our website : www.torrentpharma.com. These documents will also be available for inspection at our registered office during normal business hours (10:00 AM to 6:00 PM) on working days, except second and fourth Saturdays, Sundays and public holidays upto and including the date of Annual General Meeting of the Company.

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman
DIN: 00061903

Sudhir Menon
Executive Director (Finance) & CFO

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
25th May, 2022

Financial Highlights - 5 years

(₹ in crores)

CONSOLIDATED	2021-22	2020-21	2019-20	2018-19	2017-18
SALES, PROFIT & DIVIDEND					
Revenue	8,508	8,005	7,939	7,673	5,950
EBITDA	2,621	2,532	2,284	2,025	1,641
EBIT	1,959	1,874	1,629	1,406	1,233
Profit before exceptional items and tax (PBT)	1,711	1,526	1,187	919	931
Profit after tax (PAT)	777	1,252	1,025	436	678
Dividend for the year	812	592	542	288	237
Total dividend per share (₹)	48.00	35.00	32.00	17.00	14.00
Special dividend per share (₹)	15.00		15.00	-	-
Normal dividend (interim dividend and proposed final dividend) per share (₹)	33.00	35.00	17.00	17.00	14.00
FINANCIAL POSITION					
Equity share capital	85	85	85	85	85
Other equity	5,868	5,753	4,739	4,640	4,538
Long term borrowings	3,095	4,121	4,694	5,104	4,837
Capital employed	9,048	9,959	9,518	9,829	9,460
Gross block	11,358	11,401	11,046	10,553	10,096
Net block	7,052	7,954	8,245	8,365	8,502
Net current assets	750	630	(475)	(128)	60
RETURN					
On revenue (PBT)%	20%	19%	15%	12%	16%
On capital employed (EBIT)%	21%*	19%	17%	14%	13%
On shareholder's fund (PAT)%	18%*	21%	21%	9%	15%
Earnings per share (Rs.)	45.93	73.98	60.55	25.78	40.07
Earnings per share before exceptional item net of tax (₹)	68.55	73.98	60.55	42.45	40.07

* Adjusted for exceptional items

ANNEXURE

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GRI Content Index

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	102-2	Activities, brands, products and services	Key Product Portfolio	12-13
	102-3	Location of the organization's headquarters	About the Report	5
	102-4	Location of operations	Presence	8-9
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Strategy				
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Risk Management				
GRI 102: General Disclosures	102-15	Key impacts, risks and opportunities	Risk Management	25-30
Ethics and Integrity				
GRI 102: General Disclosures	102-16	Values, principles, standards and norms of behavior	Credos	10
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	102-47	List of material topics	Materiality Assessment	23-24
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Social				
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GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	Health, Safety and Wellness	70-72
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GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diversity and Inclusion	66-67

Glossary of Abbreviations

AAP	Annual Action Plan
AD	Anti-Diabetes
AGES	Austrian Agency for Health and Food Safety GmbH
AGM	Annual General Meeting
AI	Artificial Intelligence
AIOCD	All Indian Origin Chemists & Distributors
ANDA	Abbreviated New Drug Application
ANVISA	Agencia Nacional de Vigilancia Sanitaria
API	Active Pharmaceutical Ingredient
BGx	Branded Generics
BS	Bharat Stage
CAGR	Compound Annual Growth Rate
CAPA	Corrective Action and Preventive Action
CII	Confederation of Indian Industry
CIS	Commonwealth of Independent States
CME	Care & Medical Education
CNS	Central Nervous System
CO_2	Carbon Dioxide
COSO	Committee of Sponsoring Organizations
CPHI	Convention on Pharmaceutical Ingredients
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
CSRS	Corporate Social Responsibility and Sustainability
CVS	Cardiovascular
DCGI	Drug Controller General of India
DG	Diesel Generator
DKMA	Danish Medicines Agency
DMF	Drug Master Files
DPCO	Drug Price Control Order
DST	Department of Science and Technology
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ELN	Electronic Lab Notebook
ENT	Ears, Nose and Throat
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environment, Social and Governance
ETP	Effluent Treatment Plant
EU	European Union
EVS	Environmental Sciences
FCF	Free Cash Flows
FDC	Fixed Dosage Combinations
FICCI	Federation of Indian Chambers of Commerce and Industry
FMD	Falsified Medicine Directives
GABA	Gamma Aminobutyric Acid
GCCI	Gujarat Chamber of Commerce and Industry
GCMS	Gas Chromatography Mass Spectrometry
GDUFA	Generic Drug User Fee Amendment
GHG	Greenhouse Gas
GI	Gastro-Intestinal
GJ	Gigajoules
GLP	Good Laboratory Practices
GM	General Manager
GMP	Good Manufacturing Practices
GRI	Global Reporting Initiative
GSEB	Gujarat Secondary Eduction Board
Gx	Generics
HAZOP	Hazard and Operability
HR	Human Resources
HSE	Health, Safety and Environment
ICU	Intensive Care Unit
IDMA	Indian Drug Manufacturing Association
IIRC	International Integrated Reporting Council
IIT	Indian Institute of Technology
IPA	Indian Pharmaceutical Alliance
IPM	India Pharma Market
IR	Integrated Report
ISO	International Organization for Standardization
IT	Information Technology
KPI	Key Performance Indicators
KW	Kilo Watt
LATAM	LATin America
LC-MS-MS	Liquid Chromatography Tandem Mass Spectroscopy
LLM	Loan License Manufacturing
LSHS	Low Sulphur Heavy Stock
LTIFR	Lost Time Injury Frequency Rate
MAT	Minimum Alternate Tax
MBA	Master of Business Administration
MCC	Medicines Control Council
MDP	Management Development Programme
MES	Manufacturing Execution Systems
MIS	Management Information System

Mn	Million
MPP	Medicine Patent Pool
MT	Metric Ton
MWh	Mega Watthour
NABH	National Accreditation Board for Hospitals & Healthcare Providers
NABL	National Accreditation Board for Testing and Calibration
NCE	New Chemical Entities
NCERT	National Council of Educational Research and Training
NDDS	Novel Drug Delivery System
NLEM	National List of Essential Medicines
NMR	Nuclear Magnetic Resonance Spectroscopy
Nox	Nitrogen Oxides
NPAT	Net Profit After Tax
OECD	Organization for Economic Co-operation and Development
OHC	Occupational Health Centre
OPD	Out Patient Department
OT	Operation Theatre
OTC	Over The Counter
P2P	Principle to Principle
PAT	Process Analytical Technology
PCPM	Per Capita Per Month
PHARMEXCIL	Pharmaceutical Export Promotion Council
PLC	Programmable Logic Control
POSH	Prevention of Sexual Harassment
PPE	Personal Protective Equipment
PPHC	Primary Paediatric Health Centres
PSSR	Pre-Start-up Safety Review
QC	Quality Control
REACH	Reach EAch Child
RM	Raw Material
RMC	Risk Management Committee
RO	Reverse Osmosis
ROW	Rest of the World
RUTF	Ready-To-Use Therapeutic Food
SASB	Sustainability Accounting Standards Board
SBT	Soil Biotechnology Plant
SCP	Second Chance Programme
SDG	Sustainable Development Goals
SOP	Standard Operating Procedures
SOx	Sulphur Oxides
SR	Super Resolution
TGA	Therapeutic Goods Administration
TSDF	Treatment, Storage, and Disposal Facility
UAE	United Arab Emirates
UK	United Kingdom
US	The United States
USFDA	United States: Food and Drug Administration
VMN	Vitamins and Nutrients
VOC	Volatile Organic Compounds
VP	Vice President
VSCSC	Vikram Sarabhai Community Science Centre
VTO	Volume Time Output
WHO	World Health Organisation
XRPD	X-Ray Powder Diffraction

Notice

NOTICE IS HEREBY GIVEN THAT THE FORTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Friday, 29th July, 2022 at 09:30 AM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2022 including the Audited Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividend on equity shares already paid during the financial year ended 31st March, 2022 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 25th January, 2022 had declared the interim dividend of ₹ 25.00 per equity share of fully paid up face value of ₹ 5.00 each and in its meeting held on 25th May, 2022 recommended final dividend of ₹ 23.00 including the special dividend of ₹ 15.00 per equity share of fully paid up face value of ₹ 5.00 each for the financial year ended 31st March, 2022.
3. To appoint a Director in place of Jinesh Shah (holding DIN 00406498), Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint Statutory Auditors and fix their remuneration:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable (including any statutory modification(s) or re-enactment(s) thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), be and are hereby re-appointed as Statutory Auditors of the Company, to hold the office for a second term of 5 (five) consecutive years from the conclusion of this 49th Annual General Meeting until the conclusion of the 54th Annual General Meeting at such remuneration, as may be decided by the Board of Directors of the Company and as detailed in the explanatory statement annexed thereto."

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to decide and / or alter the terms and condition of the appointment including remuneration for subsequent financial years as it deems fit."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE YEAR 2022-23

   "**RESOLVED THAT** pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof) ("the Act") and the approval by the Board of Directors at their meeting dated 25th May, 2022, the consent of the Company be and is hereby accorded for ratification of the below remuneration to M/s. Kirit Mehta & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2022-23:

   ₹ 8,80,000/- plus out of pocket expenses & GST as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company."

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   ISSUANCE OF EQUITY SHARES INCLUDING CONVERTIBLE BONDS / DEBENTURES

   "**RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 62 and 71 and other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules made thereunder, Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listing Agreements entered into by the Company with the stock exchanges where equity shares of the Company of face value ₹ 5 each are listed, enabling provisions of the Memorandum and Articles of Association of the Company, the Depository Receipts Scheme, 2014, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and any statutory modification(s), re-enactment(s) or amendments to the above mentioned laws, regulations, rules and schemes and clarifications

issued thereon from time to time and subject to other applicable laws, rules, regulations, guidelines, notifications and circulars issued by various competent authorities / bodies, whether in India or abroad and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India ("SEBI"), Government of India ("GOI"), Reserve Bank of India ("RBI"), Ministry of Corporate Affairs, Regional Director, Registrar of Companies ("RoC") and all other appropriate and / or competent authorities or bodies whether in India or abroad to the extent applicable and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred as "Board" which term shall include any Committee thereof which the Board may have constituted to exercise its powers including the powers conferred by this Resolution), consent of the members be and is hereby accorded to create, issue, offer and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Qualified Institutional Buyers ("QIB"), Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, trusts, stabilizing agents or otherwise or any combination thereof, whether or not such investors are shareholders, promoters, directors or associates of the Company, through issue of Equity Shares and / or Global Depository Receipts ("GDRs") and / or American Depository Receipts ("ADRs") and / or Foreign Currency Convertible Bonds ("FCCBs") and / or Fully Convertible Debentures and / or Partly Convertible Debentures and / or Optionally Convertible Debentures and / or Non convertible Debentures with Warrants and / or Debentures and / or other securities convertible into equity shares at the option of the Company and / or holder(s) of such securities or with or without detachable warrants with a right exercisable by the warrant holders to subscribe to the equity shares or otherwise ("Securities") representing either Equity Shares or a combination of any other Securities through one or more public or private offering in domestic and / or one or more international market(s), with or without green shoe option, or a Qualified Institutional Placement ("QIP") in accordance with Chapter VI of the SEBI Regulations, as the Board may deem appropriate, in terms of SEBI Regulations or by one or more combination of the above or otherwise and at such time or times in one or more tranches, whether rupee denominated or denominated in foreign currency, at such price or prices, at market price or at a discount or premium to market price in terms of applicable regulations, to any eligible investors, including residents and / or non-residents and / or qualified institutional buyers and / or institutions / banks and / or incorporated bodies and / or individuals and / or trustees and / or stabilizing agents or otherwise, whether or not such investors are members of the Company, as may be deemed appropriate by the Board and as permitted under applicable laws and regulations ("Investors"), for an amount not exceeding ₹ 5000 crores (Rupees Five Thousand Crores), inclusive of such premium as may be fixed on such Securities at such a time or times, in Indian Rupees or an equivalent amount in any foreign currency, as the Board may determine, where necessary in consultation with the Lead Managers, Merchant Bankers, Underwriters, Guarantors, Financial and / or Legal Advisors, Depositories, Registrars and other agencies and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion at the time of such issue and allotment considering the prevailing market conditions and other relevant factors in consultation with the merchant banker(s) to be appointed, so as to enable to list on any stock exchanges in India and / or on any of the overseas stock exchanges, wherever required and as may be permissible and the number and / or price of Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring."

"**RESOLVED FURTHER THAT** the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws."

"**RESOLVED FURTHER THAT** in the event of issue of GDRs / ADRs, the pricing shall be determined in compliance with principles and provisions set out in the Depository Receipts Scheme, 2014, the Foreign Exchange Management (Transfer or Issue of Securities by a person resident outside India) Regulations, 2017 and such other notifications, clarifications, guidelines, rules and regulations issued by relevant authorities (including any statutory modification(s), amendment(s) or re-enactment(s) thereof)"

"**RESOLVED FURTHER THAT** in the event the Securities are proposed to be issued as FCCBs, subject to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, including any statutory modification(s), re-enactment(s) or amendment(s) thereto and other applicable pricing provisions issued by the Ministry of Finance, the relevant date for the purpose of determining the floor price for conversion of the FCCBs into equity shares shall be the date of the meeting in which the Board or duly authorized committee of directors decides to open such issue after the date of this Resolution or such other date as may be prescribed under applicable law."

"**RESOLVED FURTHER THAT** in the event the Equity Shares are issued in the course of QIP under Chapter VI of SEBI Regulations, the pricing shall be determined in compliance with principles and provisions set out in the Regulation 176 of Chapter VI of the SEBI Regulations and the Board may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under said SEBI Regulations, the Securities shall be allotted as fully paid-up (subject to allottees having the option to pay either full or part consideration for warrants, with the balance consideration being payable at or by the time of exercise of such warrants, where the tenure of any convertible or exchangeable Securities shall not exceed 60 (sixty) months from the date of allotment) or such other period as may be permitted under said SEBI Regulations."

"**RESOLVED FURTHER THAT** in the event the Equity Shares are issued in the course of QIP under Chapter VI of SEBI Regulations, the relevant date for the purpose of the pricing of the Equity Shares shall be the meeting in which the Board or a duly authorised Committee thereof decides to open the issue or such other date as may be prescribed under applicable laws, and in the event that convertible securities (as defined under the SEBI Regulations) are issued to QIBs under Chapter VI of the SEBI Regulations, the "relevant date" for the purpose of pricing of such convertible securities, shall be the date of the meeting in which the Board or a duly authorized Committee thereof decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to enter into any arrangement with any agencies or bodies for the issue of GDRs and / or ADRs represented by underlying equity shares in the share capital of the Company with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and / or international practice and regulations and under the norms and practices prevalent in the domestic / international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalization and approval of the offer documents, private placement offer letter, determining the form, proportion and manner of the issue, including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, premium amount on issue / conversion / exercise / redemption, rate of interest, redemption period, fixing record date, listings on one or more stock exchanges in India or abroad, entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and for other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit."

"**RESOLVED FURTHER THAT** the Securities to be created, issued, allotted and offered in terms of this Resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall be issued in dematerialized form."

"**RESOLVED FURTHER THAT** the Equity Shares so issued shall in all respects rank pari passu with the existing Equity Shares of the Company and shall be listed with the stock exchanges where the Company's existing equity shares are listed."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering and all such Equity Shares shall rank pari passu with the existing Equity Shares in all respects."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint merchant bankers, underwriters, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts / agreements, memorandum, documents, etc., with such agencies, to seek the listing of Securities on one or more recognized stock exchange(s), to affix common seal of the Company on any arrangements, contracts / agreements, memorandum, documents, etc. as may be required."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised in consultation with the merchant banker(s), advisors and / or other intermediaries as may be appointed in relation to the issue of Securities, is authorised to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue and allotment of Securities and listing thereof with the stock exchanges or otherwise as may be required in relation to the issue and to resolve and settle all questions and difficulties that may arise in the issue, offer and allotment of Securities, including finalization of the number of Securities to be issued in each tranche thereof, form, terms and timing of the issue of Securities including for each tranche of such issue of Securities, identification of the investors to whom Securities are to be offered, utilization of the proceeds and other related, incidental or ancillary matters as the Board may deem fit at its absolute discretion, to make such other applications to concerned statutory or regulatory authorities as may be required in relation to the issue of Securities and to agree to such conditions or modifications that may be imposed by any relevant authority or that may otherwise be deemed fit or proper by the Board and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit and to settle any questions, difficulties or doubts that may arise in relation to any of the aforesaid or otherwise in relation to the issue of Securities."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any officer of the Company."

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

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

Ahmedabad
25th May, 2022

NOTES

1. The Ministry of Corporate Affairs ("MCA") has vide its circular no. 20/2020 dated 5th May, 2020 read with circular nos. 14/2020 and 17/2020 dated 8th April, 2020 and 13th April, 2020 respectively (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. MCA had vide circular no. 03/2022 dated 5th May, 2022 has allowed the Companies whose AGM are due to be held in the year 2022, to conduct their AGMs on or before 31st December, 2022 in accordance with the requirement provided in this Circular. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for participation in the meeting through VC / OAVM is as per note no.27 and is also available at the Company's website **www.torrentpharma.com** .

2. Pursuant to MCA Circular no. 14/2020 dated 8th April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint Authorised Representatives by uploading a duly certified copy of the board resolution authorizing their representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.

3. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

4. The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. All the members of the Company are encouraged to attend and vote at the AGM through VC / OAVM.

5. The Explanatory Statement pursuant to Section 102(1) and (2) of the Act in respect of Item no. 3 & 4 and Special Business i.e. Item No. 5 & 6 is annexed hereto.

6. The Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in the electronic mode upto the date of AGM and will also be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send the e-mail to **investorservices@torrentpharma.com**.

7. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members of the Company holding shares as on the cut-off date i.e. 22nd July, 2022, may cast their vote either by remote e-voting or e-voting system as on date of AGM. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

   The information with respect to voting process and other instructions regarding e-voting are detailed in Note no. 25.

8. In compliance with the MCA Circulars and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 read with SEBI circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DPs. Members may note that the Notice of 49th AGM and the Annual Report of the Company for the year ended 31st March, 2022 have been uploaded on the Company's website **www.torrentpharma.com** and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at **www.bseindia.com** and **www.nseindia.com** respectively and on the website of CDSL at **www.evotingindia.com**.

9. Rajesh Parekh, Partner, RPAP & Co., Practicing Company Secretary (Membership No. A8073) and failing him Jitesh Patel, Proprietor, Jitesh Patel & Associates, Practicing Company Secretary (Membership No. A20400) has been appointed as the scrutinizer to scrutinize the remote e-voting and e-voting process on the date of AGM in a fair and transparent manner.

10. The Scrutinizer shall submit a consolidated Scrutinizer's Report (votes casted during the AGM and votes casted through remote e-voting) of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting. The result declared along with the consolidated Scrutinizer's Report shall be simultaneously placed on the Company's website **www.torrentpharma.com** and on the website of CDSL and communicated to the BSE Limited and National Stock Exchange of India Limited.

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

12. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company on **investorservices@torrentpharma.com** atleast 10 days before the date of the meeting to enable the management to respond appropriately.

13. The final dividend on equity shares, if declared at the AGM, will be paid / dispatched around 4th August, 2022 to those members whose name appear on the Company's Register of Members or List of Beneficial Owners as received from the National Securities Depository Limited or Central Depository Services (India) Limited on 6th June, 2022 i.e. the Record date fixed for this purpose.

14. The Company is required to deduct income tax from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and the amendments thereof. In general, Members are requested to complete and / or update their Residential Status, Permanent Account Number ('PAN') and Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company / its RTA.

    A Resident individual member with PAN and who is not liable to pay Income Tax can submit a yearly declaration in Form no. 15G / 15H, to avail the benefit of non-deduction of tax at source by uploading documents on the link: **https://ris.kfintech.com/form15/** on or before 8th July, 2022. Members are requested to note that, inter-alia in case the PAN duly linked with Aadhar is not registered or declarations with requisite information are not provided, the tax will be deducted at higher rate of 20%.

    Non-resident members can avail beneficial rates under tax treaty between India and their Country of residence, subject to providing necessary documents. i.e. self attested copy of PAN Card (if available), No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F or any other documents which may be required to avail the tax treaty benefits by uploading documents on the link : **https://ris.kfintech.com/form15/** on or before 8th July, 2022.

    No communication / documents on the tax determination / deduction for the purpose of final dividend shall be considered after 8th July, 2022. For the detailed process, please click here: **https://www.torrentpharma.com/pdf/investors/Shareholder_Communication_Tax_on_Dividend_Final_Dividend_2021-22.pdf**

15. SEBI vide its circular dated 8th June, 2018 amended Regulation 40 of the Listing Regulations pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

    Further SEBI vide its circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, has mandated that listed companies shall issue the securities in dematerialized form only, in order to enhance ease of dealing in securities markets by investors, for transactions including Issue of duplicate securities certificate, claim from unclaimed suspense account, renewal / exchange of securities certificate, endorsement, sub-division / splitting of securities certificate, consolidation of securities certificates/ folios, transmission and transposition of shares.

    Dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. It also substantially reduce the risk of fraud. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.

16. Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the Company's Registrars and Transfer Agent (RTA). In case any unclaimed Dividend Warrant is lying with any member, the same should be forwarded to RTA for revalidation.

    Members are requested to note that dividends not encashed or claimed within seven years from the thirty days of declaration of dividend, will, as per Section 124 of the Act, be transferred to the IEPF.

    Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has uploaded the information in respect of the unclaimed dividends as on 31st March, 2021 on its website **www.torrentpharma.com** and also on the website of the Investor Education and Protection Fund **www.iepf.gov.in**.

    Further, provisions of Section 124 of the Act read with Rule 6 of IEPF Rules as amended, inter alia, mandates the Company to transfer all such shares, in respect of which dividend have not been paid or claimed for seven consecutive years or more, to the demat account of IEPF Authority.

    During the year 2021-22, the Company has transferred 85,484 equity shares to the demat account of IEPF Authority.

17. In accordance with the provisions of Section 72 of the Act and SEBI circulars, the facility for nomination is available for the members of the Company in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he / she may submit the same in Form No. ISR-3 or Form No. SH-14, as the case may be. The said forms are available on the Company's website at **https://www.torrentpharma.com/index.php/investors/shareHolder**.

Members are requested to submit the said details to their respective DPs, in case the shares are held by them in dematerialised form and to the Company / RTA in case the shares are held by them in physical form.

18. As required in terms of Secretarial Standard - 2 and Listing Regulations, the information (including profile and expertise in specific functional areas) pertaining to Director recommended for re-appointment in the AGM has been provided in the explanatory statement to the Notice.

19. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by 31st March, 2023 and linking PAN with Aadhaar vide its circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November, 2021 and circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December, 2021. Members are requested to submit their PAN, KYC and nomination details to the Company's registrars KFin Technologies Limited. The forms for updating the same are available at **https://www.torrentpharma.com/index.php/investors/shareHolder**

    Members holding shares in electronic form are therefore, requested to submit their PAN to their depository participant(s).

    In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, our RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on 31st December, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

20. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends by registering their bank account details with the Company. Members holding shares in dematerialized mode are requested to register complete bank account details with the Depository Participants and members holding shares in physical mode are requested to send a duly signed request letter to RTA mentioning the name, Folio no, bank details, self-attested copy of PAN Card and original cancelled cheque leaf along with Form ISR-1. In case of absence of name of the first shareholder on the original cancelled cheque, bank attested copy of first page of the bank passbook / statement of accounts in original along with Original cancelled cheque. Format of the Form ISR-1 and other required details are available on the website of the Company at the link **https://www.torrentpharma.com/index.php/investors/shareHolder**

21. Process for those Members whose email ids are not registered with the Depositories or the Company for obtaining login credentials for e-voting:
    - Members holding shares in physical form may request for the same along with providing necessary details like Folio No., Name of Member, self attested scan copy of PAN Card and Aadhar Card by email to **investorservices@torrentpharma.com**
    - Members holding shares in demat form may request for the same along with providing Demat account details (CDSL-16 digit beneficiary ID or NSDL - 8 character DPID + 8 character Client ID), Name of Member, client master or copy of Consolidated Account statement, self attested scan copy of PAN Card and Aadhar Card by email to **investorservices@torrentpharma.com**

22. Process for updation of email ids / mobile no of the members whose email ids / mobile no. are not registered with the Company or Depositories:
    - Members holding shares in physical form - Update your email id and mobile no by providing Form ISR-1 and ISR-2 available on the website of the Company / RTA.
    - Members holding shares in demat form – Update your email id & mobile no. with your respective Depository Participant (DP); for individual members holding shares in demat form, updation of email id & mobile no. is mandatory for e-voting and joining virtual meetings through depositories.

23. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to the Notice.

24. The helpline number regarding any query / assistance for participation in the AGM through VC / OAVM are 022-23058738 or 022-23058543 or 022-23058542 or Toll free No. 1800 22 55 33.

25. Voting process and instruction regarding remote e-voting:

Section A: Voting Process:

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

Login method for e-voting and joining virtual meeting for individual members holding shares in demat form:

i. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, under Regulation 44 of the Listing Regulations, Listed Companies are required to provide remote e-voting facility to its members, in respect of all members' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, all the demat account holders have been enabled for e-voting by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs.

ii. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to aforesaid SEBI Circular, login method for e-Voting and joining virtual meetings for Individual members holding shares in Demat mode is given below:

Type of Members	Login Method
Individual Members holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are **https://web.cdslindia.com/myeasi/home/login** or **www.cdslindia.com** and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL / NSDL / KFIN / LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi / Easiest, option to register is available at **https://web.cdslindia.com/myeasi/Registration/EasiRegistration** 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link on **www.cdslindia.com** home page or click on **https://evoting.cdslindia.com/Evoting/EvotingLogin**. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress and also able to directly access the system of all e-voting service provider during or before the AGM.
Individual Members holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: **https://eservices.nsdl.com**. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at **https://eservices.nsdl.com**. Select "Register Online for IDeAS" Portal or click at **https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp** 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: **https://www.evoting.nsdl.com/**. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. 8 character DPID followed by 8 character Client ID), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual members (holding shares in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	Helpdesk details
Individual Members holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 or 022-23058542-43 or Toll free No. 1800 22 55 33.
Individual Members holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Login method for e-voting and joining virtual meeting for members other than individual members holding shares in demat form & members holding in physical mode:

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

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

Step 3: Please enter User ID

(i) For account holders in CDSL: Your 16 digits beneficiary ID.

(ii) For account holders in NSDL: Your 8 Character DP ID followed by 8 Character Client ID.

(iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.

Step 4: Enter the Image Verification as displayed and Click on "Login".

Step 5: If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used. If you have forgotten the password, then enter the User ID and the image verification code and click on "FORGOT PASSWORD" and enter the details as prompted by the system.

Step 6: Follow the steps given below if you are first time user:

(i) holding shares in physical form

(ii) holding shares in demat form other than individual

PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The sequence number is printed in the covering e-mail. Members who have not registered their email address may obtain the sequence number from the Company by following the process defined in Note No. 21
DOB	Enter the Date of Birth ("DOB") as recorded in your demat account or in the Company records in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio no. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company, please enter the DP ID and Client ID / folio number in the Dividend Bank details field as mentioned in Step 3.

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

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

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

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

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

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

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

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

Section B: Other instructions regarding remote e-voting:

i. The voting period shall begin on 25th July, 2022 from 09:00 A.M. and end on 28th July, 2022 at 05:00 P.M. During this period Members of the Company, holding shares either in physical form or in demat form, as on the cut-off date i.e. 22nd July, 2022, may cast their vote electronically. Thereafter the e-voting module shall be disabled.

ii. Non – Individual Members and Custodians (i.e. other than Individuals, HUF, NRI etc.) are additionally required to note and follow the instructions mentioned below:

- They are required to log on to **www.evotingindia.com** and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts, they would be able to cast their vote.

iii. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to upload the following in PDF Format in the system for the scrutinizer to verify the same:

a) Copy of Board resolution (where institution itself is voting)

b) Power of Attorney issued in favour of the Custodian as well as the Board resolution of the Custodian.

Alternatively, Non-Individual members are required to send the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorised signatories who are authorised to vote, to the scrutinizer at the e-mail id **rpap@csrajeshparekh.in**, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

iv. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

v. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at **www.evotingindia.com**, under help section or contact Mr. Rakesh Dalvi, Sr. Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai – 400013 or write an email to **helpdesk.evoting@cdslindia.com** or calling on 022-23058738 or 022-23058543 or 022-23058542 or Toll free no-1800 22 55 33 during working hours on all working days.

26. Voting process and instruction regarding e-voting at AGM are as under:

a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the AGM.

c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

27. Instruction for members for attending the AGM through VC / OAVM are as under:

a. The link for VC / OAVM to attend the AGM will be available where the EVSN of the Company will be displayed after successful login as per instruction mentioned above for remote e-voting.

b. Members are encouraged to join the Meeting through Laptops / IPads for better experience. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

c. For ease of conduct, Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request atleast 10 days prior to the date of meeting mentioning their name, demat account number / folio number, email id, mobile number at **investorservices@torrentpharma.com**. The shareholders who do not wish to speak during the AGM but have queries may send their queries mentioning their name, demat account number / folio number, email id, mobile number at **investorservices@torrentpharma.com**. These queries will be replied to by the Company suitably by email.

d. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting. Further the shareholders will be required to allow the camera for participation in the meeting as speaker.

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

Item No. 3

Pursuant to Section 152 (6) of the Companies Act, 2013, Jinesh Shah retires by rotation at this AGM and being eligible, is proposed for re-appointment. He was appointed as Director (Operations) of the Company for the period of five years with effect from 1st August, 2019 and liable to retire by rotation. Jinesh Shah has expressed his intention to act as a Director, if reappointed.

Jinesh Shah, 44, is a Science graduate and MBA in International Business from USA. He started his professional career with the Company in 2001 as management trainee and since then he has not only played a key role in development of businesses in Russia and Europe markets but also acquired good insights in areas of manufacturing, supply chain management, product development & regulatory affairs. He had played a very important role in the successful acquisition of business from Elder Pharmaceuticals Ltd. as well as Unichem Laboratories Ltd. He is an excellent team player and has ensured effective coordination among various plants and R&D centre resulting in increased productivity for the organisation.

He has displayed affirmative management approach coupled with a positive leadership role. He is result oriented with strong focus on planning and implementation. An ardent believer in Torrent's values and philosophies, he imbibes them in all his thoughts and actions.

Jinesh Shah holds 2,41,276 Equity Shares (including 6,996 shares held as the second holder) of your Company. Mr. Shah is on the Board of your Company from 1st August, 2019. He has attended 4 (four) Board meetings out of 5(Five) Board Meetings held during the year. He is not related to any other Directors / Key Managerial Personnel of the Company. He will be paid the remuneration in accordance with the Resolution no. 3 of the Postal Ballot notice dated 27th January, 2020. For the details pertaining to remuneration drawn during the year 2021-22, please refer to the Corporate Governance Report forming part of the Annual Report.

He does not hold any directorship in any other company and had not resigned as director from any listed entity in past 3 years.

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

The Board commends this resolution for your approval.

Item No. 4

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as statutory auditors of the Company for a term of 5 (five) consecutive years to hold the office from the conclusion of the 44th AGM till the conclusion of the 49th AGM.

Consequently, B S R & Co. LLP, Chartered Accountants, will complete their first term of 5 (five) consecutive years as the statutory auditors of the Company at the conclusion of the 49th AGM of the Company scheduled to be held on 29th July, 2022.

Pursuant to Section 139(2) of the Companies Act, 2013, the Company can appoint an auditor's firm for a second term of five consecutive years. Accordingly, B S R & Co. LLP, Chartered Accountants, are proposed to be reappointed as statutory auditors of the Company for a second term of 5 (five) consecutive years commencing from the conclusion of 49th AGM till the conclusion of the 54th AGM.

B S R & Co. LLP, Chartered Accountants, have consented to the said re-appointment, and confirmed that their re-appointment, if made, would be within the limits specified under Section 141(3)(g) of the Companies Act, 2013. They have further confirmed that they are not disqualified to be reappointed as statutory auditor in terms of the provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable. The proposed remuneration to be paid to B S R & Co. LLP, Chartered Accountants, for the financial year 2022-23 is ₹ 1.18 crores plus out of pocket expenses and GST as applicable.

The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

Considering the evaluation of past performance, experience and expertise of B S R & Co. LLP, the Board, on the recommendation of the Audit Committee, has recommended the re-appointment of B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company for a second term of 5 (five) consecutive years, commencing from the conclusion of the 49th AGM till the conclusion of 54th AGM.

Brief Profile:

B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. It is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi. It has over 3000 staff and 100+ Partners.

B S R & Co. LLP audits various companies listed on stock exchanges in India including companies in the Pharmaceutical sector.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 4 of the Notice.

The Board commends this resolution for your approval.

Item No. 5

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

The Board of Directors at their meeting held on 25th May, 2022, on recommendation of the Audit Committee, approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2022-23 at the same fees of last year of ₹ 8,80,000/- plus out of pocket expenses and GST as applicable for conducting the audit of the cost accounting records of all the manufacturing facilities of the Company.

The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2022-23.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 5 of the Notice.

The Board commends this resolution for your approval.

Item No. 6

The Company has been pursuing, both organic process and inorganic opportunities, for its growth. Further, there is ongoing requirement of working capital and capex for upgradation / expansion of Company's existing manufacturing facilities and ongoing projects. The generation of internal funds may not be adequate to meet all the requirements of the Company's growth plans. It would be therefore, prudent for the Company to have the requisite enabling approvals in place for meeting the fund requirements of its organic and inorganic growth, capital expenditure, long term working capital, refinancing the existing borrowings and also such other corporate purposes as may be permitted under the applicable laws and as may be specified in the appropriate approvals. This would also help the Company to take quick and effective action to capitalize on the opportunities, primarily those relating to inorganic growth, as and when available.

The requirement of funds is proposed to be met from both equity and debt from issuance of appropriate securities and from both domestic and international markets. Prudence would require the funding to be structured with an appropriate mix of equity and debt to meet with the objective of optimization of the cost as well as conservative financial management.

Purpose / objects of the fund raise: In order to meet the additional fund requirements of the Company for the aforesaid purposes and pursuant to Section 62(1)(c) of the Companies Act, 2013 ("the Act") and rules made thereunder, as amended in case the Company proposes to issue equity shares to any persons other than existing Members, whether or not such persons are Members, approval of Members through a special resolution is required.

Basis or Justification of Price in case of issue of Qualified Institutions Placement ("QIP"): The pricing of the Securities shall be determined by the Board in accordance with the regulations on pricing of securities prescribed under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations"). The "Relevant Date" for this purpose, will be the date when the Board or a duly authorized Committee thereof decides to open the issue, if Equity Shares are issued, or, in case of issuance of convertible securities, the date of the meeting in which the Board decides to open the issue of the

convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares as provided under Chapter VI of the SEBI Regulations. The resolution enables the Board to offer such discount not exceeding 5% on the price calculated for the QIP or such other discount as may be permitted under applicable law on the price determined pursuant to the SEBI Regulations.

The Board of Directors, accordingly, at their meeting held on 25th May, 2022 has recommended to the Members to give their consent through special resolution to the Board of Directors or any Committee of the Board to raise funds through issuance of Equity Shares and / or Global Depository Receipts ("GDRs") and / or American Depository Receipts ("ADRs") and / or Foreign Currency Convertible Bonds ("FCCBs") and / or Convertible Bonds / Debentures or any equity linked instrument/s ("Securities") as may be appropriate to persons who may or may not be the existing shareholders through private placement and / or Qualified Institutional Placement and / or any other permitted modes at a price to be determined as per the SEBI Regulations or as per other applicable rules and regulations, upto an amount not exceeding ₹ 5000 crores (Rupees Five Thousand Crores) in Indian Rupees and / or an equivalent amount in any foreign currency under Section 62 read with Section 179 of the Act, as amended or other applicable laws. While no specific instrument or instruments of Securities has been identified at this stage, the Board may opt for an appropriate instrument in the best interest of the Company. Such issue shall be subject to the provisions of the Act, as amended and rules made there under from time to time, Articles of Association of the Company, SEBI Regulations and other applicable laws.

Pursuant to Sections 42 and 62 of the Act, as amended read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, a company offering or making an invitation to subscribe aforesaid Securities is required to obtain prior approval of the Members by way of the special resolution. If approved by Members, QIP issue shall be completed within 365 days from the date of passing of special resolution and in case of issue by way other than QIP, provisions as applicable to the proposed issue shall be applicable. Equity Shares, proposed to be issued, shall in all respects rank pari passu with the existing equity shares of the Company.

In view of the above, it is proposed to seek approval from the Members of the Company to offer, create, issue and allot above Securities, in one or more tranches, to investors inter alia through QIP by way of private placement or otherwise and to authorise the Board of Directors (including any Committee thereof authorised for the purpose) to do all such acts, deeds and things on the matter. The Board may offer a discount of not more than 5% on the price calculated for the QIP or such other discount as may be permitted under said SEBI Regulations.

The resolution contained in Item no. 6 of the accompanying Notice, accordingly, seek members' approval through special resolution for raising funds as above through issue of Securities in one or more tranches and authorizing the Board of Directors (including any Committee thereof authorised for the purpose) of the Company to complete all the formalities in connection with the issue of Securities.

The Company has not allotted any securities on a preferential basis in the previous year.

Directors / Key Managerial Personnel of the Company / their relatives may be deemed to be concerned or interested in the Resolution to the extent of their shareholding in the Company.

The Board commends this resolution for your approval.

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

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

Ahmedabad
25th May, 2022

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Sudhir Mehta
   Chairman Emeritus
2. Samir Mehta
   Executive Chairman
3. Shailesh Haribhakti
4. Haigreve Khaitan
5. Ameera Shah
6. Nayantara Bali
7. Dr. Maurice Chagnaud*
8. Jinesh Shah
   Director (Operations)

AUDIT COMMITTEE

1. Shailesh Haribhakti
   Chairman
2. Haigreve Khaitan
3. Ameera Shah
4. Nayantara Bali
5. Dr. Maurice Chagnaud*

SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Haigreve Khaitan
   Chairman
2. Shailesh Haribhakti
3. Ameera Shah

NOMINATION AND REMUNERATION COMMITTEE

1. Shailesh Haribhakti
   Chairman
2. Haigreve Khaitan
3. Nayantara Bali

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

1. Ameera Shah
   Chairperson
2. Nayantara Bali
3. Jinesh Shah
4. Shailesh Haribhakti

RISK MANAGEMENT COMMITTEE

1. Haigreve Khaitan
   Chairman
2. Shailesh Haribhakti
3. Nayantara Bali*
4. Dr. Maurice Chagnaud*
5. Sudhir Menon

EXECUTIVE DIRECTOR (FINANCE) & CFO

Sudhir Menon

VP (LEGAL) & COMPANY SECRETARY

Mahesh Agrawal

STATUTORY AUDITORS

B S R & Co. LLP

Chartered Accountants

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

L24230GJ1972PLC002126

WEBSITE

www.torrentpharma.com

INVESTOR SERVICES EMAIL ID

investorservices@torrentpharma.com

REGISTRAR & TRANSFER AGENT

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

* Appointed w.e.f 11th May, 2022

Notes

TORRENT PHARMACEUTICALS LIMITED
CIN: L24230GJ1972PLC002126
Torrent House, Off Ashram Road, Ahmedabad - 380 009,
Gujarat, India
Phone: +91 79 26599000, Website: **www.torrentpharma.com**,
Email: **investorservices@torrentpharma.com**