

Torrent Pharma Inc.

Financial Statements
Together with the
Independent Auditor's Report
For the year ended 31 March 2026

Torrent Pharma Inc.

Financial statements together with the Independent Auditor's Report
for the year ended 31 March 2026

Contents

Independent Auditor's Report

Balance Sheet

Statement of profit and loss (including other comprehensive income)

Statement of changes in equity

Statement of cash flows

Notes to the financial statements

Independent Auditor's Report

To the Board of Directors of Torrent Pharmaceuticals Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Torrent Pharma Inc. ("the Company" or "TPI"), which comprise the balance sheet as at 31 March 2026, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Matter

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

Independent Auditor's Report (Continued)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control.

Independent Auditor's Report (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

For B S R & Co. LLP
Chartered Accountants

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

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Shankar Shankar Shetty
Shetty Date: 2026.05.09
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Sadashiv Shetty
Partner

Place: Mumbai
Date: 09 May 2026

Membership No. 048648
ICAI UDIN: 26048648DWMTGQ8943

Torrent Pharma Inc.

Balance sheet

as at 31 March 2026

(Currency : USD million)

	Note	31 March 2026	31 March 2025
Assets			
Non-current assets			
(a) Property, plant and equipment	4	0.07	0.10
(b) Right of use assets	4A	0.77	0.96
(c) Intangible assets	5	-	-
(d) Intangible assets under development	5A	8.51	3.50
(e) Deferred tax assets	18 & 32 (c)	34.60	37.25
(f) Other tax assets		7.62	7.63
(g) Financial assets			
(i) Other financial assets	9	-	0.50
Total Non-current assets		51.57	49.94
Current assets			
(a) Inventories	6	40.81	37.56
(b) Financial assets			
(i) Trade receivables	7	46.94	46.83
(ii) Cash and cash equivalents	8	10.00	4.37
(iii) Other financial assets	9	0.95	0.50
(c) Other current assets	10	1.23	0.87
Total current assets		99.93	90.13
Total assets		151.50	140.07
Equity and liabilities			
Equity			
(a) Equity share capital	11	1.20	1.20
(b) Other equity	12	(72.72)	(82.95)
Total equity		(71.52)	(81.75)
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	50.00	60.00
(ii) Lease liabilities	19	0.69	0.88
(b) Provisions	14	3.93	4.07
Total non-current liabilities		54.62	64.95
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	47.00	36.00
(ii) Lease liabilities	19	0.21	0.18
(iii) Trade payables	16	110.04	108.17
(iv) Other financial liabilities	17	1.95	2.05
(b) Other current liabilities	15	0.13	0.13
(c) Provisions	14	9.07	10.34
Total current liabilities		168.40	156.87
Total liabilities		223.02	221.82
Total equity and liabilities		151.50	140.07

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

As per our report of even date attached.

For BSR & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sadashiv Shetty
Partner
Membership No: 048648

Sadashiv Shankar Shetty
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Mumbai
09-May-26

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

Sanjay
Gupta

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Sanjay Gupta
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Sanjay Gupta
Director

New Jersey, USA
09-May-26

Torrent Pharma Inc.

Statement of profit and loss

for the year ended 31 March 2026

(Currency : USD million)

	Note	For the Year ended	
		31 March 2026	31 March 2025
INCOME			
Revenue from operations	20	146.30	126.16
Other income	21	0.06	-
Total income		146.36	126.16
EXPENSES			
Cost of materials consumed	22	0.98	0.33
Purchase of stock-in-trade		106.14	109.49
Change in inventories of stock-in-trade	23	(3.40)	(17.18)
Employee benefits expense	24	8.51	7.66
Finance costs	25	5.93	7.07
Depreciation and amortization expense	30	0.23	0.22
Other expenses	26	14.34	11.35
Total expenses		132.73	118.94
Profit before tax		13.63	7.22
Tax expense			
Current tax	32	0.75	0.07
Deferred tax	32	2.65	2.02
		3.40	2.09
Profit for the year		10.23	5.13
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		10.23	5.13
Earnings per equity share - continuing operations (nominal value of share USD 100 (previous year : USD 100))			
Basic and diluted	27	852.42	427.51

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

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shetty
Partner

Membership No: 048648

Mumbai
09-May-26

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

Sanjay
Gupta

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Sanjay Gupta
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Sanjay Gupta
Director

New Jersey, USA
09-May-26

Torrent Pharma Inc.

Statement of changes in equity for the year ended 31 March 2026

(Currency : USD million)

A. Equity share capital

Particulars	Note	Amount
Balance as at 1 April 2024	11	1.20
Changes in equity share capital during FY 2024-25		-
Balance as at 31 March 2025	11	1.20
Changes in equity share capital during FY 2025-26		-
Balance as at 31 March 2026	11	1.20

B. Other equity

Particulars	Retained Earnings
As at 1 April 2024	(88.08)
Profit for the year	5.13
Total comprehensive profit	5.13
As at 31 March 2025	(82.95)
Profit for the year	10.23
Total comprehensive profit	10.23
As at 31 March 2026	(72.72)

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

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

As per our report of even date attached.

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shankar Shetty
Partner
Membership No: 048648

Mumbai
09-May-26

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

Sanjay Gupta
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Sanjay Gupta
Date: 2026.05.09
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Sanjay Gupta
Director

New Jersey, USA
09-May-26

Torrent Pharma Inc.

Cash Flow Statement

for the year ended 31 March 2026

(Currency : USD million)

	31 March 2026	31 March 2025
A Cash flows from operating activities		
Profit before tax	13.63	7.22
Adjustments for :		
Depreciation and amortization expense	0.23	0.22
Loss on sale of assets	-	0.00
Allowance for expected credit loss (net)	0.07	-
Finance costs	5.93	7.07
	<u>19.86</u>	<u>14.51</u>
Adjustments for changes in working capital :		
(Increase) / Decrease in trade receivables and other financial assets	(0.24)	2.37
Decrease / (increase) in other assets	(0.36)	0.33
(Increase) in inventories	(3.25)	(17.31)
Increase in trade payables and other financial liabilities	2.03	30.40
(Decrease) in other liabilities	(0.00)	(0.34)
(Decrease) in provisions	(1.41)	(3.69)
	<u>16.63</u>	<u>26.27</u>
Cash generated from operations	16.63	26.27
Income taxes (paid) / refunds	(0.75)	(0.20)
	<u>15.88</u>	<u>26.07</u>
B Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets (including payment towards intangible assets under development)	(5.02)	(1.58)
	<u>(5.02)</u>	<u>(1.58)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	(10.00)	-
(Repayment of)/proceeds from short term borrowings (net)	11.00	(16.50)
Re-payment of lease liabilities	(0.20)	(0.22)
Finance costs paid	(6.03)	(7.36)
	<u>(5.23)</u>	<u>(24.08)</u>
Net cash (used in) financing activities	(5.23)	(24.08)
Net increase / (decrease) in cash and cash equivalents	5.63	0.40
Cash and cash equivalents at the beginning of the year (refer note 8)	4.37	3.97
Cash and cash equivalents at the end of the year (refer note 8)	<u>10.00</u>	<u>4.37</u>

Torrent Pharma Inc.

Cash Flow Statement (Continued)

for the year ended 31 March 2026

(Currency : USD million)

31 March 2026 31 March 2025

Notes :

- The above statement of Cash flows has been prepared under the "Indirect Method" as set out in the Ind AS 7 - Statement of Cash Flows.
- Component of cash and cash equivalents comprise of :

Balance with bank:		
- Bank balances (in current accounts)		10.00 4.37

Cash and cash equivalents at the end of the year (refer note 8) 10.00 4.37

3. Changes in liabilities arising from financing activities :

	As at April 1, 2025	Cashflows (net)	Re-classification	Non-cash changes		As at March 31, 2026
				Finance cost	Foreign currency translation	
Long-term borrowings including current maturities (Refer note 13)	60.00	(10.00)	-	-	-	50.00
Short-term borrowings (Refer note 13)	36.00	11.00	-	-	-	47.00
Interest accrued but not due (Refer note 17)	0.53	(5.14)	-	5.03	-	0.42
Other borrowing cost (Refer note 25)	1.04	(0.90)	-	0.86	-	1.00
Lease liabilities (Non-Current and Current liabilities) (Refer note 19)	1.06	(0.20)	-	0.04	-	0.90
	<u>98.63</u>	<u>(5.24)</u>	<u>-</u>	<u>5.93</u>	<u>-</u>	<u>99.32</u>

	As at April 1, 2024	Cashflows (net)	Re-classification	Non-cash changes		As at March 31, 2025
				Finance cost	Foreign currency translation	
Long-term borrowings including current maturities (Refer note 13)	-	-	60.00	-	-	60.00
Short-term borrowings (Refer note 13)	112.50	(16.50)	(60.00)	-	-	36.00
Interest accrued but not due (Refer note 17)	0.82	(6.37)	-	6.08	-	0.53
Other borrowing cost (Refer note 25)	1.08	(0.99)	-	0.95	-	1.04
Lease liabilities (Non-Current and Current liabilities) (Refer note 19)	1.24	(0.22)	-	0.04	-	1.06
	<u>115.64</u>	<u>(24.08)</u>	<u>-</u>	<u>7.07</u>	<u>-</u>	<u>98.63</u>

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

As per our report of even date attached.

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

Sadashiv Shankar Shetty
Partner
Membership No: 048648

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Date: 2026.05.09 22:51:26 +05'30'

Mumbai
09-May-26

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

Sanjay Gupta

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Sanjay Gupta
Date: 2026.05.09
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Sanjay Gupta
Director

New Jersey, USA
09-May-26

Torrent Pharma Inc.

Notes to the financial statements *for the year ended 31 March 2026*

(Currency: USD million)

1. Company Overview

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

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

2. Basis of preparation

(i) Statement of compliance

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

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

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

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

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

(ii) Functional and presentation currency

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

2. Basis of preparation (Continued)

(iii) Use of accounting estimates and judgements

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

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

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

Sales returns, rebates, chargeback and medicaid (Note 3(h))

The estimate of sales returns is determined primarily by the Companies historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of sales returns, market condition, estimated shelf life and specific contractual terms. Chargeback, rebates and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms.

Valuation of inventories (Note 3(d))

The Company considers various factors like shelf life, ageing of inventory, product discontinuation, price changes and any other factor which impacts 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 on a periodic basis to reflect its actual experience.

Provision for income tax and deferred tax assets (Note 3(i))

The Company exercises significant judgements in determining provision for income taxes, uncertain tax positions and to reassess the carrying amount of deferred tax assets at the end of the each reporting period.

Useful lives of property, plant and equipment (Note 3(b)(iii))

The Company reviews estimated useful lives, residual values and depreciation method at each financial year-end and changes in estimates, if any are accounted for as a change in an accounting estimates.

Provision for failure to supply

The Company estimates provision for failure to supply based on evaluation of likely claims on short supplies by the Company.

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

2. Basis of preparation (Continued)

(iv) Measurement of fair values

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

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

3. Material accounting policies

(a) Financial instruments

i. Financial assets:

1. Classification of financial assets:

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

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

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

2. Initial measurement:

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

3. Subsequent measurement:

▪ Amortised Cost

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

▪ Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

recognition of impairment gains or losses, interest revenue which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

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

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

4. Derecognition of financial assets:

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

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

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

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

5. Income recognition:

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

6. Cash and cash equivalents and Bank balance

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

7. Trade receivables

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

8. Other financial assets:

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

ii. Financial liabilities:

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

1. Classification:

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

2. Initial measurement:

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

3. Subsequent measurement:

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

4. Derecognition of financial liabilities:

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

5. Borrowings:

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

6. Trade payables:

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

7. Other financial liabilities:

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

(b) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(b) Property, plant and equipment (Continued)

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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

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

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

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

(c) Intangible assets

(i) Other intangible assets

Intangible assets such as trademarks, marketing licenses, brands, computer software, non-compete fees, and other product related intangibles acquired separately are measured at cost. This includes upfront and milestone payments for in-licensed products and other intangible assets.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(c) Intangible assets (Continued)

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.

(ii) Amortisation

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

The estimated useful lives of intangible assets are as follows:

Product licenses	10-15 years
Software	3 years

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

(iii) Product development expenses

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

(d) Inventories

Inventories are 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 - Purchase cost of materials on a moving average basis.
- b. Finished goods (manufactured) 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.

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

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

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

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

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

(e) Impairment

Financial assets

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

Non-financial Assets:

Tangible and intangible assets

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

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(f) Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

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

(g) Provisions, contingent liabilities and contingent assets (other than employee benefits)

Provisions:

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

Contingent liability :

The Company uses significant judgements to assess contingent liabilities. 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.

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(h) Revenue

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

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

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

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

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

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

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(i) Income tax

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

(i) Current tax

Current tax is the tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of reporting period by the governing taxation laws, and any adjustment to tax payable in respect of previous periods. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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

(ii) Deferred tax

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

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

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

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(i) Income tax (Continued)

(ii) *Deferred tax (Continued)*

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

(j) Borrowing cost

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

(k) Leases

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

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

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(k) Leases (Continued)

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

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

(l) Non-current assets held for sale:

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

(m) Research and Development:

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

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

(n) 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 potential dilutive ordinary shares.

(o) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Company is responsible for allocating resources and assessing performance of the operating segments.

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency: USD million)

3. Material accounting policies (Continued)

(p) Recent Accounting Pronouncements

Recent pronouncements Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

In May 2025, MCA notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, applicable w.e.f. April 1, 2025. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.

In August 2025, MCA notified the following amendments to:

1. Ind AS 1, Presentation of Financial Statements, applicable w.e.f. April 1, 2025 – The amendment relates to classification of liabilities as current or non-current and non-current liabilities with covenants. In the context of classifying a liability as current, it removes the requirement of existence of a right to defer settlement for at least 12 months after the reporting date and instead requires that the said right should exist on the reporting date and have substance. The amendment also introduces guidance on classification of liabilities with covenants. The Company has no significant impact of these amendments in its classification criteria of current and non-current liabilities.
2. Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments: Disclosures, applicable w.e.f. April 1, 2025 – The amendment in Ind AS 7 requires to inform users of financial statements of the existence of supplier finance arrangements and explain the nature of the arrangements, the carrying amount of liabilities and the range of payment due dates. Ind AS 107 has been amended to add supplier finance arrangements as a factor that may cause concentration of liquidity risk. The Company has reviewed the amendment and based on its evaluation has determined that it does not have any significant impact in its financial statements.
3. Ind AS 12, International Tax Reform – Pillar Two Model Rules applicable immediately - The amendments provide a temporary mandatory relief from deferred tax accounting for top-up tax and require companies to disclose that they have applied the relief. This relief is immediate and applies retrospectively. The amendments also require companies to provide new disclosures to compensate for potential loss of information resulting from the relief. Such disclosures are to be provided for annual reporting periods beginning on or after April 1, 2025.

Torrent Pharma Inc.

Notes to the financial statements (Continued)
as at 31 March 2026

(Currency : USD million)

4 Property, plant and equipments

	Furniture and fixtures	Office equipments	Vehicles	Total
Cost				
As at 1 April 2024	0.42	0.38	0.04	0.84
Additions	-	0.00	0.09	0.09
Deletions	-	-	(0.04)	(0.04)
As at 31 March 2025	0.42	0.38	0.09	0.89
As at 1 April 2025	0.42	0.38	0.09	0.89
Additions	-	0.01	-	0.01
Deletions	-	-	-	-
As at 31 March 2026	0.42	0.39	0.09	0.90
Accumulated depreciation				
As at 1 April 2024	0.40	0.37	0.01	0.78
Additions	0.01	0.01	0.01	0.03
Deletions	-	-	(0.02)	(0.02)
As at 31 March 2025	0.41	0.38	0.00	0.79
As at 1 April 2025	0.41	0.38	0.00	0.79
Additions	0.01	0.01	0.02	0.04
Deletions	-	-	-	-
As at 31 March 2026	0.42	0.39	0.02	0.83
Carrying amount (net)				
As at 31 March 2025	0.01	0.00	0.09	0.10
As at 31 March 2026	0.00	-	0.07	0.07

Note: 0.00 represents amount less than USD 10,000

Torrent Pharma Inc.

Notes to the financial statements (Continued)

as at 31 March 2026

(Currency : USD million)

4A Right of use assets

	Building
Gross carrying amount as at 1 April 2024	2.17
Additions	-
Deletions	-
Gross carrying amount as at 31 March 2025	2.17
Gross carrying amount as at 1 April 2025	2.17
Additions	-
Deletions	-
Gross carrying amount as at 31 March 2026	2.17
Accumulated depreciation	
As at 1 April 2024	1.02
Additions	0.19
Deletions	-
As at 31 March 2025	1.21
As at 1 April 2025	1.21
Additions	0.19
Deletions	-
As at 31 March 2026	1.40
Carrying amount (net)	
As at 31 March 2025	0.96
As at 31 March 2026	0.77

- (i) Lease contracts entered by the Company pertains to office premises taken on lease to conduct its business in the ordinary course.
- (ii) Lease expenses of USD 0.04 million recognised in statement of profit and loss under other expense for the year ended 31 March 2026 (USD 0.04 million for the year ending 31 March 25) towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability. (Refer note 19)
- (iii) Extension and termination options are included in the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Company's operations.
- (iv) Lease obligations, interest expense on lease, maturity profile of lease obligation (refer note 19) and payment of lease obligations are disclosed respectively in the balance sheet, finance cost (refer note 25), liquidity risk (refer note 35) and cash flow statement.

Torrent Pharma Inc.

Notes to the financial statements (Continued)
as at 31 March 2026

(Currency : USD million)

5 Intangible assets

	Computer software	Total
Cost		
As at 1 April 2024	0.77	0.77
Additions	-	-
Deletions	-	-
As at 31 March 2025	0.77	0.77
As at 1 April 2025	0.77	0.77
Additions	-	-
Deletions	-	-
As at 31 March 2026	0.77	0.77
Accumulated amortization and impairment		
As at 1 April 2024	0.77	0.77
Additions	-	-
Deletions	-	-
As at 31 March 2025	0.77	0.77
As at 1 April 2025	0.77	0.77
Additions	-	-
Deletions	-	-
As at 31 March 2026	0.77	0.77
Carrying amount (net)		
As at 31 March 2025	-	-
As at 31 March 2026	-	-

5A Intangible assets under development

As at 1 April 2024	2.00
Additions	1.50
Deletions	-
As at 31 March 2025	3.50
As at 1 April 2025	3.50
Additions	5.01
Deletions	-
As at 31 March 2026	8.51

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

As at 31 March 2026	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	Total
Projects in Progress	5.01	1.50	-	2.00	8.51
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2025	Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 yrs	2-3 yrs	More than 3 yrs	Total
Projects in Progress	1.50	-	-	2.00	3.50
Projects temporarily suspended	-	-	-	-	-

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

Torrent Pharma Inc.

Notes to the financial statements (Continued) as at 31 March 2026

(Currency : USD million)

	31 March 2026	31 March 2025
6 Inventories		
(At lower of cost and net realisable value)		
Raw materials	0.10	0.25
Stock-in-trade	40.71	37.31
	<u>40.81</u>	<u>37.56</u>

During the year, the write-down of inventories to net realisable value amounted to USD 5.04 million (31 March 2025 : USD 3.23 million) and reversal of write down amounted to USD 1.56 million (31 March 2025 : USD 2.95 million). The write-down and reversal are included in cost of material consumed or changes in inventories of traded goods.

7 Trade receivables (Unsecured)

a) Considered good	47.01	46.83
Less : Allowance for expected credit loss	(0.07)	-
	<u>46.94</u>	<u>46.83</u>

(i) Trade receivables are non-interest bearing and are generally on credit period upto 90 days.

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

(iii) Movements in allowance for expected credit loss :

Opening balance	-	-
Add : Provision made during the year (net of reversal)	0.07	-
Less: Written off	-	-
Closing balance	<u>0.07</u>	<u>-</u>

(iv) Trade receivable ageing schedule for the year ended as on 31 March 2026 and 31 March 2025

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed Trade receivables - considered good	45.56	1.38	0.00	-	-	-	47.01
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Less : Allowance for expected credit loss							0.07
Total Trade receivables							<u>46.94</u>

As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	6 months-1 year	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed Trade receivables - considered good	46.25	0.58	-	-	-	-	46.83
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Less : Allowance for expected credit loss							-
Total Trade receivables							<u>46.83</u>

8 Cash and cash equivalents

Balances with banks :		
- Current accounts	10.00	4.37
	<u>10.00</u>	<u>4.37</u>

Torrent Pharma Inc.

Notes to the financial statements (Continued) as at 31 March 2026

(Currency : USD million)

	31 March 2026	31 March 2025
9 Other financial assets (Unsecured and considered good, unless otherwise stated)		
Non-current		
Consideration receivable for sale of non-current asset	-	0.50
	<u>-</u>	<u>0.50</u>
Current		
Consideration receivable for sale of non-current asset	0.95	0.50
	<u>0.95</u>	<u>0.50</u>
10 Other assets (Unsecured and considered good, unless otherwise stated)		
Current		
Prepaid expenses	0.74	0.41
Advances to suppliers	0.49	0.46
	<u>1.23</u>	<u>0.87</u>
11 Equity share capital		
Authorized		
100,000 (31 March 2025 : 100,000) equity shares of USD 100 each	10.00	10.00
Issued, subscribed and paid up		
12,000 (31 March 2025 : 12,000) equity shares of USD 100 each fully paid up	1.20	1.20
There is no movement in number of equity shares and amount of equity share capital for the year ended 31 March 2026 and 31 March 2025. All the equity shares are held by Torrent Pharmaceuticals Limited (Parent company) who is also the promoter of the Company.		
Rights, preferences and restrictions attached to equity shares		
The Company has single class of equity shares having a par value of USD 100 each. Every holder of equity share is entitled to one vote per share. The equity shares are entitled to receive dividends as declared from time to time.		
12 Other equity		
Retained earnings		
At the commencement of the year	(82.95)	(88.08)
Add: Profit for the year	10.23	5.13
At the end of the year	<u>(72.72)</u>	<u>(82.95)</u>
13 Borrowings		
Non current		
Loan from bank (Secured)*	20.00	20.00
Loan from related party (Unsecured) (refer note 33)	30.00	40.00
	<u>50.00</u>	<u>60.00</u>
Current		
Other borrowings		
Loan from bank (Unsecured)\$	47.00	36.00
Total current borrowings	<u>47.00</u>	<u>36.00</u>

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

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

Current borrowings are repayable in the month of Dec-26.

Average interest rate on borrowings is 5.03% for the year ended 31 March 2026 (previous year 5.89%).

The short term loan from bank and related party were rolled forward as a long term borrowing during the previous year.

Maturity profile of these loans are as below :

	2026-27	2027-28	2028-29	Total	Repayment Terms
Loan from bank		20.00		20.00	Repayable on maturity in January 2028
Loan from related party		30.00		30.00	Repayable on maturity in January 2028

Torrent Pharma Inc.

Notes to the financial statements (Continued) as at 31 March 2026

(Currency : USD million)

	31 March 2026	31 March 2025
14 Provisions		
Non-current		
Provision for sales returns (refer note 29a)	3.93	4.07
	<u>3.93</u>	<u>4.07</u>
Current		
Provision for sales returns (refer note 29a)	4.77	6.23
Provision for failure to supply (refer note 29b)	0.43	1.36
Provision for medicaid rebate (refer note 29c)	3.87	2.51
Provision for expenses (refer note 29d)	-	0.24
	<u>9.07</u>	<u>10.34</u>
15 Other liabilities		
Current		
Payables to statutory and other authorities (withholding tax)	0.13	0.13
	<u>0.13</u>	<u>0.13</u>
16 Trade payables		
Dues to related parties (refer note 33)	102.98	101.15
Dues to others	7.06	7.02
	<u>110.04</u>	<u>108.17</u>

Trade Payables ageing schedule for the year ended as on 31 March 2026 and 31 March 2025

As at 31 March 2026	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 yr.	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed dues	5.03	61.66	43.35	-	-	-	110.04
(ii) Disputed dues	-	-	-	-	-	-	-
As at 31 March 2025	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 yr.	1-2 yrs	2-3 yrs	More than 3 yrs	
(i) Undisputed dues	5.15	66.05	36.68	0.20	0.09	-	108.17
(ii) Disputed dues	-	-	-	-	-	-	-

17 Other financial liabilities		
Current		
Interest accrued but not due on borrowings	0.42	0.53
Bonus payable	1.53	1.52
Other payables	0.00	0.00
	<u>1.95</u>	<u>2.05</u>

Torrent Pharma Inc.

Notes to the financial statements *(Continued)* as at 31 March 2026

(Currency : USD million)

	31 March 2026	31 March 2025
18 Deferred tax assets (net)		
Deferred tax assets / (deferred tax liabilities) :		
Provision for chargebacks, sales returns and rebates	7.97	6.58
Provision for inventories	1.34	1.04
Provision for bonus	0.35	0.35
Difference in depreciation and amortization as per books and tax	(0.11)	0.53
Provision for failure to supply	0.10	0.26
Rent equalisation and others	0.25	0.34
Federal and state tax loss carryovers and IRC 163(j) interest expense carryforwards	24.70	28.15
	<u>34.60</u>	<u>37.25</u>

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

Torrent Pharma Inc.

Notes to the financial statements (Continued)

as at 31 March 2026

(Currency : USD million)

	31 March 2026	31 March 2025
19 Lease Liabilities		
Non-current		
Lease Liabilities	<u>0.69</u>	<u>0.88</u>
	<u>0.69</u>	<u>0.88</u>
Current		
Lease Liabilities	<u>0.21</u>	<u>0.18</u>
	<u>0.21</u>	<u>0.18</u>
	<u>0.90</u>	<u>1.06</u>
Movement in lease liabilities		
Balance at the beginning of the year	1.06	1.24
Addition	-	-
Interest expenses on lease	0.04	0.04
Repayment	<u>(0.20)</u>	<u>(0.22)</u>
Balance at the end of the year	<u>0.90</u>	<u>1.06</u>
Amounts with respect to leases recognised in the Statement of Profit and Loss and Statement of Cash Flows		
Amounts recognised in Statement of Profit and Loss		
Interest expenses on lease (Refer note 25)	0.04	0.04
Depreciation on right-of-use assets (Refer note 30)	0.19	0.19
Expenses relating to short-term leases (Refer note 4A)	0.04	0.04
Amounts recognised in Statement of Cash Flows		
In Financing activity		
Repayment of lease liabilities (Including Interest)	(0.20)	(0.22)
In Operating activity	-	-
Maturity profile of the Company's lease obligations based on contractual undiscounted payments:		
	31 March 2026	31 March 2025
Installments Due in year 1	0.22	0.17
Installments Due in year 2	0.23	0.21
Installments Due in year 3	0.24	0.23
Installments Due in year 4	0.21	0.24
Installments Due in year 5	<u>-</u>	<u>0.21</u>
	<u>0.90</u>	<u>1.06</u>

Torrent Pharma Inc.

Notes to the financial statements *(Continued)* for the year ended 31 March 2026

(Currency : USD million)

	Year ended 31 March 2026	Year ended 31 March 2025
20 Revenue from operations		
Sale of products	146.30	126.16
	<u>146.30</u>	<u>126.16</u>
Reconciliation of revenue from operations with the contracted price :		
Contracted price	443.45	407.17
Adjustments :		
Chargeback, rebates and discounts	(279.10)	(271.61)
Sales return	(4.20)	(4.20)
Others (Medicaid, Shelf stock adjustment and shortage and damages, etc.)	(13.85)	(5.20)
Sale of products	146.30	126.16
Add : Other operating revenue	-	-
Revenue from operations	<u>146.30</u>	<u>126.16</u>
21 Other income		
Interest income	0.06	-
	<u>0.06</u>	<u>-</u>
22 Cost of materials consumed		
Inventory of raw materials and packing materials at the beginning of the year	0.25	0.13
Add : purchases of raw materials and packing materials	0.83	0.45
Less : inventory of raw materials at the end of the year	0.10	0.25
	<u>0.98</u>	<u>0.33</u>
23 Change in inventories of stock-in-trade		
Opening inventory:		
Stock-in-trade	37.31	20.13
Closing inventory:		
Stock-in-trade	40.71	37.31
Net (increase)/decrease in inventories	<u>(3.40)</u>	<u>(17.18)</u>

Torrent Pharma Inc.

Notes to the financial statements (Continued) for the year ended 31 March 2026

(Currency : USD million)

	Year ended 31 March 2026	Year ended 31 March 2025
24 Employee benefits expense		
Salaries and bonus	7.91	7.12
Contribution to statutory funds (refer note 28)	0.60	0.54
	<u>8.51</u>	<u>7.66</u>
25 Finance costs		
Interest expense on financial liabilities measured at amortised cost	5.03	6.08
Interest expense on lease liabilities	0.04	0.04
Other borrowing cost	0.86	0.95
	<u>5.93</u>	<u>7.07</u>
26 Other expenses		
Legal and professional fees	5.43	2.49
Freight, clearing, handling and forwarding charges	5.70	5.07
Product development expenses	0.50	0.38
Insurance	0.90	0.98
Registration expenses	0.08	0.08
Repairs and maintenance	0.10	0.08
Failure to supply charges (refer note 29b)	(0.83)	(0.37)
Labour charges	0.14	0.24
Rates and taxes	(0.00)	0.04
Selling, publicity and medical literature expenses	0.57	0.62
Payment made to auditors		
-Audit fees	0.09	0.09
-Reimbursement of expenses	-	-
Travelling, conveyance and vehicle expenses	0.25	0.25
Communication expenses	0.04	0.04
Power and fuel	0.01	0.02
Provision for expected credit loss (net)	0.07	-
Miscellaneous expenses	1.29	1.34
	<u>14.34</u>	<u>11.35</u>

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency : USD million)

		Year ended 31 March 2026	Year ended 31 March 2025
27 Earnings per share			
Earnings per share from continuing operations:			
Net profit for the year (a)	(USD)	10.23	5.13
Weighted average number of equity shares (b)	(Nos.)	12,000	12,000
Earnings per share (basic and diluted) (a) / (b)	(USD)	852.42	427.51
Nominal value per equity share	(USD)	100	100

28 Retirement plan

Defined contribution plans:

The Company has an Internal Revenue Code Section 401(k) retirement plan whereby the Company contributes 3% of all eligible employees compensation. Company's contribution to the plan amounted USD 0.60 million for the year ended 31 March 2026 (previous year : USD 0.54 million)

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

29 (a) Provision for sales returns

The Company, as a trade practice, accepts returns from market which are primarily in the nature of expired or near expiry products. The provision for sales return is made on the basis of historical experience, market conditions and specific contractual terms. The timing of outflows will vary depending on when sales return claim will arise, being typically in the year of expiry or in the year subsequent to the expiry. The timing of outflow will depend on the shelf life expiry and time taken by the customer to return the goods.

	Year ended 31 March 2026	Year ended 31 March 2025
Opening provision	10.30	12.33
Add: Provision during the year	4.20	4.20
Less: Utilization during the year	5.81	6.23
Closing provision	<u>8.69</u>	<u>10.30</u>

(b) Provision for failure to supply

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

	Year ended 31 March 2026	Year ended 31 March 2025
Opening provision	1.36	3.36
Add: Provision made during the year	0.65	1.03
Less: Reversal	(1.48)	(1.40)
Less: Utilization during the year	0.10	1.63
Closing provision	<u>0.43</u>	<u>1.36</u>

Torrent Pharma Inc.

Notes to the financial statements (Continued)
for the year ended 31 March 2026

(Currency : USD million)

29 (c) Provision for Medicaid rebate

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

	Year ended 31 March 2026	Year ended 31 March 2025
Opening provision	2.51	2.17
Add : Provision made during the year	4.38	3.64
Less: Credit received during the year	(0.94)	(1.20)
Less: Utilization during the year	2.08	2.10
Closing provision	<u>3.87</u>	<u>2.51</u>

(d) Provision for expenses

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

	Year ended 31 March 2026	Year ended 31 March 2025
Opening provision	0.24	0.24
Add: Additional provision	-	-
Less: Utilization during the year	0.24	-
Closing provision	<u>-</u>	<u>0.24</u>

30 Depreciation and amortization expense

Depreciation on property, plant and equipment	0.04	0.03
Depreciation on right of use assets	0.19	0.19
	<u>0.23</u>	<u>0.22</u>

Torrent Pharma Inc.

Notes to the financial statements (Continued) for the year ended 31 March 2026

(Currency : USD million)

31 Segment reporting

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

A. Information about products and services

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

B. Information about geographical areas

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

C. Information about major customers

Revenue from 3 major customers of Company amounts to USD 80.08 million for the year ended 31 March 2026 (31 March 2025, USD 69.05 million) of the total revenue of the Company.

32 Income tax expenses

	Year ended 31 March 2026	Year ended 31 March 2025
(a) Income tax expenses		
Current tax		
Current tax on profits for the year	0.75	0.07
Total current tax expenses	<u>0.75</u>	<u>0.07</u>
Deferred Tax		
Deferred tax charge for the year	2.65	2.02
Total deferred tax expenses	<u>2.65</u>	<u>2.02</u>
Income tax expenses	<u>3.40</u>	<u>2.09</u>
Deferred Tax		
Deferred tax charge for the year	-	-
Total deferred tax expenses	<u>-</u>	<u>-</u>
Income tax expenses	<u>-</u>	<u>-</u>
Total income tax expenses	<u>3.40</u>	<u>2.09</u>
(b) Reconciliation of effective tax rate		
Profit before income taxes	13.63	7.22
Enacted tax rate in USA	21.00%	21.00%
Expected income tax expenses	<u>2.86</u>	<u>1.52</u>
Adjustments to reconcile expected income tax expense to reported income tax expense:		
State tax expense, net of federal benefit	0.23	(0.27)
Deferred tax impact on state taxes due to rate change	0.22	0.25
Other non-deductible items	0.09	0.59
Adjusted income tax expenses	<u>3.40</u>	<u>2.09</u>

Torrent Pharma Inc.

Notes to the financial statements (Continued)
for the year ended 31 March 2026

(Currency : USD million)

32 Income tax expenses (Continued)

(c) **Recognised deferred tax assets**

Movement in temporary differences - 31 March 2026

Particulars	Balance as at 1 April 2025	Recognised in profit or loss during 2025-26	Recognised in OCI during 2025-26	Balance as at 31 March 2026
Provision for chargebacks, sales returns and rebates	6.58	1.39	-	7.97
Provision for inventories	1.04	0.30	-	1.34
Provision for bonus	0.35	(0.00)	-	0.35
Difference in depreciation and amortization as per books and tax	0.53	(0.64)	-	(0.11)
Provision for failure to supply	0.26	(0.16)	-	0.10
Rent equalisation and others	0.34	(0.09)	-	0.25
Federal and state tax loss carryovers and IRC 163(j) interest expense carryforwards	28.15	(3.45)	-	24.70
	<u>37.25</u>	<u>(2.65)</u>	<u>-</u>	<u>34.60</u>

Movement in temporary differences - 31 March 2025

Particulars	Balance as at 1 April 2024	Recognised in profit or loss during 2024-25	Recognised in OCI during 2024-25	Balance as at 31 March 2025
Provision for chargebacks, sales returns and rebates	9.12	(2.54)	-	6.58
Provision for inventories	8.12	(7.08)	-	1.04
Provision for bonus	0.37	(0.02)	-	0.35
Difference in depreciation and amortization as per books and tax	0.51	0.02	-	0.53
Provision for failure to supply	0.70	(0.44)	-	0.26
Rent equalisation and others	0.38	(0.04)	-	0.34
Federal and state tax loss carryovers and IRC 163(j) interest expense carryforwards	20.07	8.08	-	28.15
	<u>39.27</u>	<u>(2.02)</u>	<u>-</u>	<u>37.25</u>

Torrent Pharma Inc.

Notes to the Financial Statements (Continued)

for the year ended 31 March 2026

(Currency : USD million)

33 Related party disclosures

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

(A) Nature of transactions

Particulars	Holding Company		Other related parties		Total	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Purchase of traded goods	101.02	105.81	-	-	101.02	105.81
Interest expense	-	-	1.57	1.90	1.57	1.90
Guarantee commission expense	0.87	0.95	-	-	0.87	0.95

(B) Balances at the end of the year

	31 March 2026	31 March 2025	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Trade payables	102.98	101.15	-	-	102.98	101.15
Borrowings (including interest accrued)	-	-	30.35	40.47	30.35	40.47
Outstanding corporate guarantee obtained at the year end	67.00	56.00	-	-	67.00	56.00

Name of Ultimate Holding Company Torrent Investments Limited

Name of Holding Company Torrent Pharmaceuticals Limited

Other related parties Heumann Pharma Gmbh & Co. Generica KG (Fellow subsidiary)

All related party transactions entered during the year were in ordinary course of the business and are on an arm's length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.

Torrent Pharma Inc.

Notes to the financial statements (Continued) for the year ended 31 March 2026

(Currency : USD million)

34 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. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at March 31, 2026	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Total carrying value
Financial assets:				
Cash and cash equivalents	-	-	10.00	10.00
Trade receivables	-	-	46.94	46.94
Other financial assets	-	-	0.95	0.95
Total	-	-	57.89	57.89
Financial liabilities				
Borrowings	-	-	97.00	97.00
Trade payables	-	-	110.04	110.04
Lease liabilities	-	-	0.90	0.90
Other financial liabilities - current	-	-	1.95	1.95
Total	-	-	209.89	209.89

As at March 31, 2026	Total carrying value (Amortised cost)	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Cash and cash equivalents	10.00	-	-	-	-
Trade receivables	46.94	-	-	-	-
Other Financial Assets	0.95	-	-	-	-
Total	57.89	-	-	-	-
Financial liabilities					
Borrowings	97.00	-	-	-	-
Trade payables	110.04	-	-	-	-
Lease liabilities	0.90	-	-	-	-
Other financial liabilities - current	1.95	-	-	-	-
Total	209.89	-	-	-	-

(Currency : USD)

As at March 31, 2025	Fair Value through P&L	Fair Value through OCI	Amortised Cost	Total carrying value
Financial assets:				
Cash and cash equivalents	-	-	4.37	4.37
Trade receivables	-	-	46.83	46.83
Other Financial Assets	-	-	0.50	0.50
Total	-	-	51.70	51.70
Financial liabilities				
Borrowings	-	-	96.00	96.00
Trade payables	-	-	108.17	108.17
Lease liabilities	-	-	1.06	1.06
Other financial liabilities - current	-	-	2.05	2.05
Total	-	-	207.28	207.28

(Currency : USD)

As at March 31, 2025	Total carrying value (Amortised cost)	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Cash and cash equivalents	4.37	-	-	-	-
Trade receivables	46.83	-	-	-	-
Other Financial Assets	0.50	-	-	-	-
Total	51.70	-	-	-	-
Financial liabilities					
Borrowings	96.00	-	-	-	-
Trade payables	108.17	-	-	-	-
Lease liabilities	1.06	-	-	-	-
Other financial liabilities - current	2.05	-	-	-	-
Total	207.28	-	-	-	-

Torrent Pharma Inc.

Notes to the financial statements (Continued) for the year ended 31 March 2026

(Currency : USD million)

35 Financial Risk Management

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

- Credit Risk
- Liquidity Risk
- Market Risk

i. Risk Management Framework

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

ii. Credit risk

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

Cash and cash equivalents

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

Other financial assets

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

Trade receivables

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

The maximum exposure to credit risk was USD 57.89 million (31 March 2025 USD 52.03 million) being the total of the carrying amount of trade receivables, balances with banks and other financial assets.

Torrent Pharma Inc.

Notes to the financial statements (Continued) for the year ended 31 March 2026

(Currency : USD million)

35 Financial Risk Management (Continued)

iii. Liquidity risk

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

Exposure to liquidity risk

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

As at 31 March 2026	Due in Year 1	Due in Year 2	Due in Year 3 to 5	Due in more than 5 Year	Total
Liabilities :					
Trade and other payables*	110.04	-	-	-	110.04
Borrowings	47.00	50.00	-	-	97.00
Lease liabilities	0.68	0.22	-	-	0.90
Other Liabilities	1.95	-	-	-	1.95
Total	159.67	50.22	-	-	209.89

*Includes USD 102.98 million payable to parent Company.

As at 31 March 2025	Due in Year 1	Due in Year 2	Due in Year 3 to 5	Due in more than 5 Year	Total
Liabilities :					
Trade and other payables*	107.88	0.20	0.09	-	108.17
Borrowings	36.00	-	60.00	-	96.00
Lease liabilities	0.18	0.68	0.20	-	1.06
Other Liabilities	2.05	-	-	-	2.05
Total	146.11	0.88	60.29	-	207.28

*Includes USD 101.15 million payable to parent Company.

iv. Market risk

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

Interest rate risk

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. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

The Company's 31% of the borrowings is at fixed rate and remaining at floating interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest swaps as hedges of the variability in cash flows attributable to interest rate risk. Borrowings amounting to USD 67 million are at floating interest rate.

Cashflow risk in respect of variable rate instrument

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increase/(decrease) equity and profit or loss after tax by USD 0.53 million (31 March 2025 USD 0.44 million). This analysis assumes that all other variables remains constant and change occurs on reporting date. The year end balances are not representative of the average borrowings during the year.

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.

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

(Currency : USD million)

36 Capital management

The capital structure of the Company consists of equity, debt, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company. The Company's parent Company is committed to support the Company in order to achieve an optimum capital management.

37 Contingencies

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

38 Going Concern

The negative net worth is mainly on account of impairment of acquired assets in earlier years. Management has prepared financial statements for year ended 31 March 2026 on a going concern basis and the management is confident of future growth of the business. The Company has been able to meet its obligations in the ordinary course of the business in the current year and expect to continue the same in next year as well.

Torrent Pharma Inc.

Notes to the financial statements (Continued)

for the year ended 31 March 2026

39 Analytical ratios for the year ended 31 March 2026 and 31 March 2025

Ratios	As at	As at	Variance
	31 March 2026	31 March 2025	
(a) Current Ratio	0.59	0.57	3%
(b) Inventory turnover ratio	3.73	4.36	-14%
(c) Trade Receivables turnover ratio	3.12	2.63	19%
(d) Trade payables turnover ratio	1.34	1.36	-1%

Ratios have been computed as follows :-

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

For B S R & Co. LLP

Chartered Accountants

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

Sadashiv Shankar Shetty
Digitally signed by Sadashiv Shankar Shetty
Date: 2026.05.09 22:52:42 +05'30'

Sadashiv Shetty
Partner

Membership No: 048648

Mumbai
09-May-26

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

Sanjay Gupta
Digitally signed by Sanjay Gupta
Date: 2026.05.09 11:34:26 -04'00'

Sanjay Gupta
Director

New Jersey, USA
09-May-26