torrent PHARMA

2nd July, 2021

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

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

Dear Sir,

Sub.: Submission of Annual Report for FY 2020-21 and intimation of voting through electronic means

Please find attached herewith soft copy of the Integrated Annual Report 2020-21 (comprising of Notice calling 48th Annual General Meeting (AGM) along with Audited Financial Statements, Directors' Report, Auditors' Report, etc.) of Torrent Pharmaceuticals Limited ("the Company") in compliance with Regulation 34(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

In compliance with the relevant Circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India, the Notice convening the AGM and the Integrated Annual Report of the Company for FY 2020-21 has been sent to all the shareholders of the Company whose e-mail addresses are registered with the Company or Depository Participant(s). Further, in compliance with the relevant Circulars issued by the Ministry of Corporate Affairs, relevant provisions of the Companies Act, 2013 and Securities and Exchange Board of India, the Company is offering facility of remote e-voting ("remote e-voting") and e-voting facility during the AGM ("e-voting") to all the shareholders of the Company in respect of the businesses to be transacted at the 48th AGM scheduled to be held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) on Tuesday, 27th July, 2021 at 09:30 a.m. For this purpose, the Company has engaged Central Depository Services (India) Ltd as its Authorised Agency.

The remote e-voting will commence from 9:00 a.m. (IST) on Friday, 23rd July, 2021, to 5:00 p.m. (IST) on Monday, 26th July, 2021. Those members, who will be present in the AGM through VC / OAVM and have not casted their vote on the resolutions through remote e-voting shall be eligible to vote through e-voting system available in the AGM. The cut-off date for the purpose of remote e-voting and e-voting is Tuesday, 20th July, 2021.

The above is for your information and record.

Thanking you,

Yours sincerely,

For TORRENT PHARMACEUTICALS LIMITED

MAHESH AGRAWAL
VP (LEGAL) & COMPANY SECRETARY

Encl : A/a

Torrent Pharmaceuticals Limited

Integrated Annual Report 2020-21

Consistency with Prudence

Welcome to the first Integrated Annual Report of Torrent Pharmaceuticals Limited

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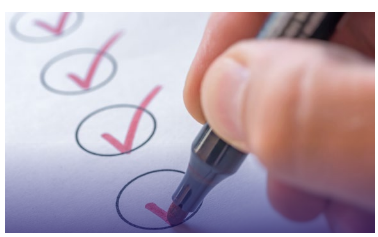

Torrent Pharma's most important topics for value creation

Purpose

This Report strives to communicate the value-creation imperatives of Torrent Pharmaceuticals Limited (Torrent Pharma) to its stakeholders. The report intends to articulate most material matters that impact value, the organisation's strategic priorities, business model, financial and non-financial performance and risk management. This Report also provides an account of the inherent Environmental, Social and Governance (ESG) aspects that drive long-term viability of the business.

Frameworks and standards

This Report is guided by the International Integrated Reporting (IR) Framework of the International Integrated Reporting Council (IIRC),

Scope and boundary

This Report covers information pertaining to the period from 1st April 2020 – 31st March 2021 and covers disclosures regarding India and overseas operations of Torrent Pharma.

Responsibility statement

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

REPORT NAVIGATION

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Consistency with Prudence

Consistency is the virtue that transforms average into excellence. Prudence is the mindset that grows a business and sustains its leadership.

At Torrent Pharma, consistency is at the core of all its actions, inextricably embedded in its culture, strategies, business processes and operating practices.

Over decades the Company's consistent approach with prudent actions have enabled its growth, supplementing its journey to become one of the most trusted and respected players in the pharmaceuticals ecosystem.

Reflections of consistency with prudence

1. **Niche marketing and specialty focus**
   Consistent and stronger stakeholder engagement
2. **'One Product-One Globe-One Quality' approach**
   Consistent quality in any product, across the world
3. **Patient-centric sales practices**
   Consistent productivity improvement
4. **New product solutions**
   Consistent and incremental innovation
5. **Prudent capital allocation**
   Consistent sustained returns

Torrent Pharma overlays consistency with a devout culture of prudence, which is marked by its diligence, rigorous assessment, meticulous analysis and integrated approach to business. It is also mirrored by the Company's approach to corporate governance, risk management, capital allocation and decision making.

It has been this disciplined, consistent and prudent approach to doing business that has led Torrent Pharma to maximise value for each of its stakeholders on a sustained basis, be it through steady earnings growth, continuous improvement of market share, successful turnaround of inorganic assets, strong employee engagement and an unwavering social and environmental focus.

Key financial highlights 2020-21

ENTERPRISE VALUE

47,125 (₹ in crores)

↑ 34%

EARNINGS PER SHARE

73.98 (₹)

↑ 17%

RESEARCH & DEVELOPMENT EXPENDITURE

487 (₹ in crores)

↑ 14%

EMPLOYEE COMPENSATION

1,440 (₹ in crores)

↑ 13%

CSR AND SOCIAL DONATIONS

50 (₹ in crores)

↑ 16%

↑ 10-years CAGR

ABOUT US

Lifecare for the World

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

With overarching corporate credo of 'Not Just Healthcare... Lifecare', Torrent Pharma has consistently offered patient-centric pharma solutions through incremental innovations, niche marketing and specialty focus, establishing itself as a leader and trusted player in the pharmaceutical industry in India, which constitutes ~45%+ of total revenue. Torrent Pharma is ranked among the top 10 in Cardiovascular (CVS), Central Nervous System (CNS), Vitamins & Nutrients (V&M), Gastro-Intestinal (GI) and Anti-Diabetes (AD) therapies in India.

Torrent Pharma was a pioneer in the concept of niche marketing in India. It also has a strong international presence across more than 40 countries with operations in regulated and emerging markets, such as the US, Europe, Brazil and Rest of the World. It operates through its wholly-owned subsidiaries spread across 12 countries with major setups in the US, Germany and Brazil.

Key facts on Torrent Pharma

40+ Countries
REVENUE PRESENCE

62%
REVENUE FROM BRANDED GENERIC MARKETS

700+
SCIENTISTS AT R&D FACILITY

8
MANUFACTURING FACILITIES

12+ Countries
DIRECT PRESENCE THROUGH SUBSIDIARIES

13,500+
DIRECT EMPLOYMENT CREATION

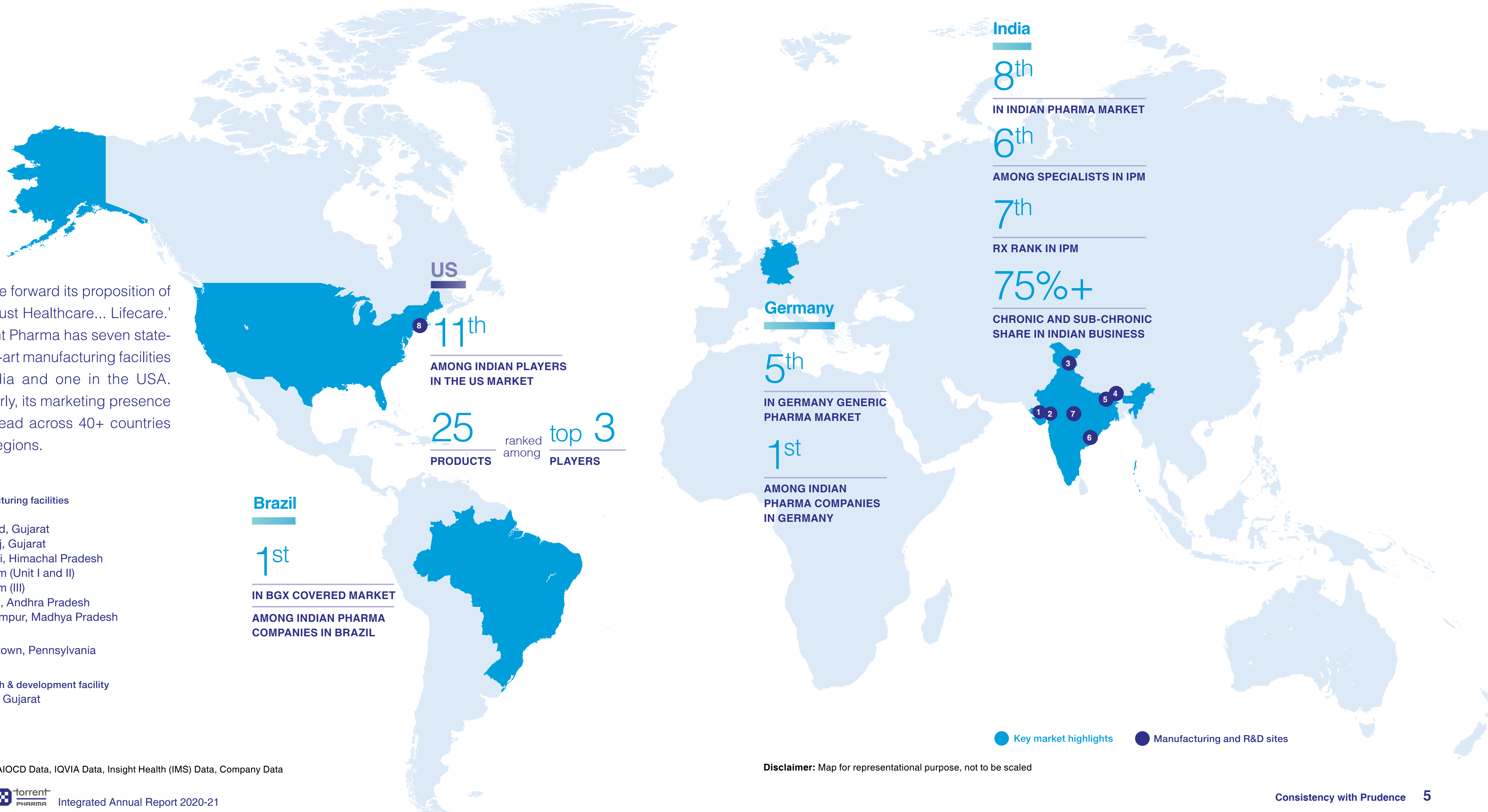
Competitive strengths

- World-class manufacturing and R&D facilities
- Extensive network with long-lasting stakeholder relationships
- High chronicity in portfolio
- Global and diversified operations
- Highly renowned brands across core therapeutic areas
- Legacy of nearly 50 years

PRESENCE

Well-Established Global Footprint

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



US

11th AMONG INDIAN PLAYERS IN THE US MARKET

25 PRODUCTS ranked among top 3 PLAYERS

Brazil

1st IN BGX COVERED MARKET AMONG INDIAN PHARMA COMPANIES IN BRAZIL

Germany

5th IN GERMANY GENERIC PHARMA MARKET

1st AMONG INDIAN PHARMA COMPANIES IN GERMANY

India

8th IN INDIAN PHARMA MARKET

6th AMONG SPECIALISTS IN IPM

7th RX RANK IN IPM

75%+ CHRONIC AND SUB-CHRONIC SHARE IN INDIAN BUSINESS

Key market highlights

Manufacturing and R&D sites

Manufacturing facilities

India:

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

US:

8. Levittown, Pennsylvania

Research & development facility

1. Bhat, Gujarat

Source: AIOCD Data, IQVIA Data, Insight Health (IMS) Data, Company Data

Disclaimer: Map for representational purpose, not to be scaled

CREDOS

Committed to Values

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

In the initial years of its foundation, Torrent Pharma ventured in to Central Nervous System (CNS) therapy in India and has gradually expanded its footprints across all the major therapies and is currently ranked 8th in India Pharma Market (IPM) with 75%+ focus on chronic and sub-chronic therapies.

Vision

To become the Most Respected Pharma Company.

Mission

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

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

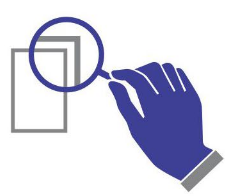
Integrity

Passion for Excellence

Participative Decision-Making

Concern for Society & Environment

Fairness with Care



Transparency

Core values

Torrent Pharma fosters and believes in six core values, which are integral to its manner of business conduct. Individually and collectively, these timeless values strengthen the Company's foundation and ensure its longevity.

Timeless values to ensure longevity

CUSTOMERS | EMPLOYEES | COMMUNITY | INVESTORS | SUPPLIERS

INTEGRITY

When truth is Paramount: Thoughts and actions entail doing the right thing at all times and in all circumstances; whether or not anyone is watching. This requires inner courage and conviction, no matter what the consequences are. It is honouring one's commitments and being accountable for one's actions, end-to-end.

PASSION FOR EXCELLENCE

When best is not enough: Passion for excellence means not doing extra-ordinary things, but doing ordinary things in all pursuits exceedingly well. Passion and excellence are forces that fuel each other on the exclusive path to leadership. As we are what we repeatedly do, excellence then is not an act, but a habit.

PARTICIPATIVE DECISION MAKING

Involvement that engenders effectiveness: An ideal organisation facilitates participation and involvement of each of its members in various decision making processes, thus ensuring their commitment to such decisions as well as its outcome. It provides a platform for seeking and nurturing constructive ideas from individuals, teams and units which eventually yields exceptional results.

CONCERN FOR SOCIETY & ENVIRONMENT

When every smile matters: Concern for Society & Environment is a sense of responsibility and contribution to society that defines our existence. It entails making a difference in the quality of lives and environment surrounding us. It is important to encourage fellow-members on collective as well as individual basis to fulfil the responsibility of leaving behind a world rich in flora and fauna and rich in time tested values and ideals and above all rich in social fervour for our future generations.

FAIRNESS WITH CARE

Harnessing equality: Fairness and Care towards all fellow members are inextricably linked. Weaving the threads of equality, irrespective of caste, creed, religion and gender, into the day to day fabric, ensures fairness for each and every individual. Empathic care recognises needs and aspirations of all. Only such fairness and care eventually lead fellow members to the dawn of eternal success.

TRANSPARENCY

Openness that builds enduring trust: Transparency implies openness. It is the opposite of secrecy. It encourages more informed decision making and aids in creating enduring trust among all stakeholders.

JOURNEY AND MILESTONES

Evolving With Purpose

Since its inception, Torrent Pharma's journey has been laden with significant milestones that has shaped it to be the pharma major it is today. Torrent Pharma's recent milestones are illustrated below.

Milestones since 2003

2003
Torrent Pharma forays in to Brazil

2005
Torrent Pharma forays in to Germany by acquiring Pfizer's marketing arm

2009
Torrent Pharma enters US generic market

2014
Acquired Elder Pharmaceuticals Limited's identified Indian Branded Business in India and Nepal.

2015
Acquired USFDA approved Derma facility of Zyg Pharma.

2017
Acquired Unichem Laboratories Limited's Identified Branded Business in India and Nepal and also its Sikkim manufacturing facility.

2018
Acquired US based Bio-Pharm, Inc. which includes USFDA registered oral solution based manufacturing facility. This is Torrent Pharma's first overseas manufacturing unit.

Leading Brands

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

India Products Portfolio

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

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

Brazil Products Portfolio

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

Prudence in Every Decision. Consistency in Every Action.

Dear Stakeholders,

I write to you at a time when our external environment is recovering from a once-in-a-century event in the form of COVID-19. Even as uncertainty persists in the wake of a second wave, we can say with reasonable confidence that as a nation, we are better prepared. Constant change has been accepted as the new normal, with businesses, governments and societies shifting gears to quickly adapt.

The concept of value is also changing, with Environmental, Social and Governance (ESG) parameters emerging as tenets of business viability. In this backdrop, I would like to introduce you to Torrent Pharma's first-ever Integrated Annual Report that articulates how we perceive and aim to create value. This Report reflects how we have approached stakeholder value creation over the years, and includes a detailed review of our financial and non-financial performance, together with the strategic way forward.

Economic context

Globally, economic revival is taking place in two tangents – the developed countries bouncing back faster and the developing economies continuing to battle ground realities. In India, a multitude of measures from the government helped balance lives and livelihoods, and the vaccination roll-out serves as a ray of hope. The projections by global agencies, such as the IMF and the national estimates indicate high single-digit to double-digit growth for India in 2021-22, after the shocks of 2020-21.

In a context mired with the pandemic, the role of healthcare and pharmaceuticals have become even more pronounced. The social value these sectors bring has been validated like never before, and the strengthening of the healthcare ecosystem has become a core priority, even reflecting in national budget allocations.

A model of growth and resilience

Starting in the domestic Indian market in the early 1970s and foraying into exports in 1980s, Torrent Pharma has come a long way today, with presence in more than 40 countries and emerging as one of India's pharma majors. Our business spans Branded Generic (BGx) and Generic (Gx) markets, with the former having predominant presence. Strong chronic and sub-chronic portfolio and specialty driven approach in BGx markets, along with a robust and diversified portfolio as well as moving towards complex product pipelines in Gx markets serve as the bedrock of our business competitiveness and sustainability. Our approach of 'Not Just Healthcare... Lifecare', is underpinned by the highest levels of product and research excellence, and is guided by the motto of 'one product, one globe, one quality'.

Our resilience is underlined by our ability to adapt, evolve and mitigate risks, with patient centricity at the core. These aspects combine with our focused stakeholder relationships, and holds us in good stead. To maintain our connect with the medical community, we engage our specialised field force, thus setting in motion a virtuous cycle and creating strong moat.

From a strategic point of view, we continue to focus on our stronghold markets with a BGx concentration. Market share gains by aiming to grow faster than the market, therapy consolidation, therapy expansion and sustained investment in new products continue to be our measures of progress in these markets. Our market expansion strategy seeks to extend our presence in geographies contiguous with our existing markets and with a similar policy environment. Although organic growth is inherent to our nature of doing business, we believe inorganic growth will continue to be an integral part of our overall growth story.

Complementing our growth plans, our people approach, deployment of contemporary technology and operational excellence act as strategic priorities that propel us forward.

Performing across key financial indicators

While pandemic-induced uncertainties and related economic slowdown impacted the growth of global pharmaceutical markets during the year, I'm pleased to report that we continued to perform with resilience, anchored on our chronic-based business model, patient centricity and business continuity processes.

The underlying growth in our core markets of India, Brazil and Germany has been strong and continue to outperform the market. The growth in the US was impacted due to lack of new approvals, pending re-inspection of facilities by USFDA. Overall, we achieved a revenue of ₹8,005 crores in 2020-21, while witnessing significant improvement across operating and net earnings (11% and 22% Y-o-Y respectively). Earnings growth was complemented by pandemic-led cost savings, productivity improvements and operating leverage. The year gone by has also made us explore means to create more efficient ways of working that could potentially lead to longer term cost savings. We continue to allocate incremental cash flows to de-leverage our balance sheet, with a net debt to EBITDA of 1.6x by the end of 2020-21 versus 2.2x in the previous year. We also continued to enhance our shareholder value during the year. For 2020-21, the Board has recommended a total dividend of ₹35 per equity share for shareholders' approval.

With India to battle the pandemic

As a responsible corporate citizen, we are standing with the nation in its fight against COVID-19, through specific interventions. Torrent committed ₹100 crores to fight the pandemic, at a Group level. This contribution was made to the PM-CARES Fund and for various initiatives, such as providing essential medicines to various government hospitals, contributions to state relief funds and NGOs, provision of PPEs to healthcare workers, apart from the Group's ground-level initiatives.

As India faced a dearth of medical-grade oxygen, Torrent Group stepped up and augmented its oxygen production and supply capacity to meet the daily oxygen requirements of 10,000 patients. It is setting up 50 medical oxygen production plants for 50 government hospitals, spanning seven states and have deployed two cryogenic tankers of 18 metric tonnes each for transportation of liquid medical oxygen. We are also providing free oxygen using an oxygen generation plant and bottling facility in Ahmedabad.

We have partnered with Eli Lilly and Company to manufacture and commercialise 'Baricitinib' (an emergency use approved drug given in combination with Remdesivir for COVID-19) in India, under a royalty-free, non-exclusive voluntary licensing agreement. This, along with other such partnerships planned through the year, further strengthens our commitment and effort to help the nation fight the pandemic.

Sustainability with a core focus on ESG

At Torrent Pharma, business responsibility is not a new concept. Changing nomenclatures notwithstanding, we have always focused on building the nation, protecting the environment, contributing to society and conducting business with integrity. We firmly believe in achieving long-term business success together with everyone.

As a manufacturing entity, we have a sizeable environmental footprint, which we manage scientifically. Our core environmental focus areas include climate change and energy management, emissions, waste and water management. Through dedicated interventions, we have been able to achieve significant savings in our carbon footprint. With state-of-the-art systems, we also managed our waste effectively, with over 55% of the waste produced being recycled. We recycle ~87% of water consumed and have erected rainwater harvesting structures, to de-stress the water table in our areas of operations.

On the social front, we have been dedicated to creating lasting value since inception, and social well-being continues to be a top priority on our radar. We impacted 71,000 lives through our CSR programmes, with our flagship REACH initiative benefiting several villages. Focused on child healthcare, the REACH initiative continues to positively impact people's lives across our intervention areas, actively fighting malnutrition and pediatric illnesses. We also extend our CSR programmes to infrastructure and public space development, and through contributions to hospitals and institutions.

From a people stand point, we assert that the well-being of our employees takes maximum priority. We organise regular safety trainings and conduct audits to ensure a safe workplace for all. From an inclusion lens, we view diversity as an enabler of growth, and foster a zero discrimination policy. We are powered by the spirit of a 13,500+ workforce, of whom ~21% is below 30 years of age. We also inculcate a meritocratic culture, and constantly reward and recognise our people for their contributions.

Our business conduct and corporate behaviour continue to garner trust of the stakeholders and is led by a strong Board.

Looking forward

We look at the future with a very optimistic stance, recognising healthcare as a universal human need and as a space where we can serve our purpose. As we grow and expand, our singular focus will be on bettering patient lives through strong R&D and highest product quality. We will further strengthen our stakeholder relationships and continuously create win-win propositions for the benefit of all. Our values, legacy and responsibility will continue to guide us and together, we will strive to enable life care for everyone.

I would like to take this opportunity to place on record my immense gratitude to our employees, who rise to the occasion every time, and help us deliver consistently. I also thank every stakeholder who has vested their confidence in us. I solicit your continued cooperation and trust as we chart our way forward.

Best regards,

SAMIR MEHTA

Executive Chairman

BOARD OF DIRECTORS

Good Governance in Action

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

SUDHIR MEHTA
Chairman Emeritus

SAMIR MEHTA
Executive Chairman

AMEERA SHAH
Independent Director

M M C

NAYANTARA BALI
Independent Director

M M M

SHAILESH HARIBHAKTI
Independent Director

C M C M M

HAIGREVE KHAITAN
Independent Director

M C M C

JINESH SHAH
Director (Operations)

M

- Audit Committee
- Securities Transfer and Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility and Sustainability Committee
- Risk Management Committee

C Chairperson M Member

VALUE-CREATION MODEL

Consistent Value Creation Enabled with a Prudent Business Model

Resources

Financial capital

Net worth as on 31-03-21: ₹**5,837 crores**

Borrowings as on 31-03-21: ₹**4,825 crores**

Manufactured capital

Manufacturing units: **8 facilities**

Installed capacity:
- API: **95 MT**,
- Formulation: **2,100 crores+ tabs**

No. of regulatory audits 2020-21: **2**

Intellectual capital

R&D expenditure 2020-21: ₹**487 crores**

R&D % of revenue 2020-21: **6%**

No. of scientists: **700+**

No. of approved ANDA: **100+**

Human capital

Employees on roll: **13,500+**

Employees on contract: **1,800+**

Training hours 2020-21: **1.30 lakhs hours**

Social & Relationship capital

Stockists (India Business): **4,800+**

Vendors: **6,000+**

CSR and Social Donations 2020-21: ₹**50 crores**

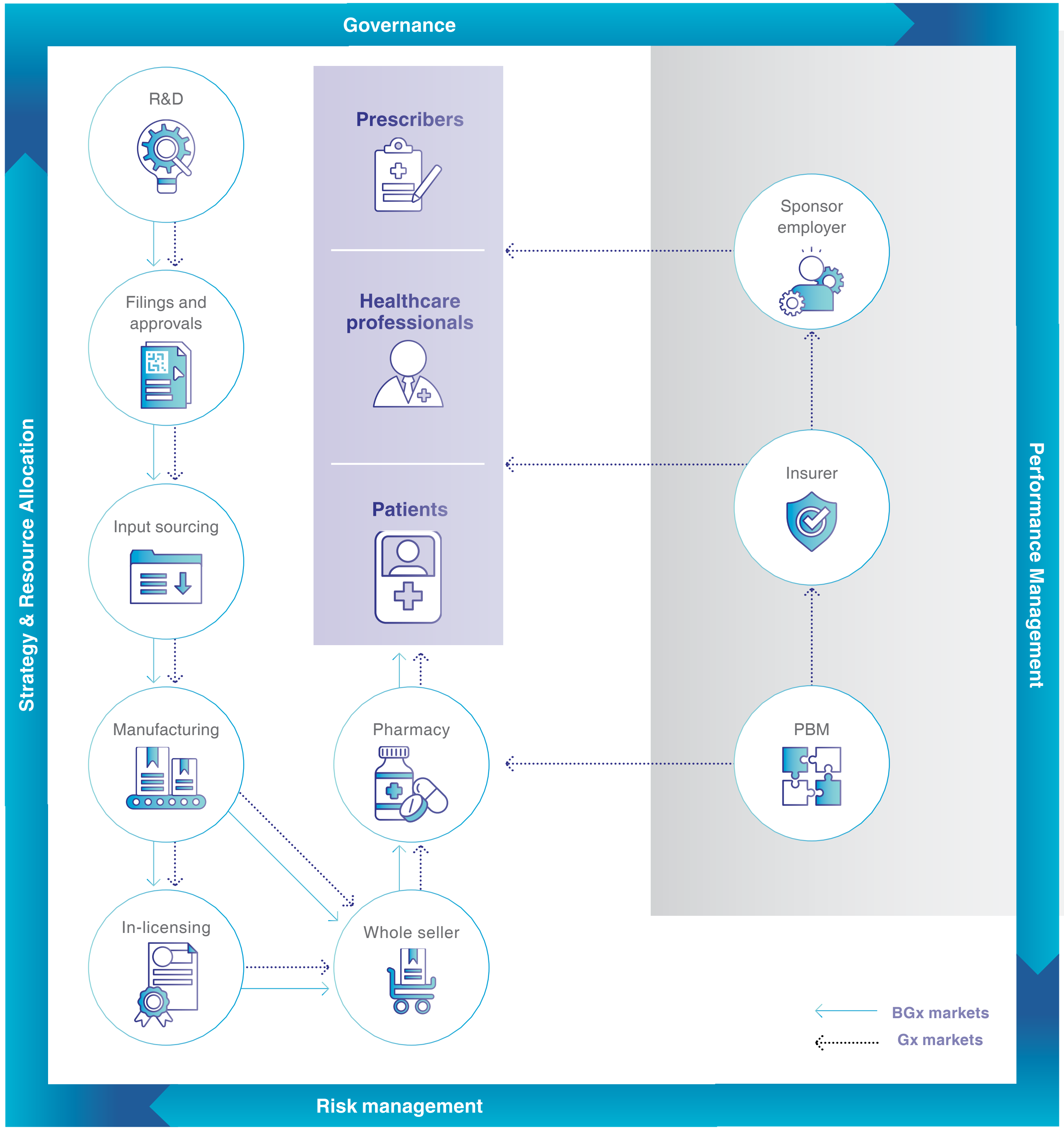
Torrent Group committed for COVID-19 relief: ₹**100 crores**

Natural capital

Energy usage 2020-21: **120K+ MWH**

80%+ surface water usage 2020-21

Solar power 2020-21: **1688 KW**



Value Created

Financial capital

Revenue 2020-21: ₹**8,005 crores**

EBITDA 2020-21: ₹**2,537 crores**

ROE 2020-21: **21%**

ROCE 2020-21: **19%**

Market capitalisation 31-03-21: ₹**430+ billion**

EPS 2020-21: ₹**73.98/share,** DPS 2020-21: ₹**35/share**

Manufactured capital

No. of product registrations: **2,000+**

Capacity utilisation**: 60% utilisation**

Intellectual capital

No. of new filings 2020-21: **150+**

Human capital

India Business 2020-21: PCPM: ₹**8.4 lakhs** | Field attrition: **3%**

Brazil 2020-21: PCPM: **R$1.6 lakhs** | Field attrition: **3%**

Fatalities 2020-21: **Nil**

% of female workforce: **12%**

Social & Relationship capital

No. of CSR beneficiaries (Reach): **71,000+**

Supporting the nation's fight against COVID-19

Natural capital

CO_2 emission reduction 2020-21: **3%**

Reduction in NOX emission 2020-21: **11%**

Reduction in SOX emission 2020-21: **11%**

Reduction in waste disposal 2020-21: **1%**

Reduction in groundwater use 2020-21: **7%**

STRATEGY

Strategic Themes That Set The Course

At Torrent Pharma, patient's needs are at the core of strategy, focused on setting in motion a virtuous cycle that ultimately leads to sustainable and profitable growth, along with consistent stakeholder value creation. To achieve this, Torrent Pharma is guided by five overarching strategic themes, each with their individual focus areas and intended outcomes. These themes were formulated after meticulous assessment of the external environment and stakeholders' priorities, and are operated under a robust governance mechanism.

Strategic framework

Value enhancement for stakeholders

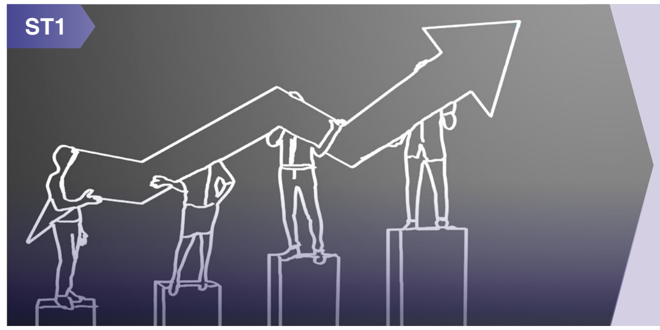
VISION	MISSION	CORE VALUES
MATERIAL TOPICS	1 STRATEGIC THEMES	OPPORTUNITIES
EMERGING TRENDS	2 FOCUS AREAS	CHALLENGES
	3 KPIs	

ENTERPRISE RISK MANAGEMENT (ERM)
EXECUTION PLAN (ANNUAL AND LONG-TERM)

Strategic Themes: Snapshot

Improve market share in core markets	Invest in tomorrow's growth engines	Operational excellence	Engaged and empowered workforce	Deploy digital technologies
TERRITORIES	EXISTING	SUPPLY CONTINUITY	LEADERSHIP	ENTERPRISE ARCHITECTURE
India	Philippines	PRODUCTIVITY ENHANCEMENT	TALENT DEVELOPMENT	BIG DATA ANALYTICS
US	UK	COST COMPETITIVENESS	PRODUCTIVITY	EMERGING TECHNOLOGIES
Germany	Mexico	QUALITY	INNOVATION	INFORMATION SECURITY
Brazil	NEW	R&D EFFICIENCY	SAFETY AND WELL-BEING	
	EU			
	LATAM			
	South East Asia			

STRATEGY

Strategic themes		Focus Areas	KPIs	Capitals deployed
ST1 	**Create sustainable and profitable growth** by achieving market share gains and therapy expansion in the Company's core geographies	**INDIA** • Specialty focus • Brand building • Market share gain • New introductions • Enhance reach • In-clinic effectiveness **US** • Portfolio diversification • Incremental investment in complex generics • Gain scale and depth in base business **GERMANY** • Market expansion • New launches • Grow OTC segment **BRAZIL** • New therapies/launches • In-clinic effectiveness • Market share gain	Market share Launches/Filings Productivity R&D spend	Pg 36 Pg 40 Pg 46 Pg 52
ST2 	**Create sustainable and profitable growth** by investing in new markets to develop them as tomorrow's growth engines	Achieve scale in emerging markets by leveraging learning curve of BGx markets and new launches Invest in new emerging markets by leveraging current pipeline and through out-licensing	Revenue growth New markets New launches Collaborations	Pg 36 Pg 40 Pg 46 Pg 52
ST3 	**Drive operational excellence** through focus on quality, productivity and cost competitiveness	Supply continuity Productivity enhancement Cost competitiveness Quality R&D efficiency	Monitoring quality matrix Product/Customer complaint Per unit cost	Pg 36 Pg 40 Pg 46 Pg 70
ST4 	**Build engaged and empowered workforce** with focus on leadership, innovation and productivity	Leadership Talent development Productivity Innovation Safety and well-being	Leadership pipeline Productivity metrics across R&D, Operations and Sales	Pg 46 Pg 52 Pg 62
ST5 	**Deploy digital technologies** to drive business model improvements	Enterprise Architecture Big Data Analytics Emerging Technologies Information Security	IT spend IT strategy roadmap	Pg 36 Pg 52

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

India

Capitals deployed Pg 36 Pg 40 Pg 52

Overview

Around 85% of Torrent Pharma's revenue is derived from four core markets viz. India, United States, Germany and Brazil. India continues to be the largest market, contributing to over 45% of revenue.

Torrent Pharma's business mix (~62% BGx and 38% Gx) is highly optimised, as it balances consistent financial returns while accounting for operating leverage and cost competitiveness.

TRENDS, OPPORTUNITIES AND CHALLENGES

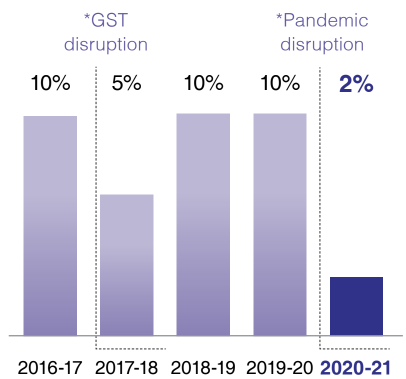
- The Indian Pharmaceuticals Market (IPM) is approximately ~$20 billion and has registered a secular CAGR of 10-11% over the past five years (except for the year 2020-21, wherein the growth was impacted due to pandemic and related nationwide and localised lock downs).
- IPM has been one of the fastest growing markets, owing to its demographics and unmet medical needs, under-penetrated health insurance markets and changing lifestyle.
- Increased exposure to NLEM and any changes to DPCO regulations may have a transitional impact on overall portfolio growth.

OUTLOOK

IPM is poised for double-digit growth in the backdrop of growth enablers, such as:

- Increase in the government's healthcare spending (Current level: 4% of GDP).
- Sanguine growth of 15%+ in the hospital and diagnostics sector.
- Accelerated penetration of health insurance at a rate of over 20%.
- Aging population, increasing per capita income and changing lifestyle patterns.

IPM growth trend



Focus areas

1. **Specialty focus**
   Increasing prescription share and building bigger brands through specialty focus.
2. **New product offerings**
   New introductions, particularly in space of NDDS, Fixed Dosage Combinations (FDC) and line extensions: leveraging ensuing patent expiry in chronic space.
3. **Market share gain**
   Sustain competitive positioning in anchor therapies viz. CVS, CNS, GI and V&M and build presence in therapies where Torrent Pharma's market share is relatively low.
4. **Enhanced digital initiatives**
   Increasing digital promotional footprint to maintain competitive advantage.

KPIs

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

Performance highlights[1]

8th
IN INDIAN PHARMA MARKET

2nd
IN CARDIAC MARKET

₹8.4 lakhs
AMONGST BEST PCPM IN IPM

4th
IN CNS AND VITAMIN AND MINERALS MARKET

75%+
CHRONIC AND SUB-CHRONIC

27 Brands
MORE THAN ₹25 CRORES

6th
IN GI MARKET

10 Brands
WITH OVER 100 CRORES SALES

6th
AMONG SPECIALISTS IN IPM

16 Brands
AMONG TOP 500 BRANDS OF IPM

[1] Source: AIOCD Data, Company Data

US

Capitals deployed Pg 36 Pg 40 Pg 46

Overview

Torrent Pharma is ranked 11th among Indian companies operating in the US generic market, with a share of around 13% in covered market.

Torrent Pharma is ranked among the Top 3 players in the covered market of 25 molecules.

Pending USFDA inspection for the Indrad and Dahej facilities, new product approvals are on hold.

US office

Pre-COVID

TRENDS, OPPORTUNITIES AND CHALLENGES

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

OUTLOOK

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

Focus areas

1. **Quality focus**
   Torrent Pharma has invested significantly in upgrading its quality systems at its facilities around the world. The goal is to remain in full compliance with current and future expectations of the most demanding regulators in the world.
2. **Pipeline focus**
   Torrent Pharma has continued to file double-digit ANDAs every year and believes it can find a path to growth due to its large number of filed products (ANDA pending approval 54), once it starts receiving new product approvals. Torrent Pharma has filed 20 ANDAs in 2018-19, 12 in 2019-20 and another 12 in 2020-21. Several of these filings are in complex products space that pose challenges in formulation and are sometimes required in patient clinical studies. Torrent Pharma is building a comprehensive pipeline for its liquids and oncology facilities.
3. **Cost competitiveness**
   Customers expect suppliers to continuously work on increasing the productivity and overall efficiencies, which can help bring down cost of drug products. Torrent Pharma is constantly looking at ways to increase its cost competitiveness.

KPIs

1. **USFDA clearance of facilities**
2. **ANDA filings**
3. **Product launches**
4. **Market share**

Performance Highlights[2]

11th	25 Products	13%	54	12
AMONG INDIAN PLAYERS IN THE US MARKET	RANKED AMONG TOP 3 PLAYERS	MARKET SHARE IN COVERED MARKET	ANDA PENDING APPROVAL	ANDAs FILED IN 2020-21

[2] Source: IQVIA Data, Company Data

Germany

Capitals deployed Pg 36 Pg 40 Pg 46

Overview

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

Torrent Pharma is the 5th largest generic company in Germany Generic market, with a 6.6% share[1].

Torrent Pharma also has licensing arrangements for the German market with several other manufacturers who have a low-cost base.

TRENDS, OPPORTUNITIES AND CHALLENGES

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

OUTLOOK

- The market is expected to grow at CAGR of 4-7% over the medium term.
- Intensification of competition and threat of new entrants bringing pricing pressure.

Focus Areas

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

KPIs

1. **Market coverage**
2. **Product launches**
3. **Day 1 launches**
4. **OTC revenue share**

Performance Highlights[1]

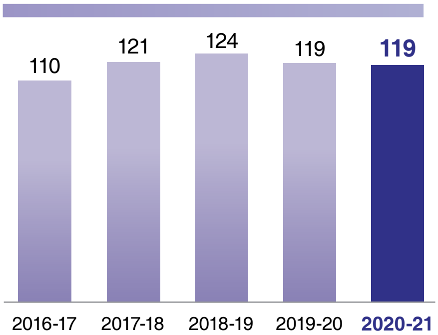
6.6%

MARKET SHARE IN COVERED MARKET

5

NEW FILINGS IN 2020-21 ALONG WITH 6 BUSINESS DEVELOPMENT DEALS

Germany sales trend (€) mn



Germany office

Pre-COVID

[1] Source: Insight Health (IMS) Data, Company Data

Brazil

Capitals deployed Pg 36 Pg 40 Pg 52

Overview

Torrent Pharma has been in Brazil since 2003.

Torrent Pharma is the largest Indian pharma company in Brazil.

Torrent Pharma operates in the BGx and Gx segments, with a team of 200+ sales representatives.

TRENDS, OPPORTUNITIES AND CHALLENGES

- Large size of the BGx market at about R$46 billion and continued preference of physicians and patients for brands from well reputed companies.
- Fast growth of the Gx market, particularly in the more rural and remote parts of the country. Gx market is currently estimated at R$9 billion.
- Depreciation of the BRL poses a significant challenge. It has depreciated over 30% versus USD in 2020-21.
- 2020-21 market growth rate in value terms is about 8.9%.

OUTLOOK

- Despite several economic challenges, some of which is linked to COVID-19, the Brazil pharma market continues to demonstrate strong growth.
- The Brazilian pharma market is estimated to grow by 6-9% p.a., depending on expected improvements on macro-economic parameters under government controls and its policies.

Focus Areas

1. Continue to expand the portfolio in Torrent Pharma's current core therapeutic areas of Cardio Vascular, Diabetes and CNS.
2. Expand the Gx business.
3. Entry into new therapy.

KPIs

1. **Product launches in existing therapies of BGx market**
2. **Increase market share in Gx market**
3. **New therapies**

Performance Highlights[2]

3 Brands
WITH ANNUAL REVENUE MORE THAN R$ 50 MILLION

1st
RANKED IN BRAZIL BGX COVERED MARKET

1st
RANKED AMONG INDIAN PHARMA COMPANIES

[2] Source: IQVIA Data, Company Data

Brazil office

ST2

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

Capitals deployed

Pg 36 Pg 40 Pg 46 Pg 52

Focus Areas

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

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

ST3

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

Capitals deployed

Pg 36 Pg 40 Pg 46 Pg 70

Focus areas

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

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

ST4

Build an engaged and empowered workforce with focus on leadership, innovation and productivity

Capitals deployed

Pg 46 Pg 52 Pg 62

Focus Areas

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

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

ST5

Deploy digital technologies to drive business model improvements

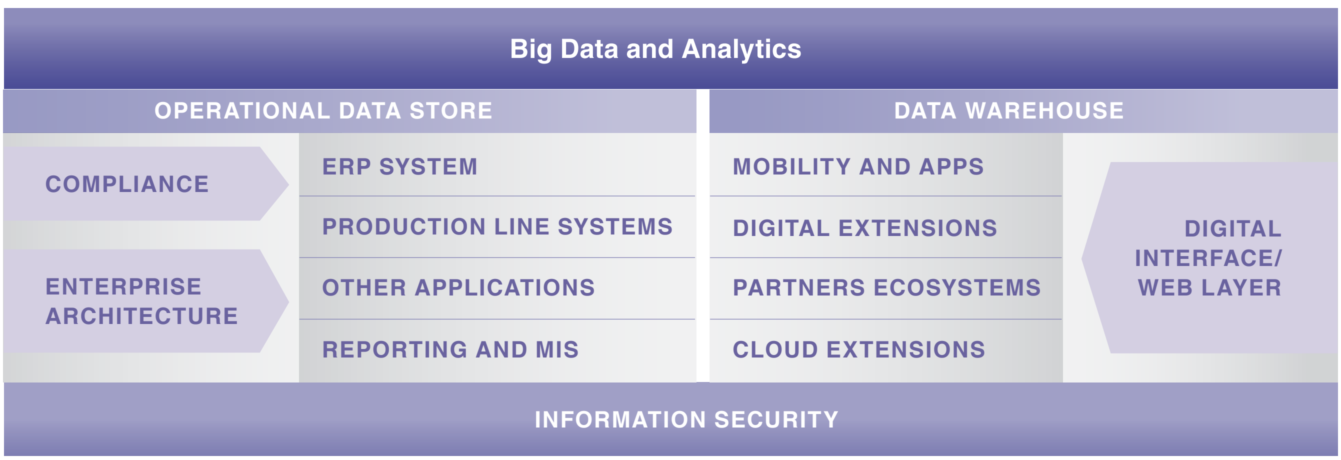
Capitals deployed

Pg 36

Pg 52

Overview

Torrent Pharma's technology stack is built around the bedrock of Information Security, Enterprise Architecture and Compliance, which provides a controlled environment for sustainability and transformation in order to achieve the strategic objectives of enhanced business performance, improved productivity, higher quality, optimised costs and superior customer experience. At the core is the central state-of-the-art ERP, to which all other systems integrate (manufacturing and other applications), supported with a robust MIS/analytics framework. Recognising the changing dynamics and the need to integrate with external players/systems, the digital interface/web layer provides a controlled mechanism to both reach out and for external ecosystem partners to reach in. Interfaces for public-cloud-based apps and mobile app stores are also addressed via this layer. The architecture supports the projects identified via the IT roadmap strategic initiative, as it helps accelerate the introduction of emerging technologies as well as external interfaces, and forms a basis for fast and quick experimentation and proofs of concept, all critical in the adoption of Pharma 4.0 initiatives.



Focus areas

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

Technology permeates across the fabric of the organisation, and the same is reflected both in terms of initiatives implemented as well as undertaken during the year. These include a system for Project Management, implementation of Electronic Lab Notebook (ELN) and MES for production line. Other initiatives have been undertaken from a futuristic perspective, which include initiation of a completely revamped Sales Force Automation product, a renewed focus on supply chain automation, as well as a business-focused MIS and analytics framework. Recognising the dynamic impact of emerging technologies and its benefits, a project for designing a new IT roadmap has been initiated to address the demands of sustainability, growth, and transformation aligned with Pharma 4.0, keeping in mind the needs for an enhanced information system programme, additional controls and automation, and the changing compliance and regulatory needs. A new greenfield enhanced ERP implementation has also been initiated, with clearly defined business benefits.

KPIs

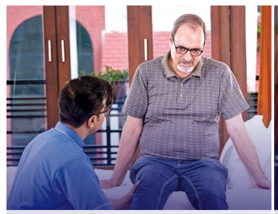
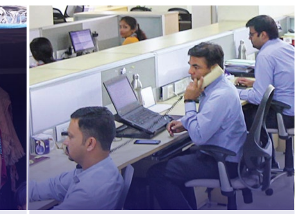
1. **IT spend**
2. **IT strategy roadmap**

STAKEHOLDER ENGAGEMENT

Led by Consistent Stakeholder Trust

The entire value chain of Torrent Pharma is facilitated by its stakeholders, who are integral to its very existence. From providers of financial capital to the communities that allow a social licence to operate, stakeholders play a vital role in the overall development and sustainable growth of Torrent Pharma's business.

It is thus an imperative that the Company regularly engage and consult its varied stakeholders while conducting its day-to-day operations. It nurtures the Company's overall relationship quotient while giving the stakeholders a transparent view of the organisation's activities and approach to business.

Stakeholders	Patients	Channel partners	Suppliers	Healthcare professionals	Government and regulators	Industry associations	Shareholders and investors	Communities	Employees
									
Why they are important	Patients are the ultimate customers of Torrent Pharma's products. Success of the organisation is thus heavily dependent on meeting patients' expectations in terms of delivering quality products at an affordable price range, on time.	Play an important role in the distribution of products across the globe and ensure accessibility of products to patients.	Providers of API, other input materials, finished products and critical services help ensure continuity of business operations.	Support in understanding the needs of patients, and act as the voice of the brand	Policies and regulatory changes impact operations as well as provide opportunities. Strict compliance with the laws and regulations together with ethical business conduct are crucial for business viability.	Regular engagements with industry associations help raise awareness about the Company's contributions to the society and the economy. It also provides a forum for public policy advocacy.	Provides financial capital as well as helps maintain oversight over the organisation's activities and good governance practices.	Provides social licence to operate. The Company strives to create a positive impact on the local communities where it operates.	Employees are an essential pillar that contributes to the organisation's success. Torrent Pharma follows a people-first approach and focuses on individual growth that will ultimately contribute to the growth of the organisation.
Modes of engagement	Website Clinical studies	Meetings Field visits Digital communication	Meetings Visits Supplier audit Facility visits	Meetings Conferences Seminars Field visits CME events	Meetings Conferences Facility visits Official communications Statutory publications	Industry conferences Representations on policy matters	Conference calls Meetings Investor conferences AGM Website	Interactions through CSR initiatives	Senior management interactions HR communications Engagement programmes
Capital linkage	Pg 40 Pg 46 Pg 62	Pg 40 Pg 62	Pg 40 Pg 62 Pg 70	Pg 46 Pg 52 Pg 62	Pg 62	Pg 62	Pg 36 Pg 62	Pg 62 Pg 70	Pg 52

Topics That Influence Consistent Value Creation

To understand the relevant topics that have a significant bearing on the ability to create long-term value, Torrent Pharma undertook a detailed materiality assessment exercise. This exercise provided valuable insights into the material topics and stakeholder concerns that can have an impact on the Company.

Materiality determination process

The exercise began with the identification of a universe of topics and key internal and external stakeholders. Topics were identified through peer reviews, international guidelines, sector specific sustainability framework, UN SDGs, industry specific publications and other requirements. Senior management personnel, employees, suppliers, customers, investors, business and channel partners and local community, were identified as key stakeholders.

A materiality assessment questionnaire was shared with each stakeholder for their inputs on a scale of 1 to 5 (in order of low to high relevance to Torrent Pharma's value creation). These inputs, along with the analysis of external environment, led to the prioritisation of distinct material topics.

Materiality matrix - Torrent Pharma (Relative Rating)

Importance among external stakeholders	Medium	High
High		• Product quality and safety • Innovation: Strengthening R&D pipeline • Water and wastewater management • Energy efficiency and renewable energy • Employee engagement, safety and well-being • Equality • Ethics and business integrity • Adherence to laws
Medium	• Information security • Good health and well-being • Safe clinical trials • Anti-fraud • Fair compensation • Diverse Board and effective evaluation • Incident and emergency planning • Succession planning • Business code of conduct • Transparency	• Risk management • Air emissions • Enhancing manufacturing and supply chain capabilities • Employee training and upgradation • Human rights • Reduction in plastic usage • Affordability, accessibility and awareness • Technology • Community development • Grievances redressal • Capital allocation and returns • Product environmental stewardship • Product pricing • Manufacturing related discharges • Climate change • Inorganic growth opportunities

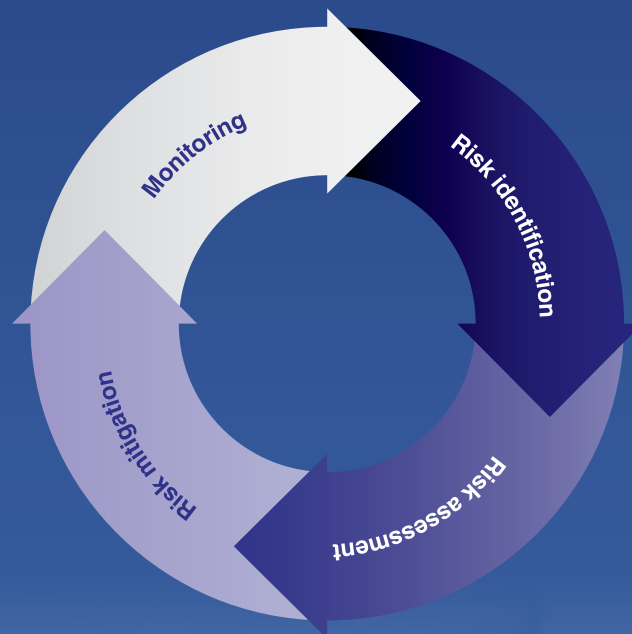
Relevance to business from company perspective

Top material issues

Key aspect	Material Topics	KPIs	Discussion on material issues
Economic	1. PRODUCT QUALITY AND SAFETY	SUCCESSFUL INSPECTIONS	MANUFACTURED CAPITAL Pg 40 INTELLECTUAL CAPITAL Pg 46 OPERATIONAL EXCELLENCE ST3 Pg 26
	2. INNOVATION: STRENGTHENING R&D PIPELINE	NEW PRODUCT LAUNCHES	
Environment	3. WATER AND WASTEWATER MANAGEMENT	WASTEWATER RECYCLED	NATURAL CAPITAL Pg 70
	4. ENERGY EFFICIENCY AND RENEWABLE ENERGY	REDUCTION IN CO_2, NOX, SOX EMISSIONS	
Social	5. EMPLOYEE ENGAGEMENT, SAFETY, WELL-BEING	SAFE PERSON HOURS	HUMAN CAPITAL Pg 52
	6. EQUALITY	DIVERSITY IN EMPLOYMENT	ENGAGED AND EMPOWERED WORKFORCE ST4 Pg 26
		% OF FEMALE EMPLOYEES	
Governance	7. ETHICS AND BUSINESS INTEGRITY	GOVERNANCE POLICIES	RISK MANAGEMENT Pg 32
	8. ADHERENCE TO LAWS	CASES OF NON-COMPLIANCE	CORPORATE GOVERNANCE Pg 131

Prudent Risk Management

Enterprise Risk Management (ERM) is an integral part of Torrent Pharma's strategy for stakeholder's value enhancement and is embedded in to governance and decision-making processes. All the potential risks and opportunities that arise from market forces, political, economic and regulatory technology as well as environment changes are discussed and deliberated with functional heads. Each functional head is responsible for identifying the probable risks in their area of operation, which are escalated to management with mitigation strategies for their consideration. A comprehensive 'risk register' is continuously updated to capture new risks/threats and assess likelihood of occurrence and possible impact, arising from changes in the internal/ external environment.



ERM Framework

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

ERM Governance

Risk governance is driven by the Board of Directors through the Risk Management Committee (RMC) of the Board. The RMC is responsible for reviewing and strengthening the risk management policies and processes adopted by the Company. It also reviews the potential risks facing the Company and the progress of the mitigation plans. ERM team, led by Chief Risk Officer (CRO) regularly reports to the RMC on the progress of the implementation of ERM and the status of the potential risks based on the assessment of risks and the mitigation strategies. Torrent Pharma has adopted a bottom-up and top-down approach to drive enterprise risk management.

Key risk factors

1. Competition risks

ST Linkage #1 #2

Capitals deployed

Mitigation strategies

Intensification of competition and threat of new entrants in existing key markets and therapies, impeding Company's ability to drive market share improvements.

Branded Generics markets:

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

Generic Generics markets:

1. Ensuring supply continuity through a robust and agile supply chain and manufacturing infrastructure.
2. Portfolio optimisation by incremental investment in R&D on complex drugs, diversified dosage forms and value-added generics.

2. Commoditisation risks

ST Linkage #1

Capitals deployed

Mitigation strategies

The Government of India is encouraging the use of generic products through various initiatives. This may impact Torrent Pharma's future business.

Continuous monitoring of regulatory landscape and being proactive to drive business model changes, if and when necessitated.

3. Pricing control risks

ST Linkage #1

Capitals deployed

Mitigation strategies

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

Risk of price regulation is a systemic one, whose impact is mitigated through continuous portfolio optimisation and various cost initiatives to sustain margins. In India, Torrent Pharma has only 9% of its total portfolio under price control versus 18% for the industry.

4. R&D risks

ST Linkage #3

Capitals deployed

Mitigation strategies

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

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

These risks are sought to be mitigated by seeking suitable alliances with partners at appropriate stage to share the risks and rewards of the project, while continuing to develop NCEs for India. The Company is also evaluating the feasibility of extending the market outside India where it has a reasonable understanding of the branded products space.

5. Compliance risks

ST Linkage #1 #2 #3

Capitals deployed

Mitigation strategies

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

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

This is implemented through:

- Robust internal controls
- Compliance management systems and continuous monitoring
- Independent assessments and audits

6. Quality and product liability risks

ST Linkage #3

Capitals deployed

Mitigation strategies

Risk	Mitigation strategies
Quality risk entails failure to comply with GxP (Good Laboratory Practices, Good Manufacturing Practices and Good Clinical Practices). Product liability risk stems from concerns on product efficacy or safety, potentially resulting in product withdrawals, recalls, regulatory action on the part of the United States Food and Drug Administration (or international counterparts), declining sales, reputational damage, increased litigation and increased litigation expense.	Risks are sought to be managed by appropriate laboratory and clinical studies for each new product, compliance with Good Manufacturing Practices and independent quality assurance systems. Torrent Pharma also has an adequate insurance cover for clinical and product liability.

7. Risk of operating in overseas markets

ST Linkage #1 #2

Capitals deployed

Mitigation strategies

Risk	Mitigation strategies
Torrent Pharma's presence in different overseas territories and markets exposes it to geo-political, economic and currency fluctuation risks, with potential impact on its earnings, cash flows or net equity.	Geo-political or economic or regulatory risks are mitigated through due diligence at the time of new investments in any territory/market. These risks are continuously assessed through management oversight and appropriate investment or divestment decisions are taken, wherever necessary. In order to mitigate impact of currency fluctuations, Torrent Pharma has instituted a Foreign Exchange Risk Management policy, whereby currency exposures are hedged through long-term derivative instruments.

8. Business continuity risks

ST Linkage #1 #2 #3

Capitals deployed

Mitigation strategies

Risk	Mitigation strategies
COVID-19 outbreak has disrupted supply chains across domestic and international markets, affecting business continuity and supply of pharmaceutical products to the patients.	Torrent Pharma has instituted various 'business continuity' measures, including the following: 1. Alternate sourcing to reduce supply dependencies 2. Carrying higher inventory levels 3. Vertical manufacturing integration for complex inputs 4. Digital interventions for remote working

Prudence That Grows the Enterprise

At Torrent Pharma, prudent deployment of financial capital across business assets with incessant focus on creating sustainable business that yields consistent value to its stakeholders, is given precedence above all. Financial prudence is the cornerstone of building and growing a value-accretive business. Torrent Pharma considers efficient capital allocation and yield generation as its fiduciary duty to its providers of financial capital. Business strategies are crafted with the objective of sustainable and profitable growth.

Strategic Themes ST1 ST2 ST3 ST5

Material Issues M7 M8

Over the years, Torrent Pharma has continuously strived to optimise returns for its shareholders, through capital deployment across organic and inorganic opportunities.

In terms of capital allocation across M&A opportunities, Torrent Pharma has consistently demonstrated its financial discipline and prudence, through turnarounds of its key acquisitions (viz. Elder Pharmaceuticals Limited identified Indian Branded Business in India and Nepal in 2014-15 and Unichem Laboratories Limited identified Branded Business in India, Nepal and its Sikkim facility in 2017-18), with both the acquisitions being cash-accretive in first year of its acquisition. At Torrent Pharma, assessment of each investment opportunity undergoes rigorous financial due diligence, whereby the investment opportunities are inter alia tested on following three parameters:

SUSTAINABILITY
Yields superior cash flow returns on investments

PROFITABILITY
Generates consistent improvement in profitability

GROWTH
Enhances competitive advantage leading to long-term growth

Superior returns that surpass indices

Consistency in returns. Prudence in allocation.

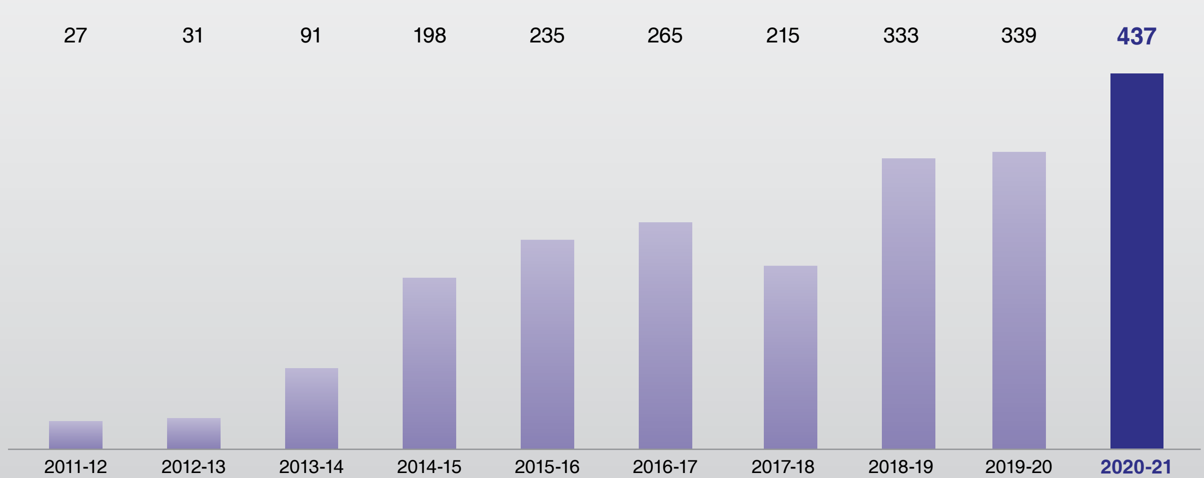
In the past decade, Torrent Pharma has invested in organic and inorganic opportunities, turning its investments cash accretive in the initial years. Growth continues to be the Company's central strategy and consistency and prudence will continue to guide its future prospects.

Torrent Pharma measures its progress with the value it delivers, measured as an aggregated of annual accretion in market capitalisation and profit distribution. In this regard, the Company delivered a 33% CAGR on investments in the past decade, outdoing the broader index growth of 10%. For 2020-21, it has recommended a total dividend of ₹35 per equity share.

Shareholder wealth creation in the past decade

10Y CAGR +33%

₹ in billion



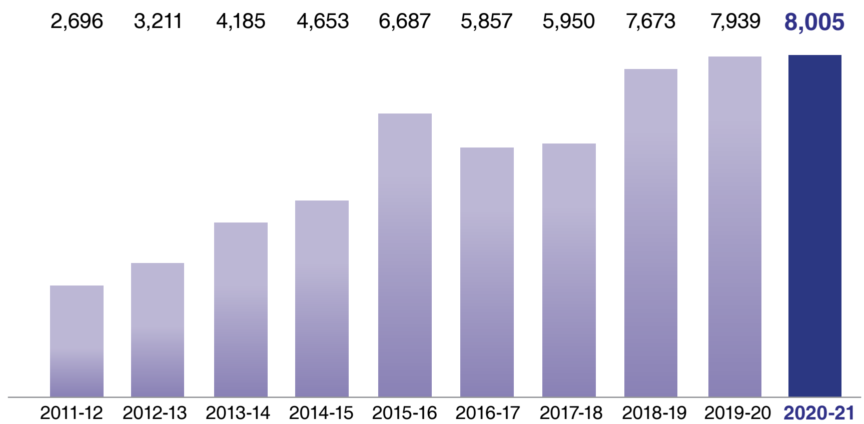
Revenue from operations

10Y CAGR +14%

1Y Growth +1%

(₹ in crores)

- Torrent Pharma's revenue have grown at a compounded rate of 14% over last 10 years backed by two key drivers viz. market share gain and inorganic growth.
- 2020-21 revenue were muted due to COVID-19 induced lockdowns across different markets and lack of new approvals, pending re-inspection of US facilities (Dahej & Indrad).



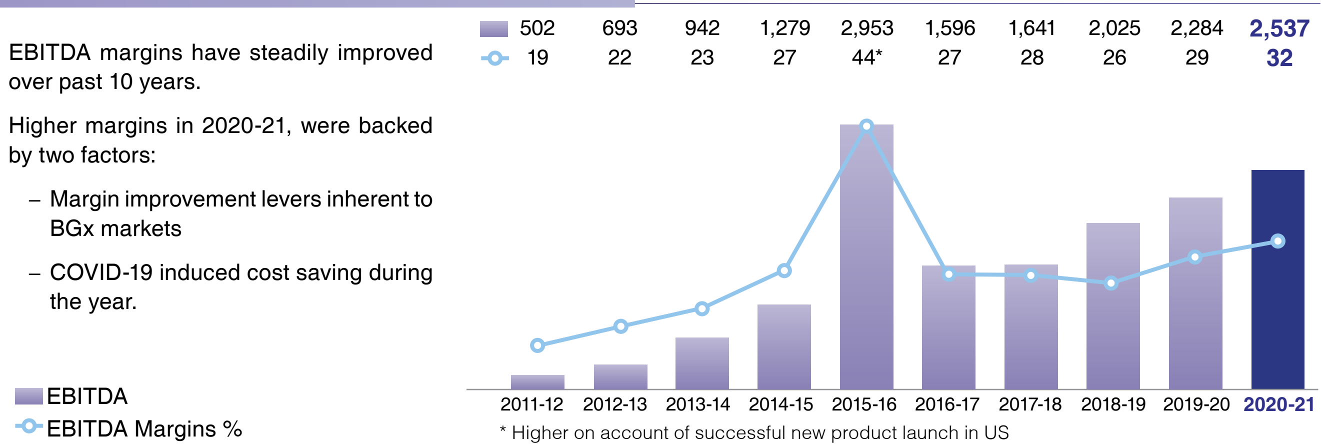
Profitability (EBITDA and EBITDA margins)

10Y CAGR +20%

1Y Growth +11%

(₹ in crores & %)

- EBITDA margins have steadily improved over past 10 years.
- Higher margins in 2020-21, were backed by two factors:
  - Margin improvement levers inherent to BGx markets
  - COVID-19 induced cost saving during the year.



* Higher on account of successful new product launch in US

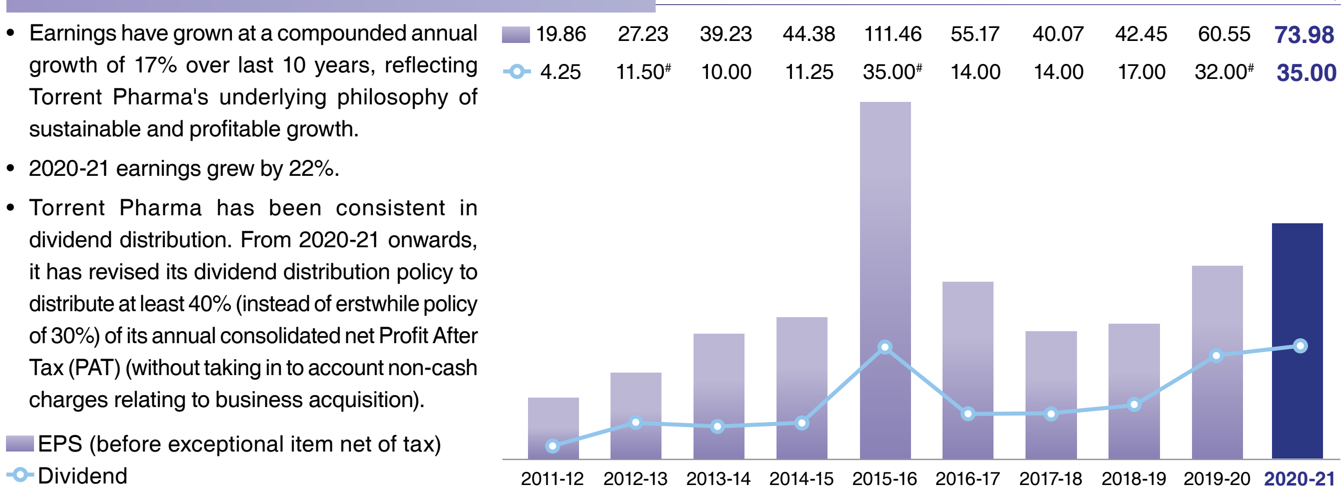
Earnings per share and dividend per share

10Y CAGR +17%

1Y Growth +22%

(₹ / share)

- Earnings have grown at a compounded annual growth of 17% over last 10 years, reflecting Torrent Pharma's underlying philosophy of sustainable and profitable growth.
- 2020-21 earnings grew by 22%.
- Torrent Pharma has been consistent in dividend distribution. From 2020-21 onwards, it has revised its dividend distribution policy to distribute at least 40% (instead of erstwhile policy of 30%) of its annual consolidated net Profit After Tax (PAT) (without taking in to account non-cash charges relating to business acquisition).



#Special dividend: ₹5 for 2012-13, ₹15 for 2015-16 & ₹15 for 2019-20

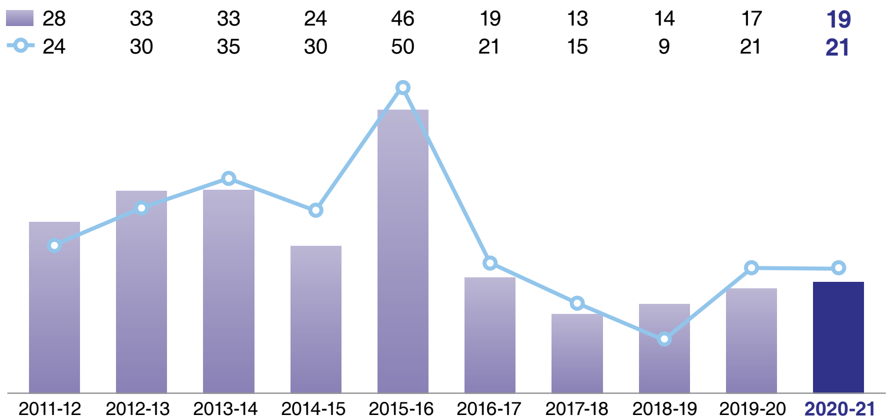
* EPS growth

Note: EPS and Dividend per share of 2011-12, 2012-13 and 2013-14 are adjusted for bonus shares.

Capital Efficiency Returns (ROCE & ROE)

(%)

Prudent capital allocation has resulted in consistent and steady improvement in capital returns and shareholders' value enhancement. Returns were lower in 2017-18 and 2018-19 due to Unichem acquisition in December 2017. However, the Company was able to achieve pre-acquisition capital returns within a period of 3 years of acquisition, through a successful turnaround of acquired portfolio.



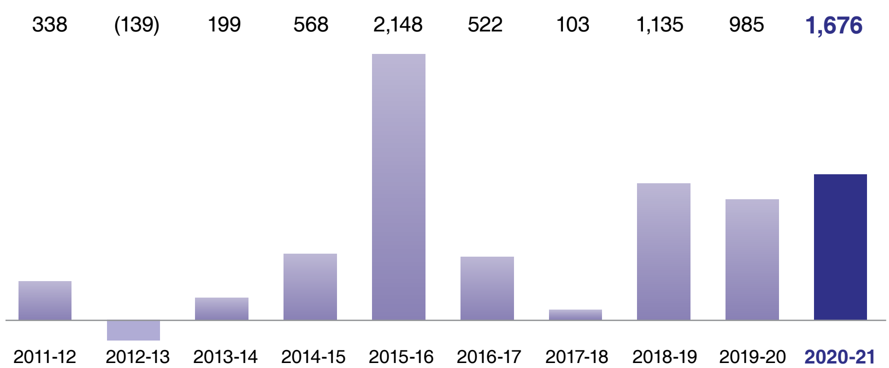
ROCE
ROE

Free Cash Flows

10Y CAGR +29%
1Y Growth +70%

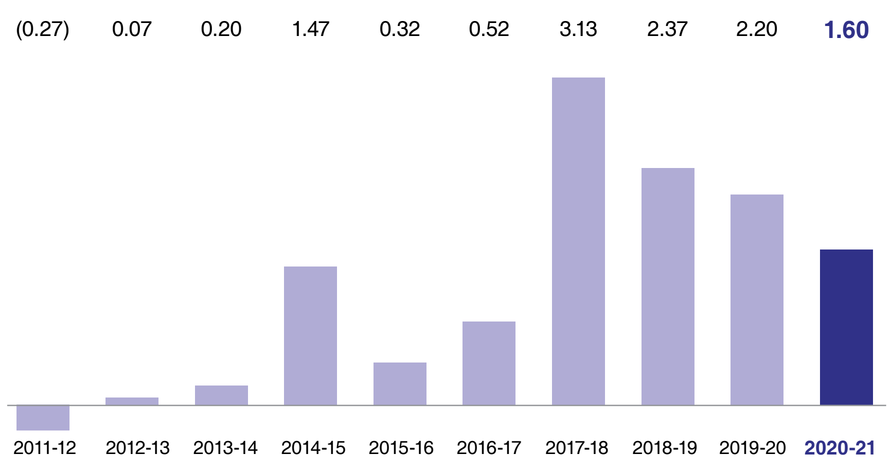
(₹ in crores)

Sustained margins and earnings growth, successful turnaround of acquired portfolio and consistent improvement in capital returns had led to a compounded annual growth of 29% in FCF.



Financial Leverage – Net Debt to EBTIDA

Successful turnaround of acquisitions and steady cash flow growth has also led to gradual de-leveraging of the balance sheet.



Agility Meets Excellence

'Passion for excellence' is a core value at Torrent Pharma. The Company has built robust, in-house drug manufacturing capacities, at par with global standards. Torrent Pharma's technologically advanced and scalable operations enable it to cater the rising demand across its various therapeutic segments, while maintaining consistent product quality and a sustainable cost base.

Strategic Themes ST1 ST2 ST3

Material Issues M1 M8

Key focus areas

Supply continuity

Productivity and cost competitiveness

Regulatory and quality standards compliance

Technology advancement

Highlights

8

STATE-OF-THE ART MANUFACTURING FACILITIES

2,100 crores+

UNIT DOSE FORMULATION MANUFACTURING CAPACITY

95 MT

API MANUFACTURING CAPACITY

With eight state-of-the-art manufacturing facilities, Torrent Pharma enjoys superior economies of scale, supply continuity and global competitiveness. These facilities cater to different markets with varied dosage forms, such as Oral Solids, Oral Liquids, Topicals, Suppositories, Human Insulin and synthetic API (API manufacturing is predominantly aimed at captive consumption). The current and future commercial objectives of the Company can be comfortably managed with the existing range of production capabilities and capacities.

Aligning to a High-Value Supply Chain

Consistency in quality. Prudence in prospects.

Pharma majors across the globe are innovating and aligning to differentiate themselves and future-proof their business prospects. The Company considers developing complex manufacturing capabilities as the way forward for its long-term viability. It includes developing competencies in complex active ingredients, formulations, routes of delivery and dosage forms.

With scalable complex manufacturing capabilities, Torrent Pharma aims to graduate into the high-value supply chain and differentiate itself from the increasingly commoditised pharma space. This dovetails into its objective of retaining leading market positions and pursuing sustainable growth pathways.

MANUFACTURED CAPITAL

Torrent Pharma

Segment	Dosage form	Plant	Approvals
API		INDRAD	USFDA | BfArM/ (Germany) [EU GMP] | TGA (Australia) | WHO-GMP
API		DAHEJ	USFDA | BfArM/ (Germany) [EU GMP] | WHO-GMP
API		VIZAG	USFDA
FINISHED DOSAGE	OSD	INDRAD	USFDA | BfArM/ (Germany) [EU GMP] | TGA (Australia) | ANVISA (Brazil) | ROW | MCC
FINISHED DOSAGE	OSD	DAHEJ	USFDA | BfArM/ (Germany) [EU GMP] | ANVISA (Brazil) | WHO-GMP
FINISHED DOSAGE	OSD	BADDI	BfArM/ (Germany) [EU GMP] | TGA (Australia) | ANVISA (Brazil) | ROW
FINISHED DOSAGE	OSD	SIKKIM	WHO – GMP
FINISHED DOSAGE	TOPICALS	PITHAMPUR	USFDA | TGA (Australia) | Health (Canada) | WHO-GMP | ROW | FDA-Thailand
FINISHED DOSAGE	INSULIN	INDRAD	WHO – GMP | Novo Nordisk
FINISHED DOSAGE	ORAL LIQUIDS, SUPPOSITORIES	LEVITTOWN	USFDA


Aerial view of Indrad plant

Supply continuity

Service to the community is a crucial element in Torrent Pharma's future plans. Its new oncology facility is an additional feather in that commitment to society for providing the best care. The green-field facility at Bileshwarpura, Gujarat is all set up and the manufacturing of exhibit batches have been initiated. The facility is intended to cater to the US and EU market, which in subsequent phases, will also be planned for other territories. Once the batches are manufactured, appropriate regulatory submission (product filing) will also be carried out. Product approval will be followed after regulatory inspection.

Torrent Pharma embarked on a journey together with Danish pharma major Novo Nordisk by entering into a strategic partnership ~3 decades ago. Through this partnership, the company has been sustainably supplying cost-effective and quality insulin.

The fiscal 2020-21 was a highly unprecedented year for global manufacturing and supply across the industry in almost all segments. The case for Torrent Pharma was no different. While the potential impact of the COVID-19 outbreak on the Company's performance and supply continuity still remains uncertain, the outbreak has not had any significant impact on its business. However, the Company is closely monitoring the situation, including the potential impacts on supply continuity and workforce.

Reliability is a key element in supply continuity. Ensuring a high-quality, safe and reliable supply of products for patients and customers has always been a priority for Torrent Pharma. Product shortages can happen for a variety of reasons, including supply disruptions, unexpected demand and counterfeit products. Counterfeit products present a risk to patient safety. At Torrent Pharma, the endeavour is to prevent the manufacture and distribution of counterfeit products by adhering to international guidelines such as the Falsified Medicine Directives (FMD) of the EU.

Torrent Pharma has implemented technologies, such as serialisation (track-and-trace) to drive traceability across the supply chain. Through increased supply chain visibility and adherence to regulatory guidance, the Company is raising product visibility to prevent theft, counterfeiting and stock diversion, while allowing the systems to authenticate products at the point of dispense.

To achieve supply readiness and mitigate any exigency, Torrent Pharma has prudently adopted alternate manufacturing sites as part of its strategy. This implies smooth technology transfer between its sites and multiple sites are ready to cater varied demands ensuring business continuity.

Three facilities, namely, Indrad, Dahej and Baddi, cater to the international markets, and Pithampur topical dosage form facility supports both India and international markets, while the Sikkim units service the India market. The facility in Vizag captively supports other facilities with their API requirements and is in addition to API facilities at Indrad and Dahej.

In 2020-21, Torrent Pharma started shifting the production of several drugs from the flagship Indrad facility to Dahej and Baddi units. This was done with a view to decongest the Indrad facility, which produces the maximum share of high-value export products. Similarly, Torrent Pharma is also exploring a shift of occupancies from Sikkim Unit I to the new location with an objective of decongesting the existing facilities.

As part of supply continuity, the Company also leverages external collaborations in the form of Loan License Manufacturing (LLM) and P2P wherever required.

20+

DOSAGE FORMS

40+ Markets

CATERED TO

60%

AVERAGE CAPACITY UTILISATION IN 2020-21

Productivity and cost competitiveness

A key marker of the Company's business success is optimised manufacturing, which leads to significant cost efficiencies at every step of the way. Each facility is maintained under strict budgetary controls to help the Company maintain its production advantage at optimised costs. An ERP-based system facilitates the back-end efficiency, with costs linked to the production of each unit of drug. Tracking of specific operational KPIs indicates essential information, such as raw material cost and reduction in cycle time, helping manage and continuously optimise processes.

Additionally, Torrent Pharma identified few areas to work with, in order to make its products cost competitive. These include, but are not limited to, shifting of external testing in-house with allocation of requisite resources, optimisation of required in-process testing, adopting digitalisation for resource optimisation, among others.

With 85% in-house manufacturing, Torrent Pharma is able to cater to market demand with uniform quality, competitive pricing and timely delivery. On a need basis, the Company also involve outside Subject Matter Experts (SMEs) from time-to-time to help it evaluate unit process operation and products in order to make the product life cycle optimised and robust.

Regulatory landscape and quality standards

ONE PRODUCT | **ONE GLOBE** | **ONE QUALITY**

A global outlook to quality and harmonised processes help Torrent Pharma achieve uniform quality for all of its products. At Torrent Pharma, quality-by-design is a core tenet of operations, achieved using scientific, automated and paperless processes. With minimal manual intervention and the deployment of Programmable Logic Control (PLC), manufacturing processes run independent of an active operator. Machinery used for processes have also been automated, with new generation systems managing feeding and process salience. Torrent Pharma is in the process of further enhancing automation by integrating manufacturing equipment data, transforming directly to electronic batch manufacturing records to align with company's philosophy of encouraging automation and making factories paperless. Similarly, Torrent Pharma is also in process of automatising its QC laboratory to make it paperless through Laboratory Management Software.

Key quality procedures are harmonised and followed globally and served as a common platform to build a robust Quality Management System.

Quality Performance Indicators have been identified for each site to assess areas of improvement and ensure that appropriate measures are taken. Technology and process improvements are adopted to minimise batch failures with the target of Lot Acceptance Rate in the top quartile, reducing lab errors with process and procedure simplifications, supervisions and automation.

Periodic Quality Management reviews are conducted for each manufacturing site, involving site management and executive management. External and Internal Quality Indicators (Quality Metrics) are trended, monitored and discussed in this forum. Close monitoring of metrics help in identifying the health of manufacturing operations, Quality Management System, QC laboratory and thus help to ensure customer's satisfaction.

A dedicated team of SMEs from cross functional teams has been formulated to conduct periodic internal quality audits.

Basis to the territories Torrent Pharma supplies its products to, all of its manufacturing facilities undergo routine GMP inspections from global drug regulators from US, Europe, Brazil, Australia, etc

With the objective of ensuring that its GMP is in line with the regulatory expectations, Torrent Pharma hires qualified third-party GMP consultants from time to time. Consultants, through the mock-audit, also helps it asses the completeness of its regulatory commitment given as a part of the inspection response and the continuous Quality Management System improvements as well.

Torrent Pharma has also implemented Process Analytical Technology (PAT) for testing incoming material, designing, analysing and controlling manufacturing processes through measurements of critical quality and performance attributes of raw and processed materials to ensure that the final product is meeting its predefined quality standards.

Standard procedures and maintenance programmes have been defined for efficient operations with new technology advancements introduced from time to time.

In addition to the induction training and on-the-job training, through the pre-defined training calendar, The Company ensures, all its employees undergo periodic refresher training on the GMP aspects, procedures and tasks they are allotted to. The trainings also help to enhance their skillset. In order to ensure better compliance to its goal, the Company has implemented a digitalised platform for Training Management.

The quality systems are further integrated into Torrent Pharma's larger IT system to enable real-time information gathering and decision making. All requisite data is fed into the system, nullifying any manual requisitions. The controls managing the system are compliant with the cGMP requirements.

At Torrent Pharma, a specialised quality assurance team continually oversees product development and ongoing manufacturing processes, ensuring compliance to superior quality standards. Product quality reviews are also regularly conducted to assess product and process performance and process improvements are accordingly adopted to maintain quality across product life cycles. Torrent Pharma also works collaboratively with its suppliers and customers to ensure quality standards sustain all the way across the supply chain.

Another aspect of quality standard is pharmacovigilance. Detecting, assessing, understanding and preventing adverse drug effects or any other drug-related problem is important in evaluating the safety of its products. For this matter, Torrent Pharma works with the regulatory agencies to enhance systems for reporting. Torrent Pharma always strives through its efforts to promote harmonised approaches and procedures for the clinical development and safety evaluation of drugs, and to implement key regulations.

Torrent Pharma has established an independent global pharmacovigilance group comprising a team of doctors and pharmacists.

QUALITY CULTURE FRAMEWORK

The Company's quality culture system within the organisation framed in order to bring sustainable improvement in manufacturing and laboratory operation by reducing human errors. It encompasses various elements as mentioned below.

At Torrent Pharma, employees are encouraged to proactively discuss issues related to manufacturing and quality, so that appropriate corrective measures can be taken.

Quality Culture

Periodic trainings	Clear and Transparent SOPs	Flagging off issues	Digitalisation	Quality metrics	Management review	Internal audit

USFDA → EU GMP → ANVISA → TGA → MCC

Technology advancement

Digitalisation is contributing to the transformation of the pharma business model. Torrent Pharma continues to focus on the integral alignment of manufacturing capabilities with its overall business strategy. With the aim of becoming a digital and data-driven organisation, the Company is enhancing the speed and agility of the business by accelerating digital transformation, which is also important to remain competitive in the healthcare segment.

Torrent Pharma has continued to improve the way it harnesses technology, developing new ways of harnesses to drive performance and increase its ability to deliver medicines to patients.

Continual investments help the Company achieve a greater scale of digitalisation, which in turn, improves quality outcomes.

While digitalisation represents an opportunity to offer more personalised healthcare for the prevention of diseases, it also ensures compliance to regulatory requirements.

Torrent Pharma has also adopted the technologies of the fourth industrial revolution, through the Pharma 4.0 initiative to leverage digitally enabled manufacturing facilities with the following core areas.

1. MANUFACTURING OPERATION

Bringing digitalisation in product manufacturing and quality systems of operations. Exploring use of mobile tablets and easier access to information can ultimately result in achieving 'paperless' processes.

2. EVER-COMPLIED QUALITY OF MEDICINES

The data which are generated by the sensors installed on manufacturing equipment and laboratory operations can help guarantee the highest quality standards for medicines.

3. CONNECTED NETWORKS

Connecting processes, assets and people across locations to constantly optimise operation excellence.

4. REAL-TIME SUPPLY CHAIN

The data generated from real-time supply chain will help to digitise forecasting in supply chain, ensuring that production can be adapted to the right delivery.

Integrated technologies will play an important role in scaling operations, and cross-functional teams have been deployed to work towards this alignment. Plant maintenance, paperless automation, shift to continuous/semi-continuous manufacturing, leveraging machine learning and ensuring high levels of cyber security are various facets of this integration. Together, these initiatives will help Torrent Pharma in upgrading its facilities to a global level, to ensure supply of quality products and achievement of the highest GMP standards.

Moving ahead, Torrent Pharma has also started exploring new horizons of digitalisation like Artificial Intelligence (AI) and Continuous Manufacturing concepts in its global manufacturing operations, global quality and regulatory compliance and global supply chain.

Digital transformation initiatives are underway across the Company's major manufacturing facilities. In manufacturing operation, digitalisation will be contributing to a sustainable manufacturing system with higher productivity, agility and flexibility.

Torrent Pharma is applying advanced analytics to drive efficiencies across the business, from supply chain management and manufacturing to its commercial operations, identifying opportunities to free up resources.

Consistency Led by Research

Cutting-edge research and development enables Torrent Pharma to continuously enhance its portfolio, explore new therapeutic areas and contribute to better lifecare for everyone.

Strategic Themes ST1 ST2 ST3 ST4

Material Issues M2

Key focus areas

			
R&D efficiency	**Leveraging data and technology**	**Collaborations**	**Intellectual Property (IP)**

Highlights

487 crores R&D EXPENSE	700+ SCIENTISTS	65+ BRANDS LEADERS IN THEIR RESPECTIVE MOLECULE MARKETS	3 NCE PROJECTS
6% TO REVENUE	150+ SUPPORT STAFF		120+ PROJECTS UNDER DEVELOPMENT

Research infrastructure for consistent discovery

Consistent in research. Prudent in compliance.

Torrent Pharma's state-of-the art R&D Centre at Bhat near Ahmedabad has one of the most advanced infrastructure for both basic and applied research to support all activities related to generic, new drug discovery, API process development, formulation development and value-added generics.

Spread over a lush green campus and housed in an architecturally unique, energy-efficient structure, the R&D Centre is spread out over 125,000 sq. m. with a built-up area of 41,000 sq. m, and is managed by dedicated staff, who work round the clock to take care of all its needs. The Company's Research Centre houses 700+ inquisitive minds whose passion is to discover and develop medicines to help patients lead a longer and healthier life.


Aerial View of R&D Centre

Strong collaboration with relevant stakeholders

Torrent Pharma is encouraging a collaborative spirit and contributes significantly towards developing employee capability to enhance multi-functional talent and hence offer opportunities for growth and career development.

The Company pursues strategy of constructive engagement with regulators across the globe and works closely with various regulatory authorities to ensure regulatory compliance, approval of applications for permission to launch new products and most importantly, to demonstrate that patient safety and efficacy is the Company's key driving factor for development of any product.

Approvals for research centre

National GLP Compliance Monitoring Authority, India*

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

ISO 14001:2004 and OHSAS 18001:2007, ISOQAR Ltd., UK*

ISO 50001 : 2011, ISOQAR Ltd. UK*

*Also applicable for Bio-Evaluation Centre

Bio-evaluation centre accreditations

Drugs Controller General (India) DCG(I)

ANVISA (BRAZIL)

Ministry of Health (UAE)

Studies inspected and approved

USFDA

AFFSAPS (ANSM)

DKMA

AGES

ANVISA

Studies accepted by regulatory agencies

Russia

CIS countries

Australia

ASEAN countries

South Africa

African countries

South American countries

R&D Efficiency

The Company explores the unmet needs across therapeutic areas and matches the opportunities with the capabilities available within the organisation, or with partners to whom the development can be outsourced. Development evaluations are being undertaken in the market, which differentiates the Company by concentrating on unique discoveries.

High quality and affordable drugs are key aspects of building a strong portfolio using exceptional research capabilities, and world-class laboratories with state-of-the-art technologies. Success is achieved through a high degree of operational excellence throughout the value chain, driven by a commitment to provide high-quality, cost-effective generics to patients in need.

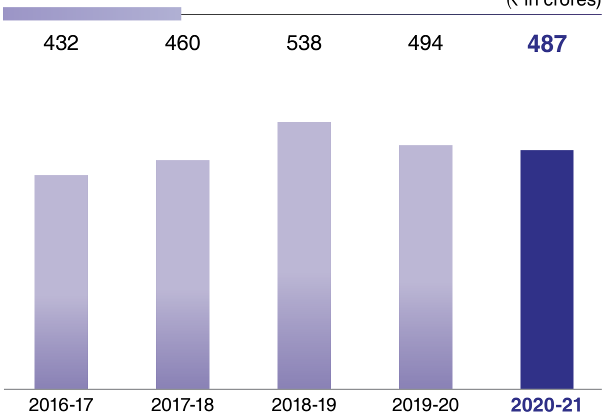
Towards the mission of providing ‘Not Just Healthcare... Lifecare’, the Company has a broad portfolio, comprising BGx medicines, which keeps Torrent Pharma ahead in bringing quality medicines for patients all over the globe.

Torrent Pharma is a leader in generic product manufacturing with integrated product development expertise. The Company has also established integrated development processes with its own API manufacturing capabilities.

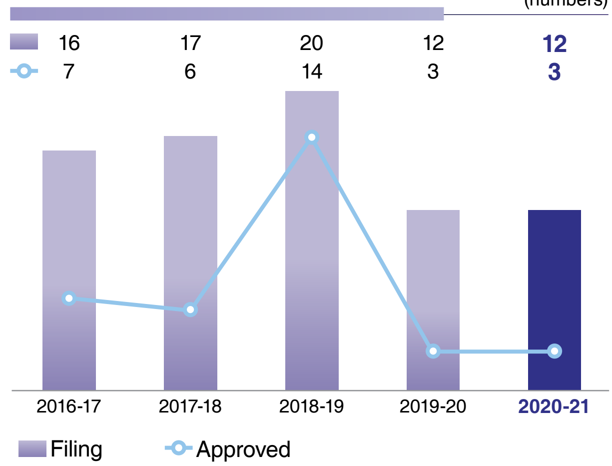
The R&D centre accelerates the use of data science and digital technology to make the drug discovery and development process more efficient and effective.

Torrent Pharma has successfully developed and filed multiple ANDAs in the last five years and received approval for more than 30 ANDAs. Similarly, new molecule applications have been filed in Europe and have received approval for more than 20 of them. The Company filed applications for registration in India, emerging markets in multiples of 100 with successful launches, after receiving approval on several such products.

R&D Spend



US Filing and approval trend



Innovation

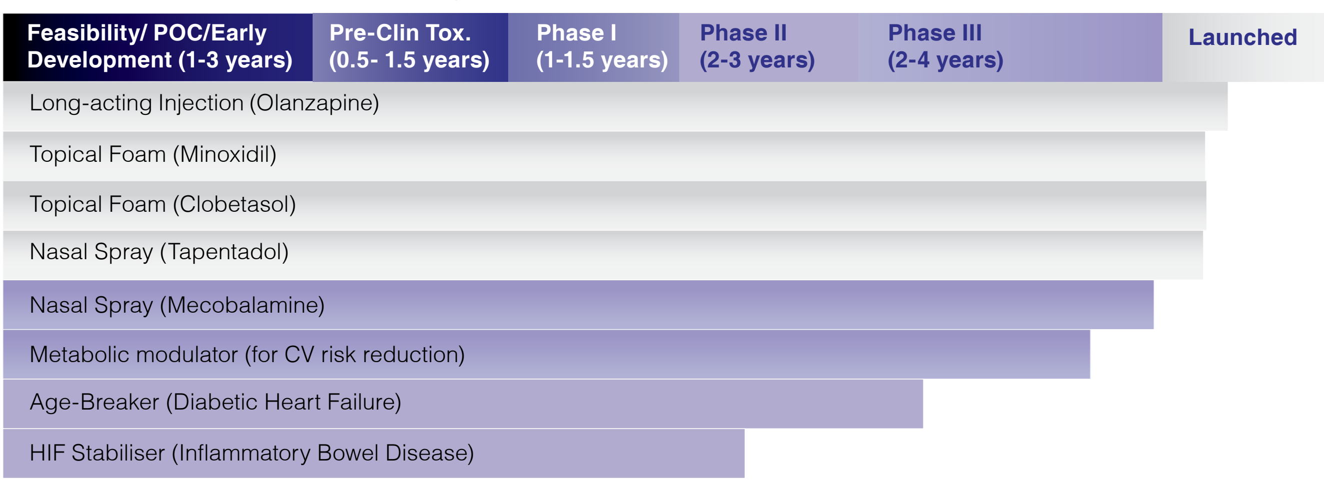
At Torrent Pharma, innovation is the primary enabler of providing high quality, affordable medicines for all. In 2020-21, the Company renewed its commitment to drive value through initiatives across APIs and Formulations.

Scientists dedicate their lives to finding solutions for patients, who suffer from different ailments at varying levels of severity. As a result, every day, 700+ scientists push the boundaries to explore new paths to discover and bring forth life-changing therapies to patients.

The R&D team has identified potentially transformative therapy areas for the NCE and NDDS pipeline as R&D priority areas.


Quality Control Lab

New chemical entities and new drug delivery system pipeline



R&D priority areas

The most advanced programme is a potentially life-changing therapy for large numbers of patients with diabetes, high cholesterol and high blood pressure, i.e. Cardiometabolic-Based Chronic Disease (CMBCD), and is expected to complete global phase 3 clinical trial this year.

Torrent Pharma is evolving its R&D engine with a focus on priority therapeutic areas and are investing in technologies to accelerate R&D at reduced costs and improving productivity. Employing data analytics to enable lead identification, optimisation and health outcome predictions, as well as leveraging technology to find early and predictive markers of benefits accruable to patients are part of the strategy to increase efficiency in clinical development. Simultaneously, the Company works with regulatory authorities to accelerate the regulatory review timelines.

The R&D strategy provides a comprehensive framework to leverage new drug discovery platforms and modalities to discover truly first in class-differentiated molecules.

Demographic changes and lifestyle related metabolic changes, which contribute to increased cardiovascular risk

Psychiatric illnesses resulting from urbanisation and related stressors

Inflammatory conditions sharing immune-pathogenetic processes in maintaining homeostasis

Aging

API development process

The Company focuses on improving the API development processes in R&D by taking up new initiatives and with a dedicated team working in the analytical development laboratory. Adapting new sustainable technologies, innovative techniques and green chemistry approaches with prime focus on developing cost-effective and environment-friendly manufacturing processes by reducing use of toxic/hazardous raw materials, reducing waste, increasing atom economy and introducing energy-efficient processes helped achieve greater efficiency in manufacturing of generic and advanced stage new chemical entities.

R&D is extensively focused on design and synthesis of New Chemical Entities (NCEs) using Computer Aided Drug Design (CADD) tools and various advanced synthetic methodologies for developing new drugs.

Laboratories are equipped for developing novel polymorphs, salts, co-crystals and particle engineering. The Company introduced additional capabilities, such as PAT tools for solid-state engineering.

Safety, which is a key area of concern at Torrent Pharma, is taken care at the in-house safety-screening lab. It is equipped with Reaction Calorimetry that helps in identifying hazards in manufacturing processes and eliminates them during the development phase itself. R&D and Technology Transfer (TT) teams play a key support role in conducting these Hazard and Operability (HAZOP) studies.

Formulation development

Torrent Pharma's Formulation pipeline consists of complex molecules developed with a differentiated approach. The Company has developed complex Formulations for global markets based on oral solids, injections, inhalation technologies, long-acting depot injections ophthalmic, nasal, semisolids for external application and multi-particulate extended release oral systems.

Torrent Pharma's focus throughout is on various therapeutic areas preferentially CNS-antipsychotic, cardio-vascular, gastro, anti-epileptic, anti-diabetic, anti-cancer, anti-acne, corticosteroids and cosmeceuticals.

The Company has developed differentiated and new products to maximise therapeutic synergy, reduce side effects and increase patient compliance. Examples of such differentiated products are multilayer tablets, laser drilling osmotic drug delivery systems, long-acting injectables, tablet-in-tablet technology, extended release dosage forms for molecules available in immediate release dosage form, and fixed dose combinations of drugs. Many of these developments are successfully commercialised.

For semi-solid topical formulations, technical capabilities to use In-Vitro Release Test (IVRT) and In-Vitro Permeation Test (IVPT) is an essential tool to determine the release rate and skin permeation of API. IVRT is an FDA recommended methodology to support post-approval manufacturing changes in compliance with SUPAC-SS requirements. Torrent Pharma has dedicated infrastructure and technical knowhow to develop semi-solid products with requirement of skin blanching study and clinical end-point study.

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

Torrent Pharma also continually adapts technology platforms to achieve effective drug delivery to meet patient needs. These are based on platforms, such as long-acting injections, nasal sprays and topical delivery systems akin to foam. Some innovations by the Company in this space include:

- Long acting injection of Olanzapine available for patients with schizophrenia, which is critical for maintaining effective long-term therapy.
- Topical foam is a new emerging area in psoriasis and hair loss treatment due to ease of application. Torrent Pharma has successfully developed and commercialised non-alcoholic, emulsified, aqueous foams by launching Cortaz and Hairjoy in the Indian market.
- Topical Minoxidil foam paves the way for a convenient and effective product for individuals with alopecia.
- Topical Clobetasol foam for psoriasis and dermatitis patients provides remarkable efficacy.
- First-of-its-kind nasal spray dosage form of Tapentadol relieves pain within minutes of application. It obviates the need for injections often administered for acute pain.

Leveraging data and technology

Torrent Pharma always strives to keep its systems and processes updated using latest technological developments. To accelerate the alignment to a changing world, the Company is investing in technologies to conduct R&D at a reduced cost and improved productivity.

With the adoption of Electronic Laboratory Notebooks (ELNs), Torrent Pharma has initiated automation of documentation in product development. Post full implementation, this software programme will enable the transition towards paperless R&D and help improve productivity by facilitating collaboration and sharing of information, besides enhancing the accuracy and precision of research.

Fully integrated project management tool, of all projects acts as an information repository for ready data reference in addition to scheduling, tracking and execution of projects including timelines, cost, priority and business potential through various reports and dashboard for cross-functional team review and updates.

Smart software development implementation has led to software-based simulations to reduce experimental work. The Company has successfully implemented statistical software and process analytical tools for assessing process capabilities, real-time release and scaling up operations.

Intellectual property

The Company's intellectual capital is one of the pillars that leads it to innovation led healthcare. Developing a new medicine requires significant investment over several years with a high degree of uncertainty of success. As an economic safeguard on investments, the Company seeks patent protection for a reasonable period in the territories for marketing and generating revenue. With an increasing number of patents and a broad branded portfolio of generic medicines, Torrent Pharma has achieved consistent success across markets. Its well-known brands work as a proxy for the trust patients and other stakeholders have in the Company.

Strong Patent Portfolio with Worldwide Patents

NCE Research - 3 molecules under development

Generic development - Focus on various dosage forms

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

Collaborations

Partnership for product Development

A collaborative approach leads to optimum utilisation of resources and betterment of society at large. The Company prudently evaluates any expensive, lengthy and uncertain R&D activities, both independently and in collaboration with third parties, to identify bottlenecks and mitigate, besides developing new products and new indications for existing products.

A collaborative approach is imperative to successfully mitigate any research failures, even after substantial investment and intensive testing. It also helps navigate the regulatory approvals in the pharma space. Together with its partners, Torrent Pharma is able to achieve these objectives, and accelerate its drug discovery and development life cycle.

Partnership with academic institutions

Apart from strengthening in-house efforts, R&D capabilities are augmented by collaborating with external institutions, such as National Chemical Laboratory (NCL), Pune and other institutes. Torrent Pharma represents as experts in European Directorate of Quality of Medicines (EDQM), Indian Pharmacopoeia (IP) and US Pharmacopoeia (USP) stakeholder forums for the elaboration and revision of their methods and texts. The Company encourages its scientists to enhance their capabilities by sponsoring Ph.D. programmes in affiliation with various universities. As part of this initiative, few scientists from the Company have enrolled for various Ph.D. programmes. This initiative enables the Company to build its technical resources and strengthen its linkages with leading government research institutes. The Company has tied up with Ahmedabad University for MDP for scientists.

Similarly, the Company is always collaborating with reputed universities to hire and onboard fresh talent.

Case study for COVID-19

The R&D team anticipated the impact of COVID-19 early on and could quickly devise a strategy to ensure minimal impact on various operating activities, including bioequivalence and clinical trials. It explored different avenues, such as consulting with various CRO and government agencies (state and federal) to secure permission to conduct bio studies. Torrent Pharma was the first pharmaceutical company to obtain such permissions from the authorities.

Simultaneously, R&D also modified system and processes within the available infrastructure to ensure people and material flow, taking all precautions to nullify any cross contamination by using PPE kits. As a result, all planned studies could be executed.

Productive Workforce for Consistent Growth

Talent management is a key pillar of Torrent Pharma's strategic focus. With a team of 13,500+ highly productive and engaged employees, the Company is regarded as one of the most respected employers in it's space. At the centre of its employee value proposition is the Torrent Work Culture, which fosters a group of self-motivated, satisfied and loyal Torrentians.

This culture is the core philosophy that anchors all Torrent Pharma employees to its core values regardless of their job roles or designations. It plays an instrumental role in unleashing the full potential of people, handing them the right exposure, the freedom to express their opinion at work and bringing significant growth opportunities to the people. A motivated workforce thus enables the Company to grow consistently and maintain it's competitive advantage.

Strategic Themes ST1 ST2 ST4 ST5

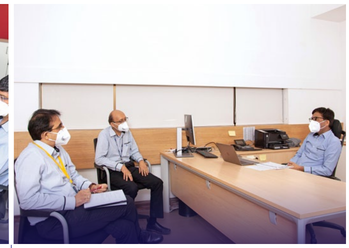
Material Issues M5 M6

Key focus areas

Leadership and talent development

Health, safety and wellness

Diversity and inclusion



Performance culture

Highlights

13,500+	5,000+	₹8.4 lakhs	~12%
EMPLOYEES	FIELD FORCE	PCPM INDIA BUSINESS	WOMEN EMPLOYEES

Coming back with care

Consistency in engagement. Prudence in policy.

As lockdown was lifted and essential services and others resumed in full steam, the field force was back in action, continuing to take its brand promise forward. However, the situation on the field has changed, requiring extra care and precaution for all personnel who have to interact with medical fraternity and other stakeholders.

Considering this, several measures were introduced to ensure the safety and well-being of its people. Before initiating work, all India Business field employees were imparted a field safety and awareness training. They were also provided COVID-19 awareness guideline booklet that had all the safety precautions to be taken during the field work. In India many attended a special WHO certification course 'Operational Planning and Guideline – COVID-19', increasing their awareness quotient regarding the pandemic and its prevention measures, among others.

Acting on the feedback from an internal survey in India, the field teams were advised to avoid public transport, and special transport allowance was announced for those serving in locations, such as Mumbai to ensure safe travel.

The foundation of strength

Head counts	< 30 years		30 to 45 years		>45 years		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
Number of employees	2,228	606	8,134	789	1,525	223	11,887	1,618

Leadership and talent development

Pharma is a knowledge-intensive industry. Torrent Pharma believes in creating and developing a robust human resource pipeline to thrive in this space. Training and development are thus ongoing processes within the organisation. Programmes commence at the time of joining and continue throughout a person's tenure. Programmes help instil the core values of Torrent Pharma amongst its people, augment their skills, and develop the right set of capabilities for them to perform and deliver at the workplace.

Training and development

A specialised, in-house dedicated training team ensures identification of knowledge gaps for all levels of employees, and accordingly organises training programmes to guide their learning curve. As a result, Torrent Pharma has inculcated a talent-centric culture, which provides opportunities for challenging work along with key learnings and tools needed to sufficiently fulfil expectations. This culture also helps the organisation identify its future leaders, with a penchant for continuous learning and application.

Training session at Indrad plant

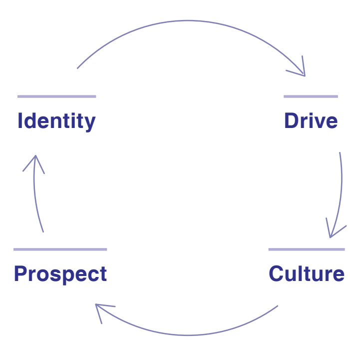
Pre-COVID

1.30 lakhs
TRAINING PERSON HOURS

11,000
LEADERSHIP DEVELOPMENT PERSON HOURS

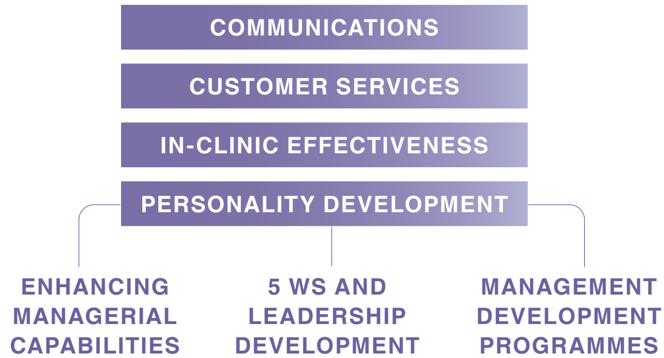
1,500
NUMBER OF TRAINING PROGRAMS

55%+
INTERNALLY TRAINED AND HOMEGROWN MANAGERS (EMPLOYEES)



Training hours

●	Technical	1,10,802
●	Behavioural	226
●	Managerial	11,155
●	Safety	7,446



Leadership development

Overall training needs of the individuals are identified during the annual appraisal by the HODs. They forward the identified training needs of their staff to the HR department annually. The HR department classifies all training topics into technical and behavioural categories and prepares a monthly training calendar for the entire year.

In the field in India Business, the sessions are based on a pragmatic approach with high applicability in their day-to-day work. The effectiveness of the training programme is observed through the written assignments and field-related tasks. The senior line managers also provide their joint field work observations.

The Company organises annual training programme for all newly promoted managers and assistant managers to enhance their managerial and administrative skills. In addition, need-based programmes are conducted for enhancing skill and managerial capabilities for all the units. Further, external training programmes are conducted regularly based on feedback from the HODs for developing specific competencies.

A mandatory programme on creating awareness on the Sexual Harassment Policy is conducted once a year as per the required compliance towards the POSH Act.

Organisational value workshops which details organisation specific behaviours are also planned to ensure cultural alignment for all the new recruits. This helps in understanding the culture and value systems and in adapting to the new climate in the organisation.

SUCCESSION PLANNING

At Torrent Pharma succession planning is an important talent management strategy to help identify and foster the development of high-potential employees.

Succession planning in Torrent Pharma has been an intrinsic part of the growth and development of the organisation. Internal promotions have been an important factor in developing the human resource capability of the organisation and it has helped the Company become competitive and foster a collaborative culture.

Job rotation has been an essential factor in helping budding talents to become future leaders by experiencing different functions. Identified talents are personally challenged to define and develop in specific talent domains. The focus is on acquiring requisite competencies in all the domains of a particular function.

Going forward, the organisation proposes to identify high potential employees based on the given criteria and nominations by HODs. It also plans to identify critical positions based on certain criteria. The identification of the critical position exercise is captured in an online format and further assessed on all the critical positions across all units. The objective of collating all the critical position profiles, across units, is to identify candidates matching competencies for the critical position from any unit.

Sangini event Pre-COVID

Ongoing training session Pre-COVID

Health, safety and well-being

Health, safety and well-being form a core part of Torrent Pharma's work culture. Keeping in mind the holistic well-being of its employees, the Company aims to inculcate sound lifestyle, a safe working environment and a sound work-life balance.

Health

Torrent Pharma ensures that every member on its team remain physically and mentally fit. To this end, health check-ups are conducted for all the employees across India on a periodic basis, followed by a doctor consultation and if needed, further assistance in specific cases.

A full-time doctor is available at all manufacturing facilities to take care of any employee illnesses or unforeseen incidents. The employees and their families are also enrolled for medical insurance to meet any kind of hospitalisation expenses. Further, The Company has also introduced enhanced mediclaim limits for employees to cover their parents/parents-in-law on a voluntary basis. Enhanced limit of insurance coverage is provided in case of critical illness, on a need basis.

Additional ₹5 lakhs top up insurance specially for COVID-19 was introduced in the last year, which helped many employees in getting access to quality healthcare.

Safety on top

Zero

Fatalities (2020-21)

Employee safety is of utmost importance at Torrent Pharma, and the Company's constant endeavour is to enhance safety standards. This is achieved by creating more awareness at the workplace through regular training programmes. All employees and contractors undergo health and safety training on a periodic basis conducted by in-house safety teams.

In case of any unfortunate accident, the Company substantially compensates the personnel and their respective families who have been adversely affected. A small voluntary contribution taken from employees goes a long way in helping their fellow colleagues.

Employee safety

The Company has built a robust safety culture that encompasses the ecosystem of its operations and well-being of its employees and interested parties at large. As a part of the safety competency and capability enhancement initiative and to further cultivate a culture driven safety system, Company has framed its own Health Safety and Environment policy in line with factory rules and ISO 45001 standard. This considers the guidelines on monitoring its HSE performance in broader view. Harmonised and deep-rooted Standard Operating Procedures (SOPs) have been put in place for various set of activities based on regulatory guidelines, best global safety practices, among others.

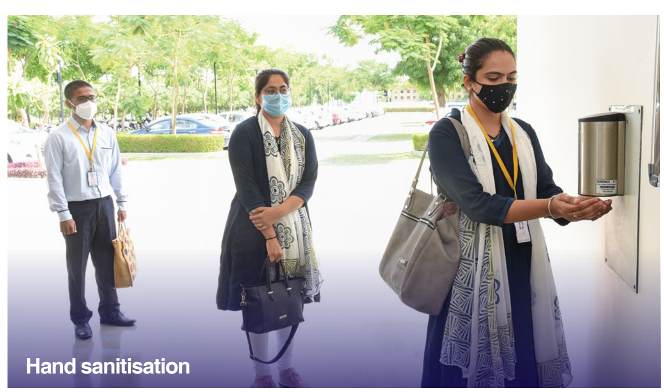
Various safety campaigns and trainings are designed in-house and were hosted throughout the year by well-groomed and expert internal trainers. Training programmes were designed to deliver innovative, leading-edge and technology-enabled coaching through a combination of case studies and experience based online/live guidance on first aid, basics of fire and firefighting, emergency preparedness, safe behaviour at workplace and at home (BBS), industrial hygiene, among others. All employees and contract workforce undergo health and safety training on a periodic basis conducted by external/internal HSE experts. Mock drills and fire drills are exercised to review Torrent Pharma's emergency preparedness with safety measures to tackle any unforeseen and untoward events too. Monthly safety committee meetings are being conducted for reviewing HSE performance, activities and initiatives in length.

The Company is encouraging its employees to participate in the cause of safety by getting involved in HSE activities/campaigns/ plant safety coordination, amongst others.

Incident investigations and preventive actions

The Company maintains a formal investigation and corrective action programme, supported by the central HSE team.


Temperature scanning


Hand sanitisation

A robust process of learning from an incident has been conceived through years of experience. Sharing of incidents, safety advisory note, Corrective And Preventive action (CAPA) compliance by all facilities are tracked on priority by all manufacturing sites to avoid any recurrence of incidents. A written and standardised procedure allows all levels of employees, contractual workforce and stakeholders to report safety concerns (unsafe activity/conditions) and near misses.

The Company always steps up to further escalate its proactive HSE cultural approach to curb incidents from the grassroots by strengthening possible hazardous domains with consistent reporting and follow-up systems.

No fatality was reported during the year across all manufacturing facilities. Overall incidents were reduced by 17% from that of the previous financial year.

Continuous improvement is part of the Company culture and business strategy. A comprehensive programme is in place for conducting various Environment Health and Safety audits of its operations and that of key supply chain partners. The objective of the audit programme is identify HSE risks, potential compliance gaps and identify best practices to address these risks and gaps. During the year, third-party safety audits and adequacy of fire protection and detection system were conducted by a prominent consultancy firm across all facilities. A concept of common auditor for all manufacturing sites was introduced to understand strengths, weaknesses, opportunity for improvement and future challenges of manufacturing facilities.

Periodic review of emergency preparedness is an essential aspect for the organisation to sustain business continuity. Qualified and experienced safety professionals and fire crew are deployed 24x7 to deal with any emergency situation at the manufacturing facilities. Periodic drills to combat emergency are being conducted to enhance confidence and emergency preparedness. Well-equipped fire and emergency control centres have been established at all facilities to handle any emergency situations.

As a part of proactive safety culture establishment, a few more safety initiatives were undertaken, such as pre-start up safety review (PSSR), departmental safety manual, general safety awareness manual, mass tool box talk on a weekly basis, studies on industrial hygiene, e-HSE library, among others.

Employees with family at garba event

Pre-COVID

Safety initiatives during year

- Safety mailers, LED display and SFA pop-up for road safety.
- Road safety week celebration was observed to emphasise the various aspects of safety during driving to avoid accidents for the field force in India Business.
- Vehicle information system (VIS) – developed an integrated system to continuously emphasise road safety more effectively, create road safety awareness amongst employees; maintain vehicle information data and analysis.
- To avoid road accidents, helmets, night safety glasses and first aid kits were provided to all employees working in the field. Regular safety training programmes are conducted through reputed training institutes, which includes simulations of road conditions. An elaborate vehicle information system (VIS) has been developed on the lines of the new Motor Vehicle Act Amendment 2019, which is an integrated system to continuously monitor the status of the employee's vehicle. Moreover, emphasis on improving road safety measures and increase awareness on safety is also laid down regularly with the field staff. The extensive preliminary information report helps understand the various reasons for accidents and appropriate safety measures are introduced on a regular basis.

95

SAFETY COMMITTEE MEETINGS IN 2020-21

3

CSP (CONVICTION FOR SAFETY POLICY) COMMITTEE MEETINGS HELD DURING 2020-21

Engagement

Torrent Pharma truly believes in creating a conducive and comfortable work environment for all its employees. It lays emphasis on their holistic development and believes that work needs to be complemented with social events and celebrations. This is done with a view to break any monotony, and build and maintain employee morale.

Work-life balance

30 days leave, mandatory availment of 14 days

Compensatory-off in case employees have worked extra hours

Incentive leave for long-term association

Positive work ambience, quality work place and event celebrations

Diversity and inclusion

Diversity in the workplace is a driver for better performance. An inclusive team with members from different backgrounds across genders, origins, opinions and culture, helps Torrent Pharma gain varied perspectives, build better customer connect and understand the needs of stakeholders across geographies.

2

OF 7 DIRECTORS ARE WOMEN

21%

OF EMPLOYEES ARE YOUNG TALENTS UNDER 30 YEARS

28%

OF EMPLOYEES RECRUITED IN 2020-21 ARE WOMEN

Gender diversity

Torrent Pharma believes in the power of true gender diversity and is determined to ensure enhanced representation of employees through multiple initiatives. Fostering an inclusive work environment that provides empowered, multifaceted, fair, safe, respectful, balanced and globally agile work environment, Torrent Pharma aims to be the "employer of choice" for women. The Company is a firm proponent of equal learning and growth opportunities to all genders and supports employees in striking the right balance between their personal and professional lives.

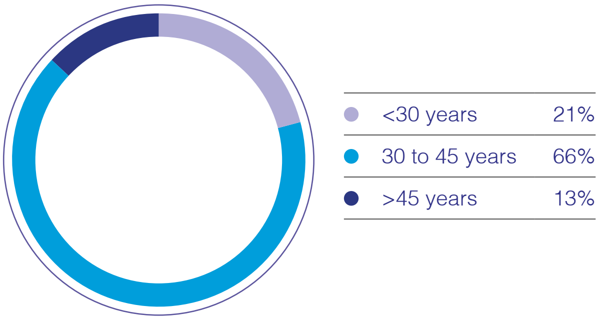
Torrent Pharma strives to increase representation of women in leadership positions across all units of the organisation. Particularly given the changing dynamics of responsibilities in a post-covid world, Torrent Pharma has taken cognisance of the evolving needs at the workplace and continues to provide industry leading benefits to enable high levels of job satisfaction and productivity.

Encouraging inclusion

Significant emphasis is laid on bringing in a younger workforce, with an accelerated growth path that can catapult their careers. Torrent Pharma hires from eminent institutions around the country, and onboards new talent with a focus on growth and cultural alignment.

Torrent Pharma is an equal opportunity employer and the Company is in the process of identifying positions to offer specially abled people and building facilitating infrastructure to support their needs. This stems from a moral responsibility towards society and ensuring that skilled personnel do not miss out on career opportunities. Torrent Pharma takes thoughtful measures while onboarding specially abled employees, providing them with necessary support as needed to work productively and comfortably.

Age diversity



Initiatives for recruitment and retention of female employees

Flexi-work timings

Conducive maternity policy

Sangini - Learning platform for female employees

Safe and comfortable work environment

Awareness on POSH policy

Creche facility

Pre-COVID

Performance culture

One of the key success enablers at Torrent Pharma has been the equal opportunities provided to all employees with the prospect to learn and grow. Performance is valued in the Torrent Pharma work culture and it contributes directly to organisational and personal growth. The Company also attributes its retention rate to the meritocratic culture and employee empowerment. Several members of Torrent Pharma's senior leadership are home-grown and this encourages employees to stay with the organisation and grow with the organisation. This is further enhanced by people policies that bind them to the organisation.

Rewards

Across all levels, employees enjoy rewards and recognition that motivate them, and value their contribution. The annual performance management system is a comprehensive mechanism to review an employee's performance for the year, provide feedback and offer them with performance-linked compensation raise.

Special incentives was also provided for employees working through the pandemic

Recognition

Every year, Torrent Pharma celebrates its Founder's Day, to pay respects to the visionary founder Chairman Shri U. N. Mehta. During this event, the Company recognises and honours two most eligible employees from the Torrent Group with 'The Torrentian of the Year' award. These individuals are selected by a participative process on the basis of their contributions towards the organisation. It is a very prestigious award, bestowed upon those who have displayed qualities of a true Torrentian. These are the individuals who have exhibited professional competence, gone beyond the call of duty, are dependable and committed towards the organisation.

Code of conduct

The employee Code of Conduct outlines the Company policy in recognising and dealing with important ethical and legal Code, which fosters a culture of honesty and accountability. The code lays down important corporate and organisational values that shapes the value system and business practices.

Every employee at the time of joining is provided orientation on the Code of Conduct and thereby understands, adopts and later adapts to the Code in totality. Employees can also access the Code of Conduct on the Company's intranet portal under the Policy section.

The policy promotes freedom of expression and open communication in line with the Code of Conduct. This is evident from the open office culture and values of "Fairness and Transparency" upheld. A robust vigil mechanism helps it to monitor and control the Code of Conduct. Every employee follows and practices the Code of Conduct in spirit and deed at the workplace.

Innovation culture

Torrent Pharma recognises that people are its greatest asset. Inculcating innovative thinking and creativity is part of the organisation's culture. Increased diversity helps in innovation and group thinking that has resulted in developing new molecules and drug delivery systems. Investment in intellectual capital through skill building and capability enhancement are considered vital to the organisation. Creating an environment that nurtures life-long learning, encourages risk taking and accepts as well as learns failures as a part of the innovation process, is integral to Torrent Pharma's business values. The reward and recognition system is also aligned to augment this further.

ACHIEVING INDUSTRY-LEADING FIELD FORCE PRODUCTIVITY

Torrent Pharma enjoys superior field force productivity, led by its chronic-focused portfolio and customer stickiness. Its representatives are therapeutic specialist who maintain continuous engagement and rapport with the medical professionals. They nurture stakeholder relationships based on knowledge-exchange and quality of its drugs.

Another key differentiator to achieving high field force productivity is Torrent Pharma's specialised reward structure, where the field force is specifically incentivised for their performance. These initiatives and sales structure have led to Torrent Pharma being ranked among the Top 3 Indian pharma companies in terms of field force productivity.

Safety measures for the pandemic

With a view to protect its employees from COVID-19, many initiatives were introduced last year for their safety and well-being.

AWARENESS PROGRAMMES

Extensive awareness drives were initiated to develop understanding related to maintaining hygiene, cleanliness and other precautionary measures. The awareness programmes were executed through audio-visual and virtual interactive sessions for all individuals including on-roll/off-roll/job work on-ground force. During the programme, many aspects like right methodology for washing hands and properly wearing masks were demonstrated for easy understanding of all. These programmes were highly effective in overcoming the challenges faced by employees on the job amid the pandemic. It was ensured that the awareness drive reaches to each individual across locations, be it an employee or hired work personnel. For this, online training was imparted by HR in English and vernacular languages as well.

WORKPLACE AND ON-GROUND ACTIVITIES

Owing to the pandemic, there was a major change in the way routine work was undertaken at the offices at all locations and in the field. As the field team had to do on-ground work, which included meetings and interactions with customers, their work was majorly impacted. The lockdown, which began around the last week of March 2020, led to the suspension of field work. As notified by the government authorities, the field HQs were classified in green, orange and red zones based on the severity of COVID-19 infections in a particular territory. Later, regular information about containment zones, lockdowns in specific areas were communicated to the field team so that they take adequate care while working.

Social distancing was strictly followed in the workplace. At the manufacturing units, employees were divided into groups based on colour codes assigned to them. Based on those codes, employees had their food at the assigned time in the canteen. For daily commuting in the Company bus, the seating arrangements were made based on the codes, which ensured adequate distance is maintained between each individual.

Meetings and interactions among the colleagues on field and across corporate office were done only through virtual mode.

Leveraging the mobile application

A special mobile app was also launched for the employees to monitor and track their daily health status.

In the field, to refrain employees from having outside food, employees were given tiffin boxes, to carry homemade food.

M-Health Mobile App

Travel and stay policies

In the field, the travel and stay policies were revised from time to time, based on the impact of COVID-19 in different regions. All the visits were tracked with the help of an internal employee portal, which captured the details of how many employees were able to travel outstation (while pool traveling). Special outstation safety kits, which included disposable bed sheet, pillow cover and alcohol-based spray were provided in case of any exigency air travel. For the initial few months, air travel was restricted and the adjacent seat was also booked to avoid close contact. Hotel stay was allowed only in approved hotels satisfying specific safety criteria.

The HR department connected daily digitally and telephonically for taking feedback on post-lockdown work challenges while on the field.

A special webinar by a renowned psychiatrist was conducted to ensure a stress-free work environment for all employees and to help remove their anxiety and fear around COVID-19.

Hospitalisation and treatment support

Guidelines related to COVID-19 safety particularly in relation to hospitalisation were issued for effective treatment. HR also co-ordinated with pathological labs for employees to undergo COVID-19 tests. Periodic antigen testing and RT-PCR testing was carried out for all staff members and contractual support staff. Counselling of COVID-positive employees and their family members on monitoring their health condition, warning signs, diet and medical check-up follow up was done on a regular basis through the Unit doctor.

Business continuity

Manufacturing facilities, R&D centre and field teams in specific locations were working even during the lockdown. As a special gesture, which was unique in the industry, an incentive amounting to twice the daily pay was awarded to these employees and contractual staff as gratitude for working during these tough times and braving the pandemic.

These steps instiled further confidence in the organisation by all employees and contractual workers and, in turn, augmented the belief of one and all on the Torrent culture and value systems.

Leveraging technology

The implementation of technology into the HR workflow frees the employees from a great volume of routine work. The automation of processes eliminated manual interventions, expedite the execution of many tasks and contributed for more efficient HR performance and effective decision-making.

HR Strategy

SKILLS AND CAPABILITY	WELLNESS	EQUAL OPPORTUNITY	COMPENSATION	WORK HYGIENE
• Competency Development Programme focus on behavioural, technical and analytical skills • Succession planning: Internal promotions • Gap identified skill development • Uniform practices in HR and Marketing • Uniform practices across the company	• COVID and Mediclaim coverage • Focus on safety and well-being of employees • Financial benefits in case of accidents or demise benefit for family members	• Focus on gender diversity • Enhanced women representation • Maternity leave • Additional leave • Balanced work life • Safe working environment • Creche facility	• Entry salary at par with industry • Differential high increment based on performance • Recognition and felicitation programme	• Whistle- blower policy • Code of Conduct • Monitoring behaviours • Performance review • Implementation of POSH • Equal representation of employees in decision-making • Extended benefits for all contractual workers

HR practices that reinforce the Torrentian culture

COMMITMENT	COMPETENCE	CONSISTENCY
Low attrition Job satisfaction Job enrichment	Adaptability Skill development Opportunity to shoulder higher responsibility Confidence building	Consistent performance Consistent practices

Employee engagement

SANGINI
A platform to celebrate womanhood, wherein health talks are organised twice a year for all women employees.

SAKHI
An initiative taken to address issues related to female hygiene. Periodic meetings of women representatives to understand and address their issues and concerns.

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

Torrent Pharma promotes female recruitment in metro cities in field and also develop and motivates them to take up higher responsibilities as a Manager.

The Company strongly believes in providing a safe and harassment-free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavour of the Management of the Company to provide an environment that is free from discrimination and harassment, including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of those of sexual nature at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year ended 31st March, 2021, no complaints pertaining to sexual harassment was received by the Company.

Fostering Collective Well-being

Torrent Pharma's corporate philosophy considers social development an integral outcome of its business. It fosters the belief that social good and profitable enterprise are symbiotic in nature, one enabling the other to create greater good. This elevated approach to doing business and creating stakeholder value is the cornerstone of Torrent Pharma's social and relationship capital. Its reflections are evidenced in the way the Company embraces a values-led culture, transparency in operations, integrity in governance and respect for its people, communities and the natural environment.

Strategic Themes ST4

Material Issues M7 M8

Key focus areas

Social care

Education and knowledge enhancement

Community healthcare, sanitation and hygiene

Setting in motion a virtuous cycle

Consistency in relationships. Prudence in engagement.

The best reflection of how Torrent Pharma fosters consistency in relationships lies in the way its approach its ties with the medical community, which acts as the conduit between the Company and the patients. With its larger concentration in the BGx market, the Company's depth of relationships with the doctors and understanding of therapy specifics determine its success, and enable the Company's competitive advantage.

At Torrent Pharma, this is achieved through a well-informed and specialised field force, whose interaction with the doctors are based on trust and knowledge. With one of the highest retention rates in industry, the Company's field force continues to deepen existing relationships with the medical fraternity, ensuring familiarity, conviction and confidence in brand Torrent. This strong association sets in motion a virtuous cycle that benefits all stakeholders in the value chain.

Long-term, knowledge-led association with medical professionals

More prescriptions that enable better patient health

Enhanced business viability and brand recall for Torrent, and growing benefits and support for field force

Motivated and dedicated field force

Social capital and corporate citizenship

Inspired by the noble ideas of its founder Chairman late Shri U. N. Mehta, Torrent Group underscores its responsibility as a corporate citizen and believes in carrying out its industrial and business activities in a socially responsible manner, balancing the needs of all stakeholders and contributing to the upliftment and well-being of the disadvantaged sections of society.

Since inception, Torrent Group has routinely strived to create a positive impact on society. With the notification of the official CSR mandate, these initiatives have further formalised, with an expanding footprint.

₹55+ crores

TOTAL TORRENT GROUP CSR CONTRIBUTION (40% TORRENT PHARMA CONTRIBUTION)

R EA CH
a movement, not an activity

Reach EAch CHild: child healthcare centric initiative by Torrent Group.

- In February 2014, a Committee was formed, which decided that the social initiatives of the group will focus on ‘child healthcare’. Twenty leading paediatricians across India were invited for a meeting at Ahmedabad to gain an understanding of the issues pertaining to the health of children.
- The meeting was followed by visits by the committee members to some of the leading childcare facilities in India, including hospitals run by PGIMR Chandigarh, Sathya Sai Trust Bangalore, Shri Sathya Sai Sanjeevani Hospital Raipur, Krishna Children Hospital Hyderabad, SAT Trivandrum, ICH&HC Chennai and IGICH Bangalore. Subsequently the Committee also visited several leading pediatric hospitals in UK, USA and Canada like Sheffield UK, Great Ormond Street UK, Boston Children hospital USA, Cincinnati USA and Sick Kids hospital Canada to name a few, to get a first-hand understanding of the healthcare facilities being provided to children.
- REACH was conceptualised and its activities were divided into two parts which are interconnected, working hand in hand:
  1. Spreading awareness on healthcare and hygiene.
  2. Creating medical care centres (primary and secondary hospitals).

The social initiatives under the REACH programme are gratuitously provided (पूर्णतयानि:शुल्क) to the underprivileged.

3 REACH pillars to meet objectives	SHAISHAV	JATAN	MUSKAN
	शैशव (Childhood)	जतन (Care)	मुस्कान (Smile)
	Grassroots interventions	Greenfield actions	Other allied initiatives

1. Shaishav - शैशव (Childhood) Grassroot interventions

- Medical health check-ups and subsequent follow up activities carried out, for children in the age group between 6 months and 6 years.
- Medical camps were conducted in 351 villages, which screened 58,768 children across Sugen, Dahej, Nadiad/Balasinor and Indrad in Gujarat. Additional 12,619 children attaining age of over 6 months post its basic camps already held were screened in the supplementary camps conducted in the above villages making total number of children screened as 71,387. The identified children will be treated for the deficiencies found. Cumulative result of the screening is shown as below. In addition, over 1,400 cases were identified as special cases requiring medical interventions.
- A therapeutic food was provided free of cost to malnourished children.
- From the feedback, it was observed that due to monotony of taste children did not consume this therapeutic food on a regular basis. To overcome the challenge, alternative diet biscuits “Mauji” were introduced through in-house research keeping the same energy and protein as that of therapeutic food. The biscuits are baked for longer shelf life and sustenance of nutritional values.
- In the smaller group of malnourished children, the Mauji biscuits were found palatable and had desired results. Thereafter, these biscuits were provided to severely as well as moderately malnourished children, which also includes untreated moderately malnourished children identified during camps.
- 74% of children came out of malnourishment, out of total 20,798 malnourished children who attended the programme.
- Free iron supplements were provided to 26,946 anaemic children who attended the programme, and more than 90% were brought completely out of anaemia.
- 73% of the children (of 1,400+ children, who attended) having specific/chronic ailment were provided referral services after convincing their parents to get medical intervention from trained consultants of reputed hospitals.

Location	Children screened	Malnourished children		Anaemic children	
		Numbers	%	Numbers	%
Indrad	22,931	10,489	46	9,025	39
Dahej	9,463	4,268	45	4,798	51
Sugen	16,080	7,190	45	8,581	53
Nadiad/ Balasinor	22,913	12,898	56	8,530	37
Total	**71,387**	**34,845**	**49**	**30,934**	**43**

2. Jatan - जतन (Care) Greenfield actions

- **PAEDIATRIC CARE CENTRES**

- In 2017, day care paediatric centres were established at locations namely Sugen, Dahej, Balasinor and Indrad providing free specialised consultation, basic laboratory services and branded medicines to the underprivileged. These centres are established closer to the beneficiaries, especially in remote areas having inadequate healthcare facilities.
- As of 31st March 2021, 2,84,474 OPDs have been carried out across the centres. The increased number indicates credibility of the centres in a short time span.
- During COVID-19, services from the centres, including OPDs were stopped to avoid virus exposures. However, physical OPDs were restarted at Balasinor and Indrad since September 2020, avoiding flu patients, Tele-consultation services were initiated at Dahej and Sugen since October 2020 to take care of community patients.
- For proper treatment of routine ailments, children /their parents hesitate to approach relevant medical experts and prefer to get treated by local untrained practitioners. This has been overcome by providing mobile medical services at their doorstep and as of now more than 64,808 beneficiaries in total have been covered till March, 2020 (Pre-COVID).
- During the pandemic, audio consultations was conducted with more than 46,000 parents (registered beneficiaries having multiple OPDs) across all four locations for spreading awareness on recommended food/fruits to increase immunity and general hygiene.
- In addition to camps, children in the age group till 18 years, were attended medically at pediatric centres unlike camps where age group was 6 months to 6 years.

3. Muskan – मुस्कान (Smile)

- The organisation has conducted mass awareness programmes in all the camp villages across all the locations and primary schools in those villages regarding causes of malnourishment, anaemia, growth, seasonal awareness for prevention, maternal precautions and infant care, essence of vaccination, hygiene education, among others.
- The Group is focusing continuously on creating awareness to prevent the occurrence of the common diseases, which is a must for sustainability.
- To help in developing increased confidence as well as self-esteem among adolescent girls, health and hygiene programmes are being carried out in 125 villages, covering more than 5,000 of adolescent girls by providing free sanitary pads on a monthly basis along with counselling to gradually eradicate psychological and social taboos.
- In typical awareness campaigns there are challenges like ineffectiveness, unclear verbal communication, low grasping/ memory retention of beneficiaries as week as effect of pandemic, which requires huge resources for repeated communication; awareness by using electronic media such as messages, connect to whatsapp etc is being worked out.
- Specially customised software is developed for managing patient's database.

ShaishavMitrs - शैशवमित्र

For carrying out such mass level activities right from camps, mobile OPDs, door-to-door follow up activities, managing paediatric centres and awareness activities, instead of involving outside agencies, the Group has envisaged a unique concept of engaging 'ShaishavMitrs' Torrent Group employees as volunteers contributing to various areas with their multi-faceted skills. Direct involvement of the employees has resulted in developing a sense of ownership and hence seamless relationship with beneficiary community/target population. Person days to the tune of more than 30,000 are invested for treatment of Special Cases – Pharma medical representatives were utilised to get desired results.

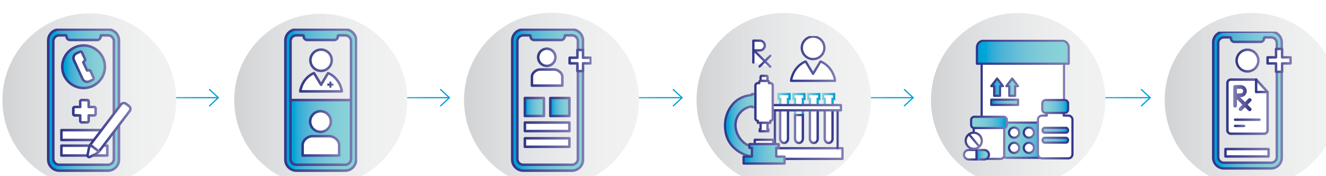
Mobile OPD

Pre-COVID

State-of-the-art 150-bed Paediatric Secondary Care Hospital (Free of Cost) (पूर्णतयानिःशुल्क) at SUGEN

- Venerating the values and desire of the Founder Chairman Shri U. N. Mehta, Torrent Group has built and dedicated - and integrated medical complex - Rangtarang on February 16, 2020 at Sugen, catering to medical requirements of nearby 500 villages.
- Rangtarang comprises Sumangal – a multidisciplinary clinic for patients of all age groups and Balsangam – a 150-bed state-of-the-art paediatric hospital. Balsangam spans 20,000 sq mtr and has 14 wings.
- Services from the diagnostic facility, imaging facility, clinical facility, medication and surgical procedures are provided free of cost to the underprivileged.
- This project is developed in technical collaboration with Sheffield Hospital UK, to include services like developing the best diagnosis and management of diseases and critical care, achieve best Indian certifications and strive for international certifications, training of staff and development of SOPs, among others.
- The hospital has modern facilities with high-end equipment comprising:
  - Multi-specialty Out-patient Departments (OPD), Indoor Patient (IP) wards for medical and surgical ailments, emergency ward (upto 18 years of age, with defined criteria), Intensive Care Units, Operation Theatres, Diagnostic facilities like imagine and pathology laboratory, including Haematology, Biochemistry, Clinical Pathology and Micro-Biology, Blood Storage, Pharmacy, CSSD and other facilities.
  - During COVID-19, the Group adapted to the new normal and switched to serving the beneficiaries through Teleconsultation.

Teleconsultation



Registration on video call → Video consultation with doctors → Digital case history → Scaling it up → Digital prescription → Dispensing medicines

Way ahead

- Going forward on the outreach program, carrying out intensive awareness program for Malnourishment / General Hygiene / Anemia in existing 351 camp villages (telecasting videos using mobile van; distributing handbills / pamphlets; SMS; WhatsApp messages; etc) and motivate patients to come to Rangtarang. Adopt Pull strategy against earlier Push Strategy.
- To increase phase-wise coverage for malnourished children additional 149 villages to be covered in Phase 1 and another 500 villages in phase 2 by using details from Anganwadies.
- To extend 'Muskan to another 174 villages of 3 locations (Indrad, Dahej, Sugen) from current 130 villages to all camp villages. Biodegradable and Reusable Sanitary Napkins distribution to 100 beneficiaries as a part of pilot project to address the issue of Napkins disposal. These Napkins are made of biodegradable fibres and can be reused upto 1.5 years. Further, based on parameters like feedback from the beneficiaries, cost analysis, environment impact, etc., it will be decided whether to scale up this pilot project.
- Studies / surveys are underway at remote / underprivileged areas near our Four Centres – Sugen, Dahej, Balasinor and Indrad. Objective of above study is to understand the existing facilities at those places, and to check feasibility to expand medical facilities/ infrastructure by setting up other 3 to 4 sub-centres which may subsequently turn into PHCs.

Other CSR Programmes

SHIKSHA SETU

In the field of education, the Torrent Group is involved in various activities like infrastructure development, patronisation of schools and Shiksha Setu - a teaching and learning enhancement programme. Helping impart quality education by providing infrastructure and state-of-the-art facilities is an important contribution, however, it is equally important to provide quality learning to students and improve soft skills of students as well as teachers in primary education. Hence, in the year 2011, Shiksha Setu was launched. Shiksha Setu is Torrent Group's unique initiative to enhance quality education among students coming from economically disadvantaged sections by bridging the gaps identified in teaching and learning processes at schools with a fusion of traditional and modern technological methods. The programme was implemented in 21 government and trust-sponsored schools across the rural community of Banaskantha, Mehsana, Surat districts and urban slum of Ahmedabad. The group helped establish 15 computer labs (with 300+ computers) and provided self-learning digital tools for students. More than 6,500 students were reached out through MindSpark, an e-learning programme. Government teachers were trained to teach students through innovative and interactive pedagogies/methodologies, so that students, while gaining conceptual clarity find learning interesting. The cumulative improvement in the learning level was assessed to be 53.2% in the programme phase I (2011-16).

Based on the learnings from phase I, and feedbacks received from teachers, additional facilities and activities, such as smart digital classrooms, digital learning for five subjects through tablets instead of two subjects earlier, enhancing soft skills of teachers and parents' sensitisation in children's education were implemented in phase II. The programme is being implemented in 13 schools of the four said locations. More than 20 smart classes are established, including curriculum-based software, and 37 tablet labs (1,247 tablets) provided with a skill based adaptive tool for students. Students were assessed through an online assessment tool and overall 20.3% improvement has been achieved over a period of 3 years. More than 4,500+ students reached through various activities focusing on enhancing behavioural and academic skills and capacities of 150+ principals and teachers are built in different subject matter, teaching learning pedagogies and methodologies, leadership and soft skills. Parent community is also mobilised for a conducive and participative environment for education. During the pandemic where schools were closed, regular homework assignment were provided to students to keep them in practice around the key concepts and skills that are foundational and essential during their formative years. Online training sessions for teachers were also organised to build their capacity and knowledge.

CONTRIBUTION TO NATIONAL CANCER INSTITUTE

Torrent Pharma contributed to a registered charitable trust to establish laboratory science department and procure a mobile cancer detection unit complete with CR, mammography and X-Ray, along with necessary furniture and other medical equipment.

BADDI SCHOOL AND COMMUNITY DEVELOPMENT WORK

The Baddi school is situated near Torrent Pharma's facility at Baddi. Torrent Pharma has been supporting the school through infrastructure capacity and personality development of the students by conducting various programmes through the involvement of employees. Torrent Pharma also undertakes various health, hygiene and community development works at Baddi or its nearby areas directly or along with other organisations.

INDRAD SCHOOL AND MEDICAL OPD

Torrent Pharma set up Sharda Mandir Primary School at Indrad in 2012. Torrent Pharma contributes towards repairing and maintenance as well as infrastructure development at Indrad School and other nearby schools located around Indrad, in addition to the running of the medical OPD at Indrad village. Torrent Pharma also encourages bright students by acknowledging and rewarding their special achievements every year.

SCHOOL, PANCHAYAT AND OTHER INFRASTRUCTURE FACILITIES AT SIKKIM, DAHEJ, VIZAG AND PITHAMPUR

Torrent Pharma contributes towards upgradation, maintenance of infrastructure facilities and other activities in its key locations.

DEVELOPMENT AND MAINTENANCE OF PUBLIC PARKS

The Torrent Group, along with one of India's best known landscape design firms, developed six parks in the city of Ahmedabad, measuring ~ 33,000 sq. mt. (under phase I). These are open for public use and the second phase of the project is progressing. The projects have been received very well by the public and has set an example for public space development.

COVID-19 CONTRIBUTION

Torrent Group committed ₹100 crores to support the government's efforts to fight the COVID-19 pandemic and its fallout on poorer sections of our society. This included donation to the PM CARES fund, and various initiatives, such as providing essential medicines to various government hospitals free of cost, contributions to state government relief funds and grassroots NGOs and provision of PPEs to healthcare workers. Torrent Group has undertaken its own efforts to contain the impact of the COVID-19 pandemic on the vulnerable sections of society.

Supplying life-saving oxygen during the pandemic

At Torrent Group, cognisance was given to dire need for liquid medical oxygen (LMO) at hospitals to support patients suffering from COVID-19. It went on to set up 50 pressure swing adsorption medical oxygen production plants at 50 different government hospitals spanning Gujarat, Uttar Pradesh, Maharashtra, Rajasthan, Punjab, Tamil Nadu, and Telangana. It also deployed two cryogenic tankers of 18 MT each for LMO transportation and 1,000 oxygen cylinders. Torrent Group distributed 200 oxygen concentrators and instituted an oxygen generation plant with a bottling facility in Ahmedabad to supply free oxygen to surrounding areas.

Relationship capital

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

Patients

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

On a regular basis, the Company has targeted interactions with customers through clinical trials and other methods, to take their views into consideration and augment product development. Torrent Pharma ensures that all product-related complaints received from customers are recorded, investigated and responded as per the SOPs laid down by quality assurance team. This ensures that corrective and preventive actions are undertaken to prevent recurrence of similar complaints. Torrent Pharma also has in place SOPs for providing facts about its products, which cover aspects of creating awareness with respect to dosage compliances and guidance on taking the complete course of a prescribed treatment. For product complaint or adverse event intimation, Torrent Pharma has a dedicated email id: **pv@torrentpharma.com**, alternatively it can also be lodged on the Company's website - **www.torrentpharma.com**. This helps in faster resolution of the complaints. The Company follows packaging and labelling standards, regulations and guidelines for producing any promotional material. During the year, the Company received 950 customer complaints and of them, 896 complaints were resolved during the year.

ACHIEVING PATIENT CENTRICITY

One of the key ways in which the Company enables better living for patients is by innovating dosage forms that are easy to consume. Some of its market-leading introductions that have visibly helped patients include:

- Long-acting injection of Olanzapine available for patients with schizophrenia, is critical for maintaining effective long-term therapy.
- Topical Minoxidil foam paves way for a convenient and effective product for individuals with alopecia.
- Topical Clobetasol foam offers indispensable ease for psoriasis and dermatitis patients.
- Nasal spray of Tapentadol is a first-in-the-world product that relieves pain within minutes with a spray in each nostril.

Shareholders and investors

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

Torrent Pharma engages on a regular basis with the investor fraternity through conferences, roadshows, quarterly earnings calls, analyst meets as well as press releases and encourage them to attend annual general meetings to directly discuss any relevant issues with the management and understand their expectations and apprise them of strategic and operational developments, through dedicated investor relations function. The engagement is further enhanced with proactive and voluntary disclosures, along with transparent practices. The Company maintains a strong grievance redressal system, that ensures that any concerns from the investor community are addressed on priority.

Government regulators and industry associations

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

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

CONTINUOUS MEDICAL EDUCATION (CME)

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

Suppliers and vendors

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

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

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

KEY TENETS OF TORRENT PHARMA'S SUPPLIER CODE OF CONDUCT

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

Torrent Pharma warehouse at Indrad plant

NATURAL CAPITAL

Environmental Stewardship for Long-Term Sustainability

‘Beyond business’ is a key consideration at Torrent Pharma, which has significant bearings on the environment and the society. While operating its business, Torrent Pharma strives to maintain a green footprint that positively gives back to the environment.

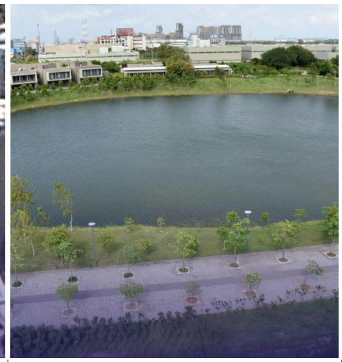
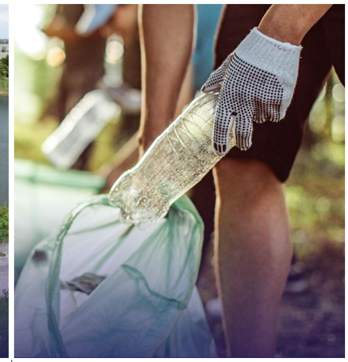
Parimal Garden

Strategic Themes ST3

Material Issues M3 M4

Key focus areas



Energy	Air emission	Water and wastewater	Waste and circular economy

At Torrent Pharma, environmental preservation assumes a high priority, and is a well-validated material matter. Towards this objective, the Company continuously works to streamline its processes and supply chain, to effectively conserve resources, and transition to clean and lean manufacturing to minimise the overall environmental footprint. This is validated by different regulatory agencies whose norms Torrent Pharma complies with and positively exceeds.

6.5%
REDUCTION IN VOLUME OF GROUNDWATER USED

3.1%
REDUCTION IN CO_2 EMISSIONS

10.7%
REDUCTION IN NOX EMISSIONS

1.0%
REDUCTION IN WASTE DISPOSAL

11.4%
REDUCTION IN SOX EMISSIONS

Recalibrating Torrent Pharma's energy strategy

Consistency in conservation. Prudence in stewardship.

Climate change is the starkest reality of current times. It has started registering its effects across the world and as the world moves forward, its impact will continue at a larger scale. To mitigate this and play the Company's part, it revisited its energy strategy, and is consciously committed to reducing carbon footprint.

Mapping the carbon footprint in its value chain, the Company has identified areas where emissions can be significantly curbed. Consequently, it has invested in renewable energy, energy-efficient processes and logistics, building green infrastructure and initialising community carbon offset projects.

1,770 tco_2
CARBON EMISSION REDUCTION

25 lakhs KWH
ENERGY GENERATION BY RENEWABLE ENERGY THROUGH INSTALLED SOLAR POWER SYSTEM OF 1,688 KW

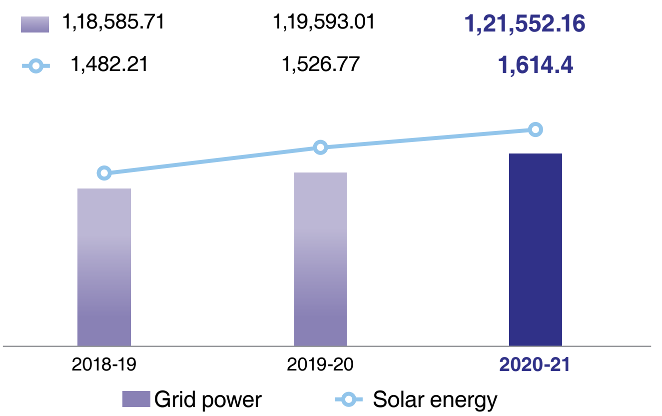
Energy

One of the biggest realities of the 21st century is climate change, and concerted action is needed by governments, industries and individuals towards mitigating this challenge. Cognizant of this, Torrent Pharma has taken conscious efforts over the years to continuously reduce and manage its emissions and energy utilisation. The Company endeavours to make a difference to the environment through energy-efficient manufacturing processes, and mapping energy utilisation in its value chain.

As a pharmaceutical company, Torrent Pharma's emissions profile is shaped by the operation of its boilers and diesel-based power generators, refrigeration, electricity usage and transportation for staff. To manage its carbon emissions, Torrent Pharma has taken several initiatives, such as:

- Energy management certification for effective control and efficient use of energy.
- Shifting to natural gas consumption for boiler and cafeteria (subject to source availability).
- Installation of rooftop solar panels for power generation Installation of solar roof top and for renewable energy, with 1,688 kW already installed and on track to increase.
- Curtailing incineration and diverting waste for co-processing in cement plants, among others.
- Installation of sludge dryer for moisture reduction, thus reducing the overall number of waste transportation trips for disposal at landfill.
- Selection and use of energy-efficient equipment and technologies.
- Inclusion of BS VI standard vehicles in the pool to conform with contemporary norms and reduce carbon footprint.
- Organisation-wide data compilation to understand opportunities where emissions can be managed.
- Green building concept applied to all new infrastructure, ensuring minimum energy consumption, maximum natural lighting and ~40% green coverage.
- Community carbon offset outside Torrent Pharma premises, pond development in villages, development of gardens in cities, minimised personal fleet for business visits.
- Every operation at Torrent Pharma factors energy management in their respective business plans and implements technologies and systems that could improve energy usage.

Energy use pattern (MWh)



Fuel consumption pattern

Sr. No	Parameter	Type of Fuel	Unit	Year 2018-19	2019-20	2020-21
1	Boiler	Natural Gas (NG)	SCM	18,68,900.51	19,63,959.21	20,24,199.06
		Furnace Oil (FO)	KL	7,223.52	6,545.09	5,665.20
		High Speed Diesel (HSD)	KL	744.47	1,094.23	441.09
		Light Diesel Oil (LDO)	KL	0	6.42	698.65
		Briqette	MTPA	466.94	213.08	843.74
2	Cafeteria	Natural Gas (NG)	SCM	19,782.25	36,899.91	68,674.91
		Liquified Petroleum Gas (LPG)	Kg	37,860.00	41,195.00	21,850.00
		Bio Gas	SCM	0	0	2,900.00
3	D.G. Set	High Speed Diesel (HSD)	KL	1,265.79	1,307.89	896.86

GHG Emissions profile

Sr. No	Parameter	Unit	Year 2018-19	Year 2019-20	Year 2020-21
1	**GHG Emission**	MT of CO_2e	**1,10,981.64**	**1,11,128.11**	**1,07,736.95**

Energy conservation highlights

SAVINGS OF

1,500 TON

OF STEAM GENERATION

~100 KLPA

SAVINGS OF FURNACE OIL REQUIREMENT FOR STEAM GENERATION DUE TO INCREASED RECOVERY OF EFFLUENT RECYCLING RO SYSTEM UP TO ~91% SAVINGS IN MEE FEED

SAVINGS OF

12,900 MTPA

OF STEAM CONSUMPTION

1,069 KLPA

OF FURNACE OIL REQUIREMENT FOR STEAM GENERATION BY USE OF HEAT PUMP IN HVAC FOR HOT WATER GENERATION

SAVINGS OF

4,500 MTPA

OF STEAM CONSUMPTION

350 MTPA

FURNACE OIL REQUIREMENT FOR STEAM GENERATION, BY USE OF RETURN FLASH STEAM INSTEAD OF FRESH STEAM IN HEAT EXCHANGERS IN HVAC SYSTEM

REDUCTION OF

1,770 tCO_2

25 lakhs KWH

ENERGY GENERATION BY RENEWABLE ENERGY INSTALLED SOLAR POWER SYSTEM OF 1,688 KW

REDUCTION IN ENERGY CONSUMPTION FOR AIR COMPRESSOR

7,49,952 KWH

HOT WATER RECEIVED AS BY-PRODUCT FURTHER USED IN BOILERS RESULTING IN SAVINGS OF FURNACE OIL CONSUMPTION

220 KL

FUEL CONSUMPTION IN BOILERS BY INSTALLING CENTRIFUGAL AIR COMPRESSOR AGAINST SCREW AIR COMPRESSOR

REDUCED AIR EMMISION

INITIATED ENERGY SAVING OBJECTIVES TO REDUCE FUEL CONSUMPTION IN BOILERS

OVERALL REDUCTION IN FURNACE OIL OF

880 KLPA

REDUCED AIR EMISSION, 87 MT NOX AND 53 MT SOX

USE OF NATURAL GAS IS PRIORITISED IN UTILITY OPERATION INSTEAD OF FOSSIL FUEL FURNACE OIL

ANNUALLY 1,41,693 MT QUANTITY OF SOX AND 2,32,782 MT QUANTITY OF NOX EMISSION REDUCED BY USAGE OF NATURAL GAS INSTEAD OF FURNACE OIL IN BOILERS

Air emissions

As a manufacturing organisation, Torrent Pharma's facilities also emit flue gases from boilers and diesel generators and volatile organic compounds (VOCs) from solvent handling, apart from SOx and NOx emissions.

To reduce these, Torrent Pharma uses natural gas in its boilers, and has installed primary and secondary condenser and nitrogen blanketing at solvent storage tanks. It has also installed condensers on reactors for online recovery of solvents and scrubbers to control VOC emissions.

The Company has also initiated the following for air quality monitoring:

- Torrent Pharma has installed continuous emission monitoring system for boiler stacks at Indrad I & II, Dahej, for SPM, SOx & NOx.
- Online emission for process gas is installed at Dahej for SOx & HCl.
- Online VOC monitoring is installed at Dahej and Vizag.
- Monitoring ambient air through high volume air sampler in line with national ambient air monitoring notification 2009, with in-house SOPs in place for Indrad and Dahej locations. Further, third party monitoring is also carried out on a monthly frequency through a government-approved laboratory.

Biodiversity

To fulfil its responsibility towards the environment and leave behind a world with richer, greener environment with clean and fresh air, dense and lush green belts are developed across all Torrent Pharma locations.

27,000+
TREES

3.3+ lakhs
SHRUBS

~40%+
GREEN COVERAGE ON ALL SITES


Surroundings at Indrad Plant

Water and wastewater

Torrent Pharma's facilities are dependent on naturally available water sources to run their operations. As per the Central Ground Water Authority (CGWA), Torrent Pharma's Indrad, R&D, and Pithampur facilities fall under water-stressed regions. Hence, there is significant onus on Torrent Pharma to manage its water resources with utmost prudence. Leading from this, 80% of treated water is being used and recycled through RO and effluent treatment plant (ETP) for utility and horticulture purposes, thus reducing overall water withdrawal.

To encourage water savings, all systems comply with a water-efficient design and each process has a defined quantity of water that may be used. Touch-free sensor taps and waterless urinals were installed to curb excess load on water utilisation, and digital meters were maintained to effectively monitor water consumption on a daily level. Going forward, Torrent Pharma plans to initiate a water audit to further optimise and improve water conservation.

80%+
ANNUAL WATER CONSUMPTION IS ATTRIBUTED TO SURFACE WATER WITHDRAWAL, THUS EFFECTIVELY SUSTAINING GROUNDWATER TABLE

Effluent treatment

- Separate ETPs installed for API and Formulation facilities at Indrad and Dahej and other facilities are installed based on pollution load due to product basket.
- Three-stage effluent recycling RO system installed to achieve more than 93% recovery at Indrad and 88% recovery at Dahej, one of the best in the industry.
- High quality permeate from ETP RO is fully reused for cooling tower operations.
- ETP systems installed at Torrent Pharma are based on SBT technology, which is devoid of any chemical usage, and is significantly more environment-friendly than conventional ETP systems.

Water management highlights

80%

USAGE OF SURFACE WATER TO GIVE SIGNIFICANT WATER POSITIVE FOOTPRINT

REDUCED FRESH WATER CONSUMPTION

5,22,628 KL

BY REUSING TREATED EFFLUENT

8,45,101 KL

GROUNDWATER ABSTRACTION SAVED BY USAGE OF ALTERNATE WATER SOURCE I.E SURFACE WATER

REUSE AND RECYCLING OF TREATED EFFLUENT - OF TOTAL WASTEWATER GENERATION FROM ALL SITES

87%

IS REUSED AND RECYCLED, REMAINING 13% IS DISCHARGED OUTSIDE

INSTALLED 300 WATERLESS URINALS ACROSS LOCATIONS FOR REDUCTION IN FRESHWATER CONSUMPTION

9,000 KL

FRESHWATER SAVED IN FLUSHING AND BENEFITED REDUCTION IN POWER CONSUMPTION

20,000 KWH

ANNUALLY IN SEWAGE WATER TREATMENT, 14.16 TCO_2 eq. EMISSIONS REDUCED

RAINWATER HARVESTING STRUCTURES CONSTRUCTED

~57

~25,000 SQ. M FOR COLLECTION AND REUSE OF RAINWATER ESTABLISHED AT VARIOUS SITES

1,87,252 M3

RAINWATER (ROOF TOP AND RUN OFF) REPLENISHED IN GROUNDWATER TABLE

50,000 KL

RAINWATER STORED IN NATURAL POND FOR REUSE

Total water and wastewater

Sr. No	Parameter	Unit	Year		
			2018-19	2019-20	2020-21
1	Surface water withdrawal	million m3/annum	0.824	0.770	0.845
2	Groundwater withdrawal	million m3/annum	0.313	0.278	0.211
3	Water recycled and reused (from ETP and process RO)	million m3/annum	0.509	0.501	0.523
4	Treated water discharged outside premises	million m3/annum	0.070	0.081	0.077

Waste and circular economy

Torrent Pharma follows the well-established philosophy of waste reduction hierarchy, that consists of four pillars - reduce, reuse, recover and recycle.

Owing to the nature of the business, a considerable portion of waste generated at Torrent Pharma is hazardous and requires safe handling. The Company ensures that the waste generated by its operations, including hazardous, bio-medical waste, e-waste, battery and plastic waste, are handled and disposed of in an environmentally responsible manner, and in full compliance with the applicable government regulations.

Torrent Pharma has institutionalised various mechanisms to control waste and manage waste collection, to minimise negative impacts on the environment. Few initiatives include:

- Waste-to-energy conversion using biogas reactors to treat canteen waste.
- Collection, storage, transportation and disposal through pre-processing, co-processing or incineration at TSDF or by selling to SPCB-authorised de-contamination facility or registered re-cyclers.
- Biomedical waste is disposed through CBWTF incinerator.
- E-waste and battery waste disposed through authorised re-cyclers.
- Waste minimisation targets are set in all areas across the manufacturing cycle.
- Optimisation of process stages to minimise input of raw material.
- Installation of online condensers for maximum online recovery of solvents.
- Process waste to be further recovered in solvent recovery system, and sold to authorised vendors.
- Paperless processes initiated, eBMR and others.
- Waste disposal minimisation by introduction of sludge dryer and bio gas system for ETP waste.

WASTE TO LANDFILL

Installed dryer for ETP sludge moisture removal, through which ~40% of reduction in disposal of ETP sludge to landfill site is achieved.

Installed bio gas plant for ETP biological sludge through which ~10% of reduction in disposal of ETP sludge to landfill site is being achieved.

Installed UF membrane filtration in new oncology project facility to reduce tertiary chemical treatment stage in ETP.

PLASTIC WASTE

With regards to plastic waste, the Company banned the use of single-use plastic in its operations and premises. A notable initiative in plastic waste management the Company's association with an authorised agency for plastic take back. Through this, Torrent Pharma will offset plastic equivalent to the quantity used in its products.

A few key initiatives for plastic waste reduction are:

- Designing smaller packages for increased patient portability, compliance and adherence.
- Reduce warehousing, transportation, and shelf space requirements with smaller packs.
- Reducing pack size by up to 55% by transferring products from strip packing to blister packing.
- Developing blister pack drawings that maximise area utilisation.
- Reducing the amount of packing time through process automation.
- Minimising product returns by ensuring proper packaging and transportation.

100%

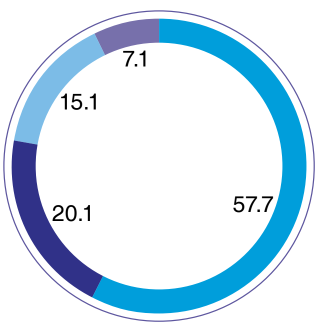
PLASTIC TAKE BACK ACHIEVED IN 2020-21

Effluent treatment plant at Dahej

HAZARDOUS AND NON-HAZARDOUS WASTE

Sr. No	Parameter	Unit	Year		
			2018-19	2019-20	2020-21
1	Solid incineration (Hazardous waste)	MTPA	1,141.31	522.93	446.00
2	Solid co-processing (Hazardous waste)	MTPA	426.62	619.68	946.33
3	Solid landfilling (Hazardous waste)	MTPA	1,491.67	1,437.48	1,255.79
4	Solid recycling (Hazardous waste)	MTPA	4,994.34	3,755.86	3,603.45
5	Solid (Non-hazardous waste)	MTPA	1,530.06	1,304.61	845.94
6	Incineration (Bio medical waste)	MTPA	98.81	106.35	116.58

WASTE DISPOSAL PRIORITISATION (%)



	MTPA
Recycling	3,603.45
Landfill	1,255.79
Co-processing	946.33
Incineration	446.00

Effluent treatment plant at Indrad

STATUTORY REPORTS

Directors' Report

To,
The Shareholders

The Directors have the pleasure of presenting the Forty Eighth Annual Report of your Company together with the Audited Financial Statement for the year ended 31st March, 2021.

Highlights

1. 2020-21: An unprecedented year:

   - The COVID-19 pandemic and its resurgence has posed an unprecedented challenge to global economy and corporations. While the pharmaceutical sector is relatively insulated from the pandemic and lockdowns, it did have impact on the industry's growth trajectory.
   - Employees' safety and business continuity has been at the core of our day to day focus during these times. Torrent has taken all appropriate proactive measures to ensure continuity of supplies to patients. It laid the highest emphasis on safety of its employees and their families through a number of employee centric and safety related initiatives.

2. India business:

   - The Indian Pharmaceutical Market registered a rather muted growth of 2.1% owing to pandemic induced lockdowns and economic slowdown. Torrent outperformed the market with growth of 6.1% due to high chronicity of its portfolio.
   - Torrent continued its focus on new introductions during the year, launching several important introductions in key markets:
     - Dapagliflozin & Rivaroxaban in the Cardiovascular therapy;
     - Brivaracetam in the Central Nervous System therapy;
     - Obeticholic Acid within the Gastro Intestinal therapy;
     - NDDS Tapentadol Nasal spray in Pain Analgesic therapy.
   - At the year end, field force productivity is ₹8.4 Lakhs per month, an improvement of 17% over previous year.
   - Torrent is ranked 8th in the IPM with 10 brands with sales of more than ₹100 crores.

3. US business:

   - US revenues were impacted on account of pending new approvals, due to OAI / WL classification of its facilities at Dahej, Indrad and Levittown, US.
   - For all the three facilities, Torrent has already completed its CAPAs and submitted the closure report. Torrent continues to await guidance from the USFDA on the next steps and re-inspection of the facilities.
   - Despite a lack of new approvals, Torrent continued to strengthen its pipeline and has filed 12 ANDAs (PY 12) during the year. 3 products were launched during the year.
   - Torrent is ranked amongst top 3 players in 25 molecules.

4. Brazil business:

   - Torrent continues to be ranked the no. 1 Indian Pharmaceutical company in Brazil.
   - Brazil sales in constant currency grew by 11% during the year vs market growth of 8.9% backed by new launches & growth in BGx and GGx segments.
   - Torrent will maintain its high focus of chronic therapies in Brazil, similar to the Indian portfolio and will enter new therapies which would be important growth levers.

5. Germany business:

   - Torrent is ranked the no. 5th generic company and no. 1 Indian Pharmaceutical company in Germany.
   - Germany sales were stable and were impacted by the pandemic induced lockdowns & market slow down and temporary supply disruption caused due to upgradation of quality management systems.

- Torrent has resolved the supply related issues and has regained its market share. Torrent continues to expand its market coverage through new launches, while expanding its non-tender and OTC business.

6. Rest of the World:
   - ROW markets registered strong growth at 17%.
   - Torrent will continue its focus on key ROW markets to develop them as growth engines of the future.

7. The state-of-the-art Oral Oncology manufacturing facility in Gujarat, which will cater to both regulated and non-regulated markets, is on track and regulatory approvals are being initiated.

8. Financial performance:
   - EBITDA margins improved by 292 bps over last year. Margins were complemented by improvement levers inherent to Torrent's business model and certain cost savings & efficiencies resulting from pandemic linked lockdowns across different markets during the year.
   - Leverage (Net Debt-to-EBITDA) reduced to 1.6x as of 31st March, 2021 compared to 2.2x as of 31st March, 2020.

Financial Results

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

(₹ in crores except per share data)

	Standalone		Consolidated	
	2020-21	**2019-20**	**2020-21**	**2019-20**
Sales & Operating Income	**6,451**	6,168	**8,005**	7,939
Profit Before Depreciation, Net Finance Cost, Exceptional Items & Tax	**2,311**	2,148	**2,537**	2,284
Less: Depreciation & Amortisation	**610**	607	**658**	654
Less: Net Finance Cost	**335**	424	**353**	443
Profit Before Exceptional Items & Tax	**1,366**	1,117	**1,526**	1,187
Less: Exceptional Items	**-**	-	**-**	-
Less: Tax Expense	**228**	178	**274**	162
Net Profit for the Year	**1,138**	939	**1,252**	1,025
Balance brought forward	**2,093**	1,884	**1,893**	1,616
Other Comprehensive income and other adjustments	**7**	(11)	**0**	(14)
Balance available for appropriation	**3,238**	2,812	**3,145**	2,627
Appropriated as under:				
Transfer to General Reserve	**-**	-	**-**	-
Dividend	**338**	609	**338**	609
Tax on Distributed Profits for Dividend	**-**	110	**-**	125
Balance Carried Forward	**2,900**	2,093	**2,807**	1,893
Earnings Per Share (₹ per share)	**67.24**	55.46	**73.98**	60.55

Consolidated Operating Results

The consolidated sales and operating income increased to ₹8,005 crores from ₹7,939 crores in the previous year showing a growth of 1%. The consolidated operating profit for the year was ₹2,537 crores as against ₹2,284 crores in the previous year registering growth of 11%. The consolidated net profit stood at ₹1,252 crores compared to ₹1,025 crores in the previous year registering growth of 22%.

Management Discussion and Analysis (MDA)

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

Appropriations

i) Dividend

The Board had in its meeting held on 18th May, 2021 revised the existing Dividend Distribution Policy to increase the distribution of dividend to 40% of its annual consolidated net profit after tax without taking into account non-cash charges relating to the business acquisitions. The revised policy is available on the website **http://www.torrentpharma.com/pdf/investors/Dividend_Policy.pdf**

During the year under review, an interim dividend of ₹20/- per equity share of face value of ₹5/- each (@ 400%) amounting to ₹338 crores was paid to the shareholders. Further, the Board considered it prudent to recommend the final dividend for 2020-21 as per the revised Dividend Distribution Policy and accordingly recommended a final dividend of ₹15/- per equity share of face value of ₹5/- each (@ 300%) amounting to ₹254 crores for approval to shareholders at the 48th Annual General Meeting (AGM) of the Company. Hence, the total dividend paid / payable with respect to the year under review was of ₹35 per equity share (@700%) amounting to ₹592 crores.

ii) Transfer to Reserves

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

Human Resources

At Torrent, we value our employees and believe that Torrent's success is an outcome of the collective contribution of all our employees. The Human Resource Development team continuously strives to create a conducive work environment that aims to influence the employees' ability, motivation and designs opportunities for one to perform. This ensures the long-term viability of this valuable resource. The Company continues to invest in meritocracy, which allows the organisation to develop employees who become ready to accept new challenges in the future. A sound system has been designed that has resulted in improved implementation of the HR processes leading to better work environment and greater employee job satisfaction.

During the Pandemic period, health and safety of employees were the most important priority for the Organisation. Safety awareness programmes / counselling sessions played an important part to spread necessary knowledge and helped employees to cope-up with the challenge of working amidst the COVID pandemic. Focused efforts were undertaken to improve employee connect. Regular surveys were conducted to understand the difficulties faced by the employees and their families and the same were resolved in time.

Fresh expertise, both seasoned and new recruits to the workforce, were acquired and aligned to the Organisation's ethos through consistent initiatives. The HR team continued to coordinate training and development activities that have assisted in the nurturing of talent, as well as sharpening of new management skills. On the Job training, meaningful interactions with senior professionals and development programmes, aid employees to build the right competencies in their work arena, be it technical, managerial or behavioural. Periodic job rotation programmes are undertaken enabling every employee to understand the nuances of the function, thereby developing to take a bigger role in the future. This helps to empower everyone in the Organisation leading to job enrichment and satisfaction. On the Industrial front, the Company continued to foster cordial Industrial Relations with its workforce during the year.

Various gender diversity initiatives, such as exi-shift hours have aided female workers in balancing work and other duties. Special events promoting a woman's personal and career development are often planned, with an emphasis on fitness, well-being, and a stress-free life.

The consistency in performance and commitment of our employees helps both the leadership and the employees to regularly achieve Company's objectives and improve overall Company's performance.

The Company has a diverse workforce of 12,531 employees as on 31st March, 2021 vis-à-vis 12,881 employees as on 31st March, 2020.

Vigil Mechanism

The Company has built a reputation for doing business with honesty and integrity over the years, and has shown zero tolerance for any sort of unethical behaviour or wrongdoing. The Organisation has in effect a rigorous vigil system to report unethical conduct in order to promote professionalism, fairness, dignity, and ethical behaviour in its staff and stakeholders, the particulars of which are covered in the Corporate Governance Report.

The said system also safeguards the employees who use the vigil mechanism from being victimised and provides them direct access to the Audit Committee. In addition, the Company's Code of Business Conduct defines essential corporate ethical practices that form the Company's belief structure and business operations, as well as representing the Company's valued principles.

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

Internal complaints committees have been established for all administrative units / offices to redress complaints received regarding sexual harassment as part of the Policy for the Prevention of Sexual Harassment of Women at Workplace. During the year, no complaints were received under this policy.

Corporate Social Responsibility

During the year 2020-21, the Company incurred CSR expenditure of ₹22.29 crores, which is 2.56% of the average net profit of the past three financial years as against statutory requirement of 2%. Additionally, ₹1.39 crores was utilised by the CSR implementing agency out of the surplus arising from funds invested temporarily pending the expenditure. This has resulted in total CSR expenditure of ₹23.68 crores for the year. The CSR activities undertaken by the Company were under the thrust areas of Community Healthcare, Sanitation & Hygiene, Education & Knowledge Enhancement and Social Care & Concern. The Board in its meeting held on 18th May, 2021 revised the existing CSR Policy of the Company to harmonise with the amendments carried out by the Ministry of Corporate Affairs in the Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The brief details of the major CSR activities are described hereunder:

REACH: Driven by the belief of Chairman Emeritus, Sudhir Mehta **'Children are the future of our nation and this future must be well preserved'**, the flagship CSR program of the Group "REACH" – Reach EAch CHild was initiated in the year 2016 under the aegis of Tornascent Care Institute, a section 8 company. REACH has three major pillars: **(a) SHAISHAV (b) JATAN and (c) MUSKAN**. Salient achievements are:

- **"Shaishav"**, the first pillar of the programme, targets to establish baseline health status of children in age group of 6 months to 6 years, through medical camps in 351 villages surrounding the industrial establishments of the Group. Till date 71,387 children have been screened, and by providing appropriate treatment more than 80% Malnourished children, more than 90% Anaemic children and 73% children having chronic illnesses were provided appropriate treatment with very encouraging outcomes. During 2020-21, inspite of massive challenges posed by COVID-19 pandemic, maintained an optimum balance of serving the community and at the same time avoiding any exposure by adopting 'Minimum Human Intervention Model', weight assessment of 5,307 Malnourished children was carried out, Mauji Biscuits were provided to beneficiaries and encouraging results have been observed. Similarly on, Anaemic front, Iron supplement were provided to 6,765 children without reassessment.

- **"Jatan"**, the second pillar of the programme, encompasses provision of healthcare services to children upto 18 years. There are three primary paediatric health centres (PPHCs) with basic laboratory and day care facility at Dahej, Balasinor and Indrad, while fourth centre near SUGEN Power Plant was converted into 150 bed paediatric hospital 'Balsangam' (part of 'Rangtarang' hospital complex) in 2019-20. Due to outbreak of COVID-19 pandemic and consequent nationwide lockdown in H1 2020-21, telephonic conversations with 46,000 parents of the beneficiaries across all four PPHCs were arranged for spreading awareness of consumption of healthy diet to boost immune system and maintain proper hygiene to reduce risk of COVID-19.

  With all precautions like sanitizing, social distancing and avoiding direct exposure to the patients, PPHC facilities at Balasinor and Indrad were started from September, 2020 and 7,225 beneficiaries were served in 2020-21. From September, 2020 onwards, started audio visual consultation of patients at PPHC facilities near SUGEN Power Plant and Dahej and 4,099 beneficiaries have been served in 2020-21.

- **Under "Muskaan"**, the third pillar of the programme, counselling and support was provided to rural adolescent girls around SUGEN, Dahej and Indrad centres covering menstrual hygiene and sanitation, by providing free health and hygiene kits. However, due to COVID-19 pandemic, this activity was not carried out till August, 2020 and with appropriate safety measures and also to avoid beneficiaries going back to using conventional practice, health and hygiene kits were provided to around 5,000 beneficiaries in 125 villages.

Shiksha Setu: The Teaching and Learning Programme, conducted through UNM Foundation (amalgamated with Tornascent Care Institute w.e.f. 26th April, 2021 having appointed date as 1st April, 2020) completed fifth year of Phase II. This programme covers 13 government primary schools located near SUGEN, Chhatral, Chhapi, Memadpur and Ahmedabad having 4,500+ students and 150+ teachers of 1st to 8th standard. During 2020-21, practice assignments prepared for students containing questions and activities based on skills of previous standards and current curriculum. These assignments were based on learning outcomes prescribed in National Curriculum Framework on the expected skills / Knowledge for each standard, and the same was well received by 4500+ students from 3rd to 8th standard and 120+ teachers.

Various virtual workshops on important concepts of Maths, Science and Computer as per revised curriculum were organised for teachers of 6th to 8th standard, in which 78+ teachers from 36 schools of Shiksha Setu / Chappi/ Memadpur / other schools (around project schools) participated and benefitted. Continuous interaction was carried out with teachers, students and parents to provide support, counsel and address specific concerns regarding education.

Development and Maintenance of Public Parks: The Company along with one of India's best known landscape design firm developed an approach for development of urban public parks. Six small sized parks measuring approx. 33,000 sq. mt. have been fully developed and opened for public use since 2018-19 and one small sized park was fully developed and opened for public use in 2020-21. Another two large parks measuring approx. 66,975 sq. mt. are under development and will be opened for public in 2021-22, if situation caused due to COVID-19 allows. Maintenance of above public parks is also funded from CSR funds of the Company.

Community Healthcare : Sumangal - a daycare Clinic for Adults (the erstwhile 'Swadhar'), a community healthcare facility was integrated into 'Rangtarang' hospital complex, which caters to medical requirements of nearby 500 villages by providing specialized consultations in the areas of dental care, ophthalmology, dermatology, gynaecology, physiotherapy and orthopedic. Due to outbreak of COVID-19 pandemic and consequent nationwide lockdown, a method of Minimum Human Intervention (Audio calls / Tele- Consultation) evolved wherein there is no / minimum contact with the community and hence, all the safety precautions followed to the maximum extend possible and hence, the community is still being served and there is a constant rapport with the community. This model maintains an optimum balance between serving the beneficiaries and not putting any employee at the risk of exposure to COVID-19.

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

Environment, Health & Safety

The Company firmly believes and is committed in inculcating a proactive and well matured HSE culture across the group. Sustainable future is essential in ensuring the health and well-being of our colleagues, the people who use our products and the communities we touch. With the sense of this purpose, we are in pursuit of a Safe, Secure & Healthy workplace for our employees, surrounding communities as well as all interested parties associated with our business operations directly or indirectly.

The Company's EHS function is efficiently driven by established EHS Policy which is applied uniformly to all its manufacturing facilities and R&D centre. Policy is being regularly evaluated and updated with consideration of International Organisation for Standardisation (ISO) and other global requirements to ensure that the Company's EHS systems remains globally oriented and best in class.

Our sincere and focused endeavours in EHS domain has substantially brought down incidents and thus leading to safe and healthy working environment for our work force at large.

We always remain deeply concerned about the cause of the environment protection and in this direction, Company has undertaken initiatives, where we have achieved measurable reduction in waste generation utilisation of waste as an alternative fuel in cement industries. Conservation of energy (saving of 40 MT / Day of steam consumption by installation of Heat pumps in place of conventional hot water system at Indrad manufacturing facility), usage of renewable energy (cumulatively generation of 2.5 million KWH energy by installation of Solar Power panels of 1688 KW capacity at Indrad and Oncology (upcoming) manufacturing facilities and R&D Centre). These activities have reduced our environmental impact / carbon footprint significantly.

Our workplace environment is designed to make our employees feel valued, respected, empowered and inspired to achieve our EHS goals. Our continuous ongoing efforts in environment sustainability has reduced our water consumption, hazardous waste and energy consumption.

We are striving for continuously bringing down the waste quantity to incineration facilities. This year, we have achieved disposal of 65-70% high calorific value hazardous waste for co-processing / pre-processing in cement industries (as an alternate fuel) instead of incineration. We have targeted to dispose-off 90% of total such waste generation for co-processing in upcoming years.

As a part of waste to energy concept, we are using canteen food waste and biological waste from ETP for generation of bio gas which has significantly reduced annual waste disposal under landfill category.

Majority of the Company's manufacturing facilities are accredited with ISO 14001:2015 (Environment Management Systems) and ISO 45001:2018 (Occupational Health & Safety Management system).

Rain water harvesting systems are installed at manufacturing facilities with 57 state of art injection wells with large sunken catchment area of approx. 25,000 sq mt and 10 nos. of inverted umbrella system (Ulta Chhata). Approximate 40% of dense and lust green belt area has been developed across all locations.

Under the Plastic Waste Management Rules, 2016, the Company is registered as a Brand Owner with Central Pollution Control Board (CPCB). The Company has initiated Extended Producer Responsibility (EPR) programme under these Rules. 1000 MT / Annum plastic waste was collected from Pan India during the year under review and recycled and co-processed in cement industries.

During the year, Company at all its facilities has implemented a COVID-19 guidelines and strictly adhered to it to de-risk employees' health and uninterrupted and consistent productivity. Department wise core steering team were formed who had individually supervised the COVID-19 protocols deliberately. The Company as a responsible corporate had comprehensively worked in strategising and implementing various government and IPA (Indian Pharmaceuticals Alliance) guidelines to curb the spread of pandemic disease at large.

All the manufacturing facilities and R&D Centre are being regularly audited internally and externally by In-house cross functional teams, global customers, regulators and external third party auditors which helps us in achieving benchmark / highest levels of compliance.

This also helps us to review our system through third eye and thus helps us to understand risk / opportunities / area of improvisation of our process / manufacturing facilities at large.

The Company's Contractors are well covered under various HSE Drives. It is essential for all contractors to undergo HSE training and follow stipulated guidelines. All contractors are encouraged to maintain safety standards by abiding Company's guidelines and procedures.

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

The Company is constantly striving up to standardise Health, Safety and Environment Management System (HSEMS) to reach the goal of zero injuries. Various objectives are being taken and achieved for continual improvement in areas of productivity, quality & HSE.

Finance

(a) Share Capital

As on 31st March, 2021 the Authorised Capital of the Company is ₹150 crores, divided into 25 crores Equity Shares of ₹5/- each and 25 Lakhs Preference Shares of ₹100/- each.

(b) Deposits and Loans, Guarantees and Investments

The Company has neither accepted nor renewed any deposits. None of the deposits earlier accepted by the Company remained outstanding, unpaid or unclaimed as on 31st March, 2021.

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

(c) Debentures and other debt instruments

The Company has raised an amount of ₹395 crores by way of issue of Non-Convertible Debentures on private placement basis during the year. The outstanding amount of Non-Convertible Debentures issued by the Company is ₹1,559.28 crores as on 31st March, 2021.

During the year the Company issued Commercial Papers (CPs) aggregating to ₹100 crores on private placement basis.

(d) Contracts or Arrangements with Related Parties

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

(e) Internal Financial Control System

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

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

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

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

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

(f) Material changes affecting the Company

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

Insurance

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

Business Risk Management

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

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

Subsidiaries & Joint Ventures

As of 31st March, 2021, the Company has 14 subsidiaries, out of which 2 are step down subsidiaries. Norispharm GmbH, a wholly owned subsidiary of Torrent Pharma GmbH was liquidated w.e.f. 16th March, 2021.

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

The details of two associate companies of the Company is also shown in the AOC-1. These associate companies are Section 8 companies and primarily floated with another company of the Torrent group to carry out the CSR activities. UNM Foundation, an associate Company of the Company has been amalgamated with Tornascent Care Institute another associate Company of the Company by the order of NCLT filed with Ministry of Corporate Affairs on 26th April 2021 with appointed date as 01st April 2020.

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

Directors and Key Managerial Personnel

(a) Board of Directors

The Board of Directors of the Company is led by the Executive Chairman and comprises six other Directors as on 31st March, 2021, including one Whole-time Director, four Independent Directors which includes two Women Director and one Non-Executive Director (other than Independent Directors).

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

During the year under review, Dr. Chaitanya Dutt has completed his tenure as Director (Research & Development) of the Company and also stepped down as the Director of the Company with effect from 31st December, 2020.

The Board places on record its deep appreciation for the guidance and support provided by him for the overall growth of the Company during his tenure as a member of the Board and its Committees.

As per the provisions of the Companies Act, 2013, Samir Mehta, Executive Chairman (holding DIN: 00061903), retires by rotation at the ensuing AGM and being eligible has offered himself for re-appointment.

The Board has recommended:

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

for the approval of shareholders in the ensuing AGM. The brief resume and other relevant documents of the Directors being re-appointed are given in the Explanatory Statement to the Notice convening the AGM, for your perusal.

(b) Meetings of Board of Directors

Regular meetings of the Board are held to review performance of the Company, to discuss and decide on various business strategies, policies and other issues. A calendar of Board / Committee meetings for the year is prepared and circulated to the Directors well in advance to enable them to plan their schedule for effective participation in the meetings. During the year, five meetings of the Board of Directors were convened and held on 26th May, 2020, 30th July, 2020, 26th October, 2020, 8th February, 2021 and 2nd March, 2021. The intervening gap between two consecutive meetings was not more than one hundred and twenty days. Detailed information on the meetings of the Board is included in the Corporate Governance Report which forms part of the Annual Report.

(c) Audit Committee

The composition of the Audit Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of the Committee as on 31st March, 2021 is given below:

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

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

(d) Appointment of Directors

(i) Criteria for Appointment of Directors

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

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

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

(ii) **Process for Identification / Appointment of Directors**

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

Board considers such proposal on merit and decide suitably.

(e) Familiarisation Programme of Independent Directors

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

The details of such familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at **http://www.torrentpharma.com/pdf/cms/Familiarisation_Programme_2020-21.pdf**

(f) Board Evaluation

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

- The obtaining and consolidation of feedback from all directors for the evaluation of the Board and its Committees and Individual Directors (i.e. Independent and Non Independent Directors) were co-ordinated by the Chairman of the Board. The feedback on evaluation of the Board and its Committees was discussed in their respective meetings and the feedback on the evaluation of Individual Directors was discussed individually with them.
- The evaluation of Chairperson was co-ordinated by the Chairperson of the Independent Directors meeting.
- The Independent Directors met on 8th February, 2021 with respect to the above process.

(g) Key Managerial Personnel

There was no change in the Key Managerial Personnel during the year under review other than the directors as already captured in this report.

(h) Directors' Responsibility Statement

In terms of Section134(3)(c) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31st March, 2021, the Board of Directors state that:

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

ii. reasonable and prudent accounting policies have been used in preparation of the financial statements and that they have been consistently applied and that reasonable and prudent judgements and estimates have been made in respect of items not concluded by the year end, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit for the year ended on that date;

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

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

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

Remuneration

(a) Remuneration Policy

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

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

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

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

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

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

(c) Remuneration to Managerial Personnel

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

(d) Particulars of Employees and related disclosures

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

Auditors

(a) Statutory Auditors

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), were appointed as the Statutory Auditors of the Company to hold office for five years from the conclusion of Forty Fourth AGM held with respect to the financial year 2016-17, up to the conclusion of the Forty Ninth AGM to be held with respect to the financial year 2021-22.

(b) Cost Auditors

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company has prepared and maintained the cost accounts and records for the year 2020-21.

The Company has appointed M/s. Kirit Mehta & Co., Cost Accountants, Mumbai (Firm Registration No. 000353) as the Cost Auditors of the Company for audit of cost accounting records of its activities (Formulation & Bulk Drugs activities) for the financial year ended 31st March, 2021. The Cost Audit Report to the Central Government for the financial year ended 31st March, 2020 was filed on 25th August, 2020, within the statutory timeline. Further, the Board of Directors has appointed M/s. Kirit Mehta & Co. as the Cost Auditor of the Company for the financial year 2021-22 and fixed their remuneration, subject to ratification by the shareholders in the ensuing AGM of the Company.

(c) Secretarial Auditor

The Board, pursuant to Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, had appointed M/s. M. C. Gupta & Co., Company Secretaries, as the Secretarial Auditors of the Company to conduct the Secretarial Audit as per the provisions of the Companies Act, 2013 for the year 2020-21.

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

During the year 2020-21, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Corporate Governance

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

Annual Return

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at the link **https://torrentpharma.com/pdf/investors/Annual_Return_2020-21.pdf**

Conservation of Energy, Technology Absorption, etc

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

Appreciation and Acknowledgements

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

For and on behalf of the Board of Directors

Ahmedabad
18th May, 2021

Samir Mehta
Executive Chairman

Annexure A to the Directors' Report

Form No. AOC – 2

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

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

1. Details of contracts or arrangements or transactions not on arm's length basis: **NIL**
   - (a) Name(s) of the Related Party and nature of relationship
   - (b) Nature of contracts / arrangements / transactions
   - (c) Duration of the contracts / arrangements / transactions
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   - (e) Justification for entering into such contracts or arrangements or transactions
   - (f) Date(s) of approval by the Board
   - (g) Amount paid as advances, if any
   - (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.
2. Details of material contracts or arrangements or transactions at arm's length basis[1]:
   - (a) Name(s) of the Related Party and nature of relationship:

     Name – Torrent Pharma Inc., USA (TPI).

     Nature – Wholly-owned subsidiary.
   - (b) Nature of contracts / arrangements / transactions:

     The Company and TPI has entered into following contracts:
     - i. Product Supply Agreement
     - ii. Manufacturing and Supply of pharmaceutical products by the Company to TPI.
     - iii. Liaison and regulatory support by TPI to Company
     - iv. Product Development by Company for TPI
   - (c) Duration of the contracts / arrangements / transactions:
     - i. Product Supply Agreement – Valid from 1st April, 2019 till 31st March, 2024.
     - ii. Liaison Support Agreement – Valid from 1st April, 2009 till 31st March, 2023.
     - iii. Manufacturing and Supply Agreement – Valid from 29th October, 2018 till 28th October, 2023.
     - iv. Development Agreement – Valid from 1st May, 2019 till 30th April, 2029.
   - (d) Salient terms of the contracts or arrangements of transactions including the value, if any:
     - i. Product Supply Agreement:
       - a) Purpose – TPI to purchase its total requirements of the Products listed in the Agreement from the Company.
       - b) Order – To be placed at least 16 weeks prior to expected delivery date.
       - c) Delivery – To be on DDP (INCOTERMS 2010).
       - d) Credit Term – 210 days.
       - e) Supply Price – Mutually agreed between the Parties.

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

ii. Liaison Support Agreement:

a) Purpose – TPI to promote Company's business in USA and act as a legal agent on all matters related to the USFDA

b) Compensation – Company follows Cost Plus Method for this arrangement

iii. Manufacturing and Supply Agreement:

a) Purpose – Company to manufacture and supply the Product listed in the Agreement.

b) TPI grants license to the Company to use the Product Technology and the trademarks of TPI on non-transferable basis for the purposes of manufacturing, packaging and labelling of the Products listed in this Agreement.

c) Order – To be placed at least 16 weeks prior to expected delivery date

d) Delivery – To be on DDP (INCOTERMS 2010)

e) Credit Term – Mutually agreed between the Parties

f) Supply Price – Mutually agreed between the Parties

iv. Development Agreement:

a) Purpose – Company to develop the Product listed in the Agreement

b) Company will incur research and development cost in respect of products listed in the agreement and will transfer the developed technology to TPI. The Company will also support in activities relating to ANDA filing activities by TPI and in providing response of regulatory queries relating to such products.

c) Credit Term – Mutually agreed between the Parties.

d) Compensation – Cost plus model for this arrangement.

During the financial year 2020-21, the net value of the transactions with TPI is ₹1,077.43 crores.

(e) Date (s) of approval by the Board, if any:

Approval of the Board is not required under Section 188(1) of the Companies Act, 2013.

(f) Amount paid as advance, if any: Nil

For and on behalf of the Board of Directors

Ahmedabad
18th May, 2021

Samir Mehta
Executive Chairman

Annexure B to the Directors' Report

Annual Report on CSR Activities for the year 2020-21

1. Brief outline on CSR Policy of the Company.

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

2. Composition of Corporate Social Responsibility and Sustainability Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSRS Committee held during the year	Number of meetings of CSRS Committee attended during the year
1	Ameera Shah	Chairperson / Independent Director	2	2
2	Nayantara Bali	Independent Director	2	2
3	Shailesh Haribhakti[1]	Independent Director	N.A	N.A
4	Jinesh Shah[1]	Whole-time Director	N.A	N.A
5	Dr. Chaitanya Dutt[2]	Whole-time Director	2	2

1. Shailesh Haribhakti and Jinesh Shah were appointed as the members of the Committee with effect from 8th February, 2021 and 26th October, 2020 respectively.
2. Dr. Chaitanya Dutt ceased to be a member of the Committee with effect from 31st December, 2020 on completion of his tenure as Director (Research & Development) of the Company and stepping down as the Director of the Company.

3. Provide the web-link where Composition of CSRS committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

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

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

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not applicable for financial year 2020-21

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

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

6. Average net profit of the Company as per section 135(5): ₹872 crores

7.

a) **Two percent of average net profit of the Company as per section 135(5):** ₹17.44 crores

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

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

d) **Total CSR obligation for the Financial Year (7a+7b-7c):** ₹17.44 crores.

* ₹1.39 crores surplus arising at implementing agency level from temporary investment of the funds has not been included in 7 (b)

8.

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

Total amount spent for the Financial Year (₹ in crores)	Amount Unspent (₹ in crores)				
	Total amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
22.29**	NIL				

**Excluding ₹1.39 crore surplus arising at implementing agency level from temporary investment of the funds.

b) **Details of CSR amount spent against ongoing projects for the Financial Year:**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration*	Amount allocated for the project (₹ in crores)	Amount spent in the current financial Year (₹ in crores) (Refer Note)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in crores)	Mode of Implementation – Direct (Yes / No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	**REACH - Paediatric Healthcare Programme**	Community Healthcare, Sanitation & Hygiene (Promoting healthcare including preventive healthcare)	Yes	Various districts in the State of Gujarat like Kamrej, Mandvi, Mangrol, Olpad in Surat, Vagra, Amod in Bharuch, Balasinor in Mahisagar, Jotana, Kadi in Mehsana, Galteshwar, Kapadvanj, Kathlal, Thasra, Nadiad in Kheda, Kalol in Gandhinagar		3 years	21.54	21.53**	Not applicable	No	Tornascent Care Institute (section 8 company)	CSR00004202 (received on 29th April, 2021)
2	**Garden Development (Phase II)**	Social Care and Concern (Ensuring environmental sustainability, ecological balance and protection of flora and fauna)	Yes	Ahmedabad district in the State of Gujarat		3 years	-	2.03***	Not applicable	No	UNM Foundation (section 8 company)	Amalgamated with Tornascent Care Institute and hence, not applied for registration
3	**Shiksha Setu (Quality Education Programme) (Rural and Urban Slum Area)**	Education and Knowledge Enhancement (Promoting education)	Yes	Sabarmati in Ahmedabad, Kamrej in Surat, Vudgam in Banaskatha, Kadi in Mehsana, in the state of Gujarat		3 years	-	0.37***	Not applicable	No		

* Excluding year of commencement

** Contribution to the implementing agency during the financial year.

*** Out of the funds lying with the implementing agency prior to 2020-21.

Note: CSR spend as mentioned above excludes ₹1.39 crore surplus arising at implementing agency level from temporary investment of the funds.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in crores	Mode of implementation – Direct (Yes/ No)	Mode of Implementation – Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	**Primary School Education & Community Development work**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	Yes	At Village Bhud and Makhnu Majra (Rural Area, Baddi), Ta Nalagarh, Dist Solan, Himachal Pradesh		0.41	Yes	Directly by Company	NA
2.	**Upgradation / Maintenance of School and other infrastructure facilities**	a. Education and Knowledge Enhancement (Promoting education) b. Community Development Work	Yes	Sikkim, Dahej, Vizag & Pithampur locations		0.35	Yes	Directly by Company	NA
3.	**Maintenance of Public Parks**	Social Care & Concern (ensuring environmental sustainability, ecological balance and protection of flora and fauna)	Yes	Ahmedabad, Gujarat		0.53***	No	UNM Foundation (section 8 company)	Amalgamated with Tornascent Care Institute and hence, not applied for registration
4.	**Indrad School and Medical OPD**	Promoting Education & healthcare	Yes	At Village Indrad, Taluka Kadi, Dist Mehsana, Gujarat		0.002	Yes	Directly by Company	NA

*** Out of the funds lying with the implementing agency prior to 2020-21.

(d) Amount spent in Administrative Overheads: Not Applicable

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹22.29 crores*

* CSR spend disclosed under Sr. No. 8(b)(2) & (3) and 8(c)(3) have not been considered, as spent out of the funds lying with the implementing agency prior to 2020-21.

(g) Excess amount for set off, if any: ₹4.85 crores

Sr. No.	Particular	Amount (₹ in crores)
(i)	Two percent of average net profit of the company as per section 135(5)	17.44
(ii)	Total amount spent for the Financial Year	22.29*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	4.85
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	**
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	4.85

* CSR spend disclosed under Sr. No. 8(b)(2) & (3) and 8(c)(3) have not been considered, as spent out of the funds lying with the implementing agency prior to 2020-21.

** Excluding ₹1.39 crore surplus arising at implementing agency level from temporary investment of the funds.

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in Crore)	Amount spent in the reporting Financial Year (₹ in crores)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (₹ in crores)
				Name of the Fund	Amount (₹ in crore)	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding Financial Year(s): Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in Crore)	Amount spent on the project in the reporting Financial Year (₹ in Crore)	Cumulative amount spent at the end of reporting Financial Year (₹ in Crore)	Status of the Project - Completed / Ongoing
No projects were classified as an ongoing project in the preceding Financial Year.								

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

(asset-wise details)

Date of creation or acquisition of the capital asset(s)	Amount of CSR spent for creation or acquisition of CSR assets (₹ in crore)	Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.	Details of the capital assets created or acquired (including complete address and location of the capital asset)
31st March, 2021	8.30	Tornascent Care Institute "Samanvay", 600 Tapovan, Ambawadi, Ahmedabad - 380015	Part of expenditure for construction of Hospital building of REACH Project and related road construction. Situated near SUGEN Power Plant, Off National Highway No. 8, Taluka: Kamrej, District: Surat- 394155 (Gujarat)

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

Samir Mehta
Executive Chairman

Ahmedabad
18th May, 2021

Ameera Shah
Chairperson CSR Committee

Dubai
18th May, 2021

Annexure C to the Directors' Report

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

A. Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the year 2020-21 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the year 2020-21 are as under:

Sr. No.	Name	Designation	Ratio of Remuneration of Director to Median Remuneration of employees	% increase in Remuneration in the year 2020-21
1	Sudhir Mehta	Chairman Emeritus	90.85(1)	0.00 (1)
2	Samir Mehta	Executive Chairman	363.47(2)	0.00 (2)
3	Shailesh Haribhakti	Independent Director	7.90	0.00
4	Haigreve Khaitan	Independent Director	7.90	6.10
5	Ameera Shah	Independent Director	7.54	12.16
6	Nayantara Bali	Independent Director	7.36	(2.41)
7	Dr. Chaitanya Dutt	Whole-time Director	152.52(2)(3)	--(2)(3)
8	Jinesh Shah	Whole-time Director	93.91(2)	--(4)
9	Sudhir Menon	Chief Financial Officer	NA	12.20(2)
10	Mahesh Agrawal	Company Secretary	NA	9.96(2)

(1) Subject to the approval of the shareholders in the ensuing Annual General Meeting (AGM).

(2) Also entitled to group personal accident and group mediclaim policy.

(3) Dr. Chaitanya Dutt completed his tenure as Director (Research & Development) of the Company and also stepped down as the Director of the Company w.e.f. 31st December, 2020. Hence the remuneration paid during 2020-21 was for the part of the year and also not comparable with 2019-20.

(4) Jinesh Shah appointed as Whole-time Director w.e.f. 1st August, 2019. Hence remuneration paid during 2019-20 was for the part of the year and not comparable with 2020-21.

B. The percentage increase in the median remuneration of employees in the financial year under review is 6.61%. The employees whose remuneration is determined based on negotiations, employees who have not received the increment for full year and the employees at representative offices of the Company abroad have been excluded for this purpose.

C. The Company has 12,531 employees on the rolls of Company as on 31st March, 2021.

D. The increase made in the salaries of employees other than managerial personnel during the year under review was 7.75% and there is no increase in managerial remuneration compared to last year. The remuneration paid to Dr. Chaitanya Dutt for the 2020-21 and Jinesh Shah for the 2019-20 were for the part of the year and hence not comparable.

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

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

For and on behalf of the Board of Directors

Ahmedabad
18th May, 2021

Samir Mehta
Executive Chairman

Annexure D to the Directors' Report

Form No. MR – 3

Secretarial Audit Report

For the Financial year ended 31st March, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Torrent Pharmaceuticals Limited,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, having its Registered Office at Torrent House, Off Ashram Road, Ahmedabad – 380 009 for the financial year ended on 31st March, 2021 according to the provisions of:

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

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

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

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

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

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

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

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

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

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

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

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

   a) The Drugs and Cosmetics Act, 1940

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

   c) The Drug and Price Control Order, 2013

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

e) The Patent Act, 1970

f) The Prevention of Cruelty to Animals Act, 1960

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

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

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

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

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

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

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

We further report that

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

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

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

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

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

1. The Company has issued Rated Secured Listed Redeemable Non-Convertible Debentures of ₹395 crores on 24th April, 2020 and 14th May, 2020.

2. The Company has issued unlisted Commercial Paper (CP) of ₹100 crores on 15th December, 2020.

3. The Board of Directors of the Company at its meeting held on 26th May, 2020 has given its consent for proposed amalgamation of UNM Foundation with Tornascent Care Institute, both being Section 8 Companies.

4. Norispharm GmbH, a foreign Wholly-Owned Subsidiary Company has been dissolved and an order of liquidation has been notified on 16th March, 2021, pursuant to the law of the concerned country.

5. The 47th Annual General Meeting of the members of the Company was held on 30th July, 2020 through VC / OAVM in terms of MCA General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020 and 20/2020 dated 5th May, 2020.

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

Mahesh C. Gupta
Proprietor
FCS: 2047 (CP: 1028)
UDIN: F002047C000338570

Ahmedabad
18th May, 2021

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

Annexure: "A"

To,
The Members,
Torrent Pharmaceuticals Limited,

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

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. In the situation of COVID-19 pandemic and resultant lockdown, we have conducted the Secretarial Audit based upon the online documents / information provided by and discussion with the management without personal visit to the Company's premises.
4. We have not verified the correctness and appropriateness of financial records and books of account of the Company.
5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Mahesh C. Gupta
Proprietor
FCS: 2047 (CP: 1028)
UDIN: F002047C000338570

Ahmedabad
18th May, 2021

Annexure E to the Directors' Report

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

To the Members of
Torrent Pharmaceuticals Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 3rd September, 2018 and addendum to the engagement letter dated 15th May, 2020.

2. We have examined the compliance of conditions of Corporate Governance by Torrent Pharmaceuticals Limited ("the Company"), for the year ended 31st March, 2021, as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

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

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March, 2021.

6. We conducted our examination of the above corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Guidance Note on Certification of Corporate Governance both issued by the Institute of the Chartered Accountants of India (the "ICAI"), in so far as applicable for the purpose of this certificate. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Restriction on use

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

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

Jamil Khatri
Partner
Membership No.: 102527
UDIN: 21102527AAAAA9318

Place: Mumbai
Date: 18th May, 2021

Annexure F to the Directors' Report

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

A. Conservation of Energy

1. Steps taken or impact on conservation of energy:

- Hazardous waste of high calorific value is supplied to cement industries as an alternate fuel in eco-friendly manner instead of its incineration. Co-processing of Dried ETP Sludge instead of landfill reduced load of landfilling and thereby reduced pollution load.
- Installed Nano-Filter at Indrad manufacturing facility helped to increase the recovery of RO plant from 90% to 95%. It has resulted in substantial saving of 1450 MT Steam per annum in MEE (Multiple Effect Evaporator).
- At Indrad manufacturing facility, replacing of conventional hot water system with Heat Pumps saved steam consumption substantially (about 40 MT / day). In turn, such heat pumps installation is curtailing the amount of fuel oil being used as fuel in boiler. This system is being extended at other buildings to further save steam requirement of 6 MT / day.
- Power factor maintained near Unity at various manufacturing facilities and R&D resulted curtailment of power losses and rebate from state electricity boards.
- Replacement of CFL / PL / Conventional lamps by LED at various manufacturing facilities and R&D.
- Replacement / Installation of energy efficient equipment (blower / Inverter AC) resulted in saving in electricity at R&D.

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

- The Company, as a part of renewable energy and to reduce carbon footprint, has installed & commissioned Solar power system of 1688 KW with annual 2.5 million KWH energy generation for captive consumption at Indrad and Oncology manufacturing facilities and R&D cumulatively.
- Waste to energy Initiative: Installed and commissioned Bio gas plant to use ETP biomass & food waste. Biogas is being used in Canteen for Cooking purpose and manure being used in landscape development at Indrad manufacturing facility. This has resulted in reduction of about 20% annual waste disposal under landfill category at Indrad and Dahej manufacturing facilities.
- "Green building" enabling more usage of natural lights and ventilation is the basic concept on which new buildings are designed and constructed. Various Power saving devices viz. more efficient electric drives / lights fixtures – LED / machines etc. are being installed.

3. The capital investment on energy conservation equipments:

- The capital investment on energy conservation equipment is ₹6.10 crores during the year 2020-21.

B. Technology Absorption

Particulars with respect to technology absorption are given below:

1. Efforts made towards technology absorption:

The Company has developed certain technologies in-house in relation to development of Pharmaceutical Formulations, which resulted into development of new Dosage forms for existing and new active drug substances. The Company has launched certain NDDS formulations in the Market to benefit the patients.

The Company has developed new processes / products for both local and international markets. It is also further expanding development and manufacturing portfolio in liquid segments.

The Company successfully completed Proof of concept a step towards real time release for dosage forms. This will help to reduce time for release of intermediates products and reduce cost.

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

The technologies adopted so far have given us the cost effective and robust quality products. Segment-wise quality assessment further strengthens quality improvement and prevent losses. The Company has put efforts to regularise alternate sources of raw materials usage via procuring from across globe, including in-house technology development and implementation, as a part of cost reduction, import substitution and to ensure consistency in product availability.

The Company has developed certain cost effective, energy efficient and environmentally friendly active ingredient and formulation processes.

3. Information of technology imported during last three year:

Sr. No.	Technology Imported	Year of Import
1.	LCMS	2020-21
2.	NuGenesis LMS Named	2020-21
3.	GCMS	2020-21
4.	Checkweigher	2020-21
5.	Absolute humidity control in coating machine for specialised products	2019-20
6.	Online Tablet / Capsule inspection system on counting machine	2019-20
7.	GC-Triple Quadrupole Mass Spectrometer (GC-MS / MS)	2019-20
8.	GC MS-MS	2019-20
9.	Inductively Coupled Plasma Mass Spectrometer (ICP-MS)	2018-19
10.	Lab Lyophilizer	2018-19
11.	Micro Fluidizer	2018-19

The above technologies have been fully absorbed except item no. 2 which is under process of absorption and will be fully absorbed during 2021-22.

4. Expenditure on R&D:

(₹ in crores)

Particulars	2020-21
Total R&D expenditure including Capital expenses	**371.12**
Total R&D expenditure as a percentage of turnover	**5.86%**

C. Foreign Exchange Earnings and Outgo

(₹ in crores)

Particulars	2020-21	2019-20
Foreign Exchange Earnings	**2153.94**	2079.25
Foreign Exchange Outgo	**713.61**	606.54

For and on behalf of the Board of Directors

Ahmedabad
18th May, 2021

Samir Mehta
Executive Chairman

Management Discussion and Analysis

To
The Shareholders

Caveat

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

Note

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

Global Economy

Although the global economy is emerging from the collapse triggered by the pandemic, the recovery is projected to be subdued. Global economic output is expected to expand 4% in 2020-21 but still remain over 5% below its pre-pandemic trend. Moreover, there is a material risk of setbacks in containing the pandemic or other adverse events derailing the recovery. Growth in emerging market and developing economies (EMDEs) is envisioned to firm upto 5% in 2020-21, but EMDE output is also expected to remain well below its pre-pandemic projection. The pandemic is likely to steepen the long-expected slowdown in potential growth over the next decade, undermining prospects. The heightened level of uncertainty around the global outlook highlights policy makers' role in raising the likelihood of better growth outcomes while warding off worse ones.

Global growth is projected to moderate to 3.8% in 2021-22, weighed down by the pandemic's lasting damage to potential growth. In particular, the impact of the pandemic on investment and human capital is expected to erode growth prospects in EMDEs and set back key development goals. The global recovery, which has been dampened in the near term by a resurgence of COVID-19 cases, is expected to strengthen over the forecast horizon as confidence, consumption and trade gradually improve, supported by ongoing vaccination.

Downside risks to this baseline predominate, including the possibility of a further increase in the spread of the virus, delays in vaccine procurement and distribution, more severe and longer-lasting effects on potential output from the pandemic, and financial stress triggered by high debt levels and weak growth. Global co-operation will be key in addressing many of these challenges.

Indian Economy

COVID-19 virus posed the most formidable economic challenge to India and to the world in a century. The imperative of flattening the disease curve was entwined with the livelihood cost of an imminent recession, which emanated from the restrictions in economic activities from the lockdown required to contain the pandemic. This inherent trade-off led to the policy dilemma of 'lives versus livelihoods'.

Governments and central banks across the world deployed a range of policy tools to support their economies, such as lowering key policy rates, quantitative easing measures, loan guarantees, cash transfers and fiscal stimulus measures. India recognised the disruptive impact of the pandemic and charted its own unique path, amid dismal projections by several international institutions, with reference to the outbreak in the country given its huge population, high population density and an overburdened health infrastructure.

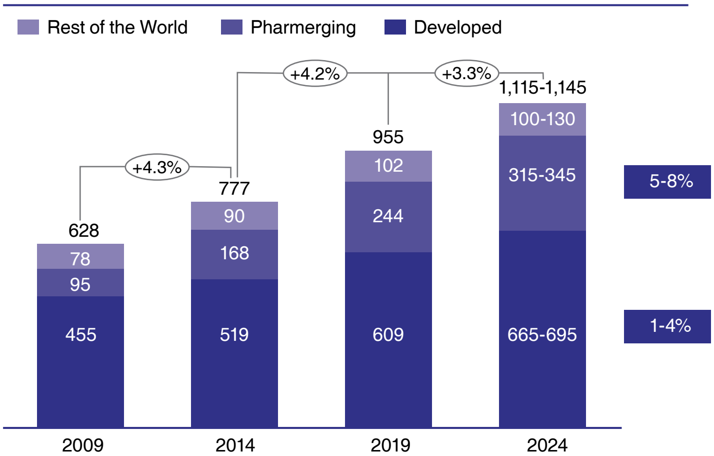
A favourable monetary policy ensured abundant liquidity and immediate relief to debtors via temporary moratoria, while unclogging monetary policy transmission. As anticipated, while the lockdown resulted in a 23.9% contraction in GDP in Q1 2020-21, the recovery has been a V-shaped one as seen in the 7.5% decline in Q2 and the recovery across all key economic indicators. Starting July, a resilient V-shaped recovery is underway, as demonstrated by the recovery in GDP growth in Q2 after the sharp decline in Q1, a sustained resurgence in high frequency indicators, such as power demand, E-way bills, GST collection, steel consumption, among others. The reignited inter- and intra-state movement and record-high monthly GST collections have marked the unlocking of industrial and commercial activity.

Global Pharma Market

Life science companies are facing unprecedented change. Their customers are changing, the nature of their products and sales models are changing, and they face new kinds of competitors. Budgetary pressures are affecting health care systems globally, payers are pushing back aggressively on prices and demanding evidence of value, and digitally empowered and increasingly informed patients are playing a more active role in their treatment. By 2025, many life science companies will have transitioned toward more patient-centric business models, offering products and services designed to improve outcomes and address the specific needs of empowered customers. The market will be characterised by mass customisation, enabled by continuous technological advancements and a host of new health care players.

Insights on Global Pharma Spending

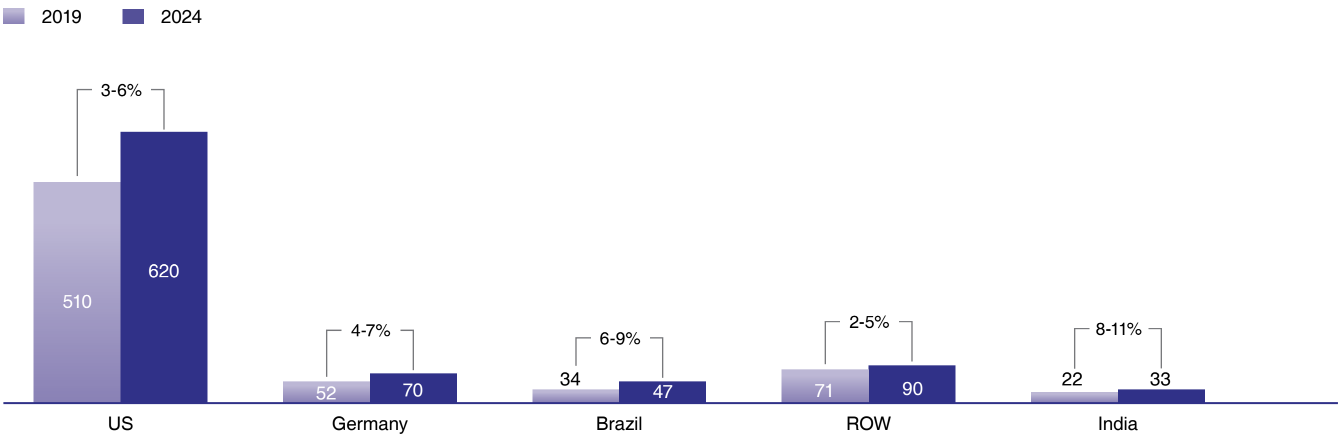
Global Pharma Spending (USD billion)



- Global medicine spending is expected to grow more slowly, but projected to exceed $1.1 trillion in the next five years
- The rise in spending is partly due to increased use, but is also driven by changes in the specialty and innovative product composition of new brands reaching the market. Other factors, such as pricing pressures and brand losses of exclusivity offset rises in spending. With these dynamics, spending growth is projected to slow in the next five years
- Developed markets are expected to see an average CAGR between 1–4% through 2023-24, below the historical 3.3% CAGR from 2014–19. Developed markets are expected to see slowing brand growth despite increases in specialty medicine spending, as greater brand losses of exclusivity (LOE) offset higher new brand product spending, and price and volume growth both slow
- Pharmerging markets are expected to show the most growth with a 5–8% CAGR through 2023-24. Most pharmerging market growth has been driven by access expansions, leading to greater volume use and adoption of more novel therapies
- Brand LOEs are projected to have a $139 billion negative impact on brand sales from 2020–24, compared to the $107 billion impact seen from 2014–19

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

Outlook on Pharma Spending across Key Markets (USD billion)



Emerging trends: Following are some novel advances that are expected to have an impact on the industry:

- Brand loss of exclusivity: Brand LOEs will result in $139 billion less in brand sales at invoice-level in developed markets, an increase in LOE impact compared with the $107 billion seen in the past five years. The largest losses are projected in 2023, with an expected $39 billion in losses in this year alone. Some losses are offset by generic uptake and increased uptake overall, meaning payer savings could be less than the stated amounts.
- Pricing pressure: With rising demand for healthcare and falling budgets, governments and payers are exerting pressure to drive down prices. Governments, insurers and patients are requiring greater transparency around drug pricing. Channel consolidation in the US continues to exert pressure on generic pricing. One of the challenges facing drug manufacturers is to build closer relationships with patients. This has many benefits – including better understanding of patient experience and improved adherence. However, the industry has some way to go to become a trusted part of the healthcare ecosystem.
- Specialty Pharma: Specialty medicines are used in treatment of complex, rare or chronic diseases. Specialty medicine spending currently account for 36% of global spending and is projected to account for 40% of global spending in 2023-24. New specialty products are increasingly in niche areas, primarily driven by oncology, immunology, autoimmune, HIV and multiple sclerosis therapies and are likely to affect more among small patient populations in the developed markets.
- Complex generics: A complex generic come with complex active ingredient, formulation, route of delivery, or drug device combinations. Complex generic drugs are cheaper than branded drugs and offer the opportunity to capture additional value for patients by addressing additional unmet needs and enabling complex drug manufacturers to achieve market differentiation and earn higher margins. Opportunities for generics remain strong and positive across the globe, with an increasing demand for affordable healthcare and government focus on cost control and expansion of medical infrastructure. The availability of cost-effective, safe generic alternatives offer a tool, that can be used to balance access to and affordability of many major therapies required to maintain a healthy population of patients across multiple disease areas.
- Pharma 4.0: Pharma 4.0, originally Industry 4.0, applied to pharmaceutical manufacturing, which is the addition of cyber-physical systems to computerise manufacturing while focusing on the human element. Four pillars of Pharma 4.0 – Resources, Information Systems, Organisation & Processes and Culture.

One of the main facets of the Resources pillar is digital transformation, which centres on real-time data and information to increase productivity, enable machine operators to do their jobs more efficiently, and further allow the use of predictive technologies, augmented reality (AR), virtual reality (VR), big data, artificial intelligence (AI) and machine learning (ML). It allows for connectivity through integrated systems, equipment, people, and other software systems; real-time visibility into operations; transparency for quicker reaction time; and, at its highest levels, predictability and self-optimisation in that the system can predict the outcome of a batch or machine's performance and self-correct. In this kind of environment, apps, smart sensors, or the Industrial Internet of Things (IIoT) are used as a means of first capturing the data from the floor, which is then transferred to the cloud, available for use.

- Biosimilars: Biosimilar products are an identical copy of an original product already authorised for use and offering new therapeutic options with the potential for cost savings to the healthcare system. The biosimilar market reached a value of US$ 5.1 billion in 2018-19 and projected to reach US$ 24.5 billion by 2024-25 growing at a CAGR of nearly 30% during the next five years.
- Growing incidence of chronic and sub-chronic therapies: With changing lifestyles, aging population and improved diagnosis, incidence of chronic diseases or life style therapies are significantly increasing. This includes therapies, such as Cardio-vascular, Anti-diabetic and Central Nervous System. This trend is even more prevalent in emerging markets like India and Brazil.

Growth Drivers

Longer Life Expectancy

With declining fertility and increased longevity, the relative size of older age groups is increasing

Changing Lifestyle

In today's world, sedentary lifestyle, changing dietary habits, hectic and stressful life, less sleep and certain environmental factors cause higher incidence of chronic diseases

Improving Purchasing Power

The middle-class population and per capital income continue to expand, driving demand for healthcare solutions, more particularly in emerging markets

Health Insurance and Infrastructure

Penetration of health insurance (both public and private) is expected to surge with the government sponsored initiatives and programs, making healthcare more affordable.

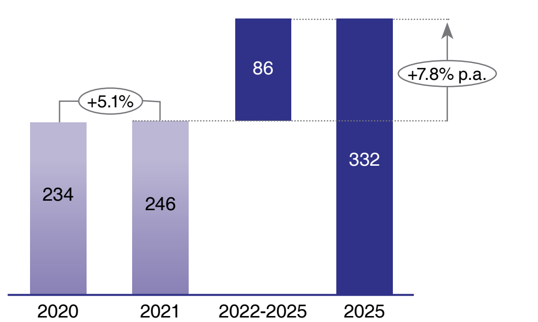
Digital and Advanced Analytics

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

Future of Generics

Generic medicine is designed to be identical as branded drugs, marketed by private companies in dosage form, strength, safety, route of administration, performance characteristics, quality, and intended use. Generic drugs work in the same way as branded drugs in terms of clinical benefits. Generic drugs are manufactured after the expiration of the exclusive rights or patent of the branded drugs.

Global Generics Market ($ billion)



The global generic pharmaceuticals market is expected to grow from $233.66 billion in 2019-20 to $245.6 billion in 2020-21 at a compound annual growth rate (CAGR) of 5.1%.

Growth is mainly due to the companies resuming their operations and adapting to the new normal while recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities, resulting in operational challenges.

The Generic pharmaceuticals market is expected to reach $331.54 billion in 2024-25 at a CAGR of 7.8%.

The rising incidence of chronic diseases is one of the major drivers of the generic pharmaceuticals market. As more individuals are diagnosed with chronic diseases, they look for more medicines for the treatment. Branded drugs come at a premium price, while generic drugs are available at a lower cost having the same chemical composition of branded drugs. The low-cost and same chemical composition and strength of generic drugs make a patient buy generic drugs instead of branded drugs. If it is a chronic disease, the treatment goes for a longer period of time and hence, the sales of generic drugs also increase. For instance, according to the WHO (World Health Organisation), over the next 10 years, the deaths due to chronic disease is projected to increase by 17%. Also, in 2019-20, almost 3-quarters of all deaths in the world is due to chronic diseases.

The market of the generic drugs consists of both Branded Generics and Non Branded Generics. Branded Generic drugs are marketed under another the company's brand name but they are bioequivalent to their generic counterparts. It is expected that the global Branded Generics market will be led China, India and Asia Pacific (excluding Japan). Drugs for cardiovascular diseases and diabetes, which account for major share of Branded Generics sales in the global market, are projected to remain at the top over the next 10 years.

COVID-19 Pandemic: Impact Assessment and Mitigating Measures

COVID-19 pandemic and related lockdowns across different markets impacted pharma supply chains on intermittent basis. Torrent Pharma proactively took all the required measures to ensure continuity of supplies to its patients and safeguarding of health of its employees and their families.

Key impacts of COVID-19 pandemic

1. Contraction in economic activities and consequent slowdown in pharmaceuticals growth across different markets
2. Intermittent disruptions in API/input supplies and consequent impact on its costs
3. Slowdown in research & development activities
4. Reduction in face-to-face interactions in order to adhere to social distancing norms
5. Restrictions on inter-region travel
6. Postponement of elective surgeries and operations by patients

Key measures by Torrent Pharma

1. Inching up inventory of key inputs/APIs and output supplies to ensure supply continuity
2. Focus on chronic and sub-chronic portfolios that are relatively insulated from the pandemic
3. Adoption of digital selling tools and technology by sales representative to continuously engage with health care professionals
4. Setting up a crises management team, to monitor employees' health status and exposure to virus
5. Extending COVID-19 insurance to all employees and their family members
6. Promoting 'work-from-home' and digital work place environment to restrict face-to-face contacts
7. Conducting COVID-19 test at regular intervals
8. Starting vaccination drive for its employees

Regulatory

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

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

China Plus One Strategy coupled with Production Linked Incentive (PLI) scheme

The pandemic has aroused renewed interest for the 'China Plus One' strategy to enhance supply chain resilience, by diversifying manufacturing activities into other countries. Global companies stepped up efforts to implement the ‘China Plus One’ strategy, of diversifying and de-risking their supply chains in the wake of the COVID-19-induced disruptions and US-China trade tensions. This provides a unique opportunity for India to emerge as a global manufacturing hub.

India stands out as an attractive option due to its strategic location, a large domestic market, skilled labour and low labour cost, among others. On top of these arguments the policy offer, 'Production-Linked Incentive Scheme', announced in April 2020, is proving to be attractive to many manufacturers, more importantly to pharmaceuticals manufacturers. After the pandemic, global pharma majors are securing supply chains and reducing dependence on China. China’s huge economies of scale account for the 25-30% cost difference between Chinese and Indian APIs and intermediates. India imports 68% of its requirements from China. The government has launched a ₹3,000 crores scheme for setting up bulk drug parks. It has also announced a production-linked incentive scheme of ₹6,940 crores, targeting domestic manufacturing of 53 APIs with high dependence on imports. Additionally, in February 2021, the cabinet also approved a production linked incentive scheme for pharma sector, entailing an outlay of ₹15,000 crores. The China Plus One policy coupled with the Government of India's PLI scheme, is likely to improvise the competitiveness of Indian Pharmaceuticals Manufacturers in the long run.

Key Developments

Following the exit of UK and transition period ending, the post Brexit relationship between the UK and the European Union are hard to predict which is leading to many uncertainties on what will be the consequence of a complete exit. While it is already made clear that the UK’s departure from the EU will remove the British drug market from the jurisdiction of the European Medicines Agency (EMA), the future relationship is strongly dependent on how successful the negotiators will be in reaching a deal on the contractual framework outlining the guidelines of the relationship, including the agreements on medicines and related regulations and procedures.

The new pharmaceutical strategy announced by European Commission will define both legislative and non-legislative actions covering the whole ecosystem of pharmaceuticals industry with a vision to build a stronger European Health Union. The key objective is to ensure that patients have access to innovative and affordable medicines and to support the competitiveness, innovative capacity.

Mergers & Acquisitions (M&A)

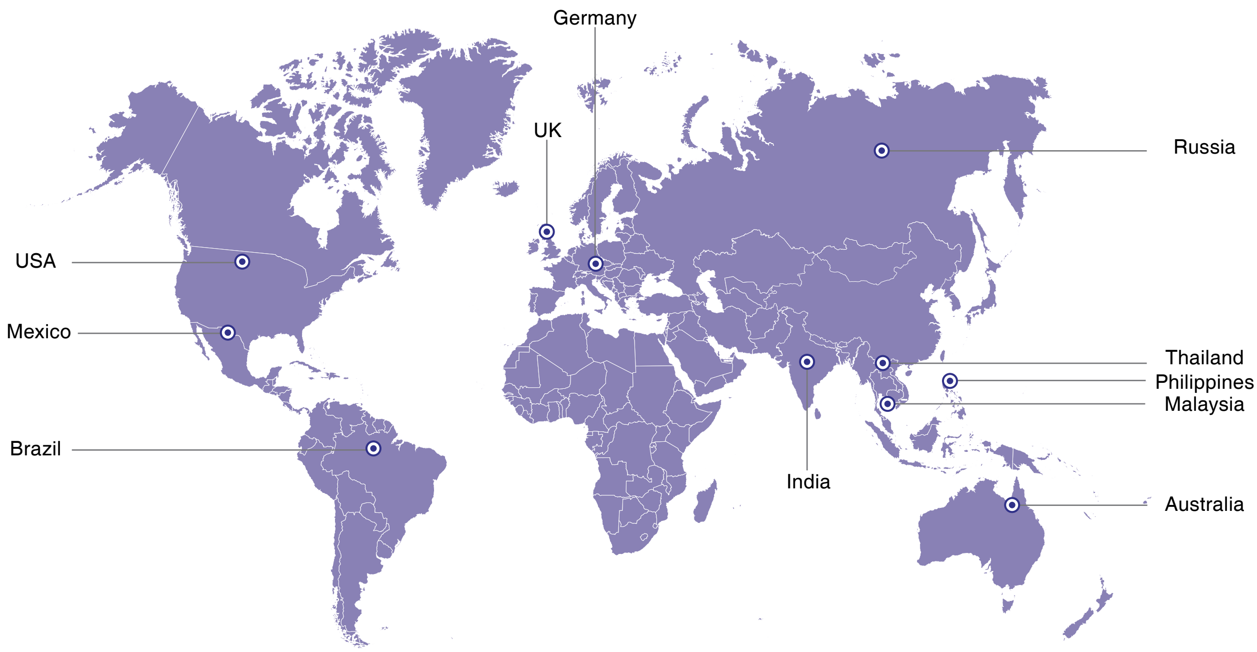
M&A play a crucial role in the growth strategies for life science companies. Over the last few decades, waves of M&A have led to significant consolidation within the industry. M&A is an important mechanism for achieving growth when opportunities for organic expansion are limited or non-existent. Large pharmaceutical companies has turned to megadeals to address pipeline, therapeutic, and geographic expansion needs. Bolt-on acquisitions have also increased as large companies snap up emerging/specialty companies with promising novel drug candidates. Consolidation and megadeals in particular, provide drug companies with the level of income necessary to fund R&D and new drug development. Revenue growth has been increasingly challenging in the face of growing generic and biosimilar competition, downward pricing pressure and shrinking pipelines due to patent expiries or R&D failures and more complex regulatory requirements. M&A provides a means for gaining access to new revenue streams, particularly for companies with significant cash reserves.

Owing to COVID-19, H1 2020 was an unprecedented time for dealmaking in the life science sector. While the COVID-19 pandemic rapidly provoked a significant level of partnering activity among biopharma companies keen to expedite the development of vaccines or therapeutics to tackle the virus, it also acted as a brake on other types of dealmaking, most notably M&A, which saw a sharp decline in activity as a result of uncertainty and operational disruption. Indeed, H1 2020 was notable for the absence of any US$5 billion deals on the scale seen in previous years as companies instead focused their attentions on internal programmes and potential COVID-19 solutions, opting only for a few asset-driven acquisitions. As a result, aggregate spending on M&A by life science companies plummeted to just US$19.1 billion in the first 6 months of 2020. The COVID-19 pandemic had a profound effect on M&A activity in H1 2020, with the number of deals announced down by 14% on H1 2019 as M&A dropped down the corporate priority list amid a barrage of operational challenges. Moreover, the aggregate total value of all M&A deals signed in H1 2020 plummeted by 91%.

Infectious diseases overtook oncology to become the principal therapy area for dealmaking in H1 2020 in terms of deal volume, driven by a plethora of deals centered on COVID-19 as life science companies quickly rose to the challenge presented by the virus. Indeed, many companies focused resources on COVID-19 that ordinarily would have been directed elsewhere. Collaborative R&D alliances jumped in number as the industry combined expertise to advance the development of COVID-19 therapeutics and vaccines while pharmaceutical companies looked to supplement their internal R&D endeavours with external research in core therapeutic areas.

Recording the performance

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



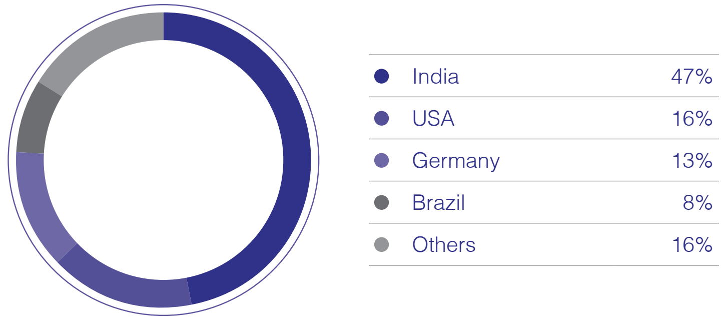
During the year 2020-21, the Company reported revenues of ₹8,005 crores, growth of 1% compared with ₹7,939 crores in the previous financial year.

Revenue Breakup

Revenue (in crores)	2020-21		2019-20		Growth
	Amount	Share	Amount	Share	%
India	**3,739**	**47%**	3,517	44%	6%
USA	**1,261**	**16%**	1,523	19%	-17%
Germany	**1,038**	**13%**	947	12%	10%
Brazil	**630**	**8%**	715	9%	-12%
Other countries	**820**	**10%**	766	10%	7%
CRAMS/others	**517**	**6%**	472	6%	10%
Total	**8,005**	**100%**	**7,939**	**100%**	**1%**

Torrent's core competencies

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

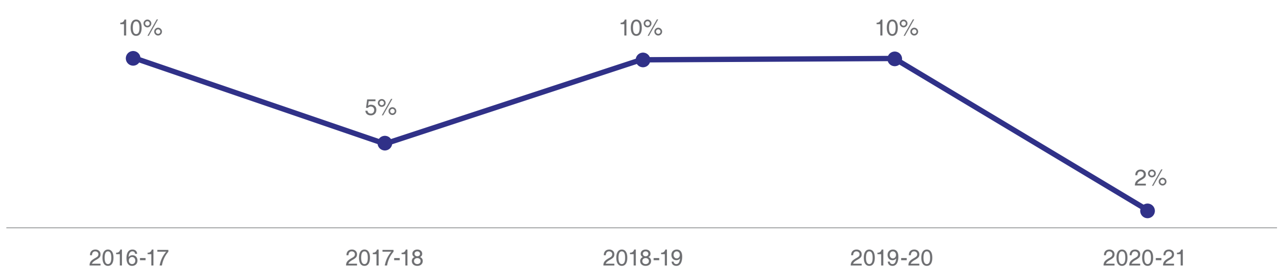


India

The Indian pharmaceutical market (IPM), which is valued at more than $20 billion has demonstrated its resilience in 2020-21 during the pandemic. Over the past several years, the IPM has exhibited a strong growth trajectory and is fundamentally poised to remain a double-digit growth market owing to several demand levers over the coming years. With rising prevalence of chronic diseases, a significant push towards increasing healthcare coverage towards a large set of the population coupled with government support and insurance coverage, volume growth in the IPM in all therapies is more than likely to sustain this momentum in the near term, and even increase over the medium term. Notwithstanding the therapy specific impact that the pandemic is likely to have in the coming year 2021-22, the IPM should grow at a significantly higher rate than the previous year.

The fiscal 2020-21 witnessed demand disruptions in several forms; lockdowns reduced patient footfalls, general infections remained low due to greater social distancing measures followed, and physician practice was impacted in the first half of the year. On the other hand, pandemic related drugs, including repurposed antivirals, multivitamins, immunity boosters and nutraceuticals saw a boost. In 2021-22, while the impact related to lockdowns may be much lower on an annual basis, the second wave of the pandemic is likely to affect overall demand in the first half of the year.

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



For the year ended 31st March 2021, India continues to be the largest business unit contributing 47% to the Torrent Pharma's revenues.

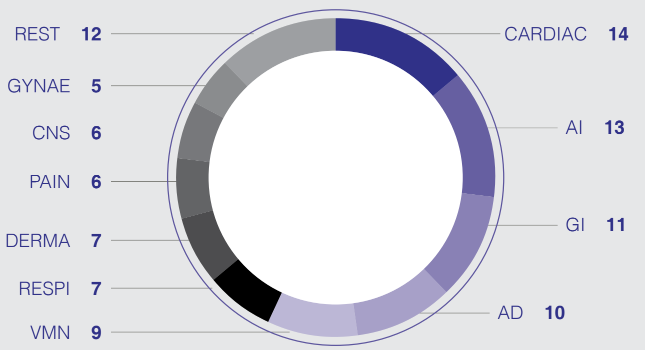
The Company is ranked 8th in the IPM and continues to grow faster than the market. It has the 5th position among combined chronic and sub-chronic therapy areas, with 16 brands featuring among the Top 500 brands of the IPM, 10 brands have revenue of over ₹100 crores.

8th largest Company in IPM	5th ranked among combined chronic/sub-chronic segment*	6th ranked by prescription at specialists
16 brands among Top 500 Brands in IPM	10 brands above 100 crores	Ranked among Top 5 across CVD, VMN and CNS therapy areas

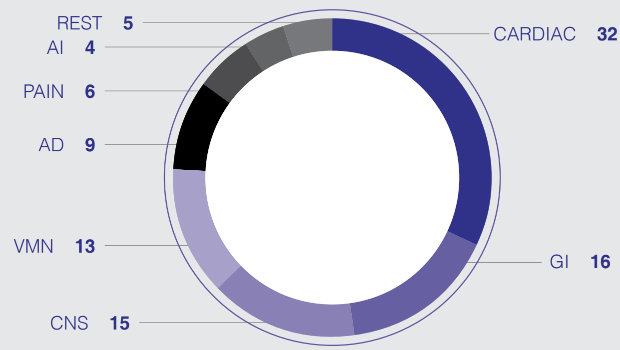
In IPM, Cardiac is the major contributor followed by Anti Infective, Gastro-intestinal, Anti-diabetic and Vitamin Mineral Nutrients (VMN) segment. Torrent Pharma has strong presence in Cardiac, Gastro-intestinal, CNS, Vitamin Minerals Nutrients and Anti-diabetic, with Top 5 therapies contributing 85% to sales.

*February 2021 AIOCD Data

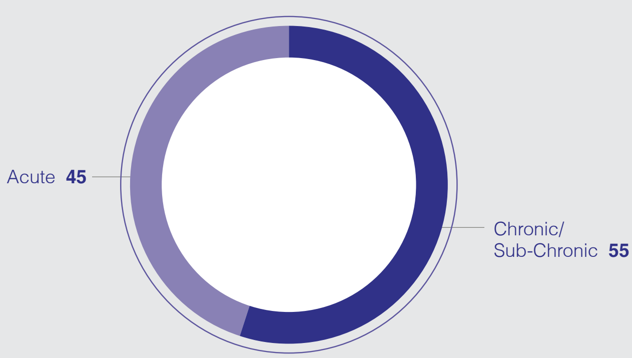
IPM (%)



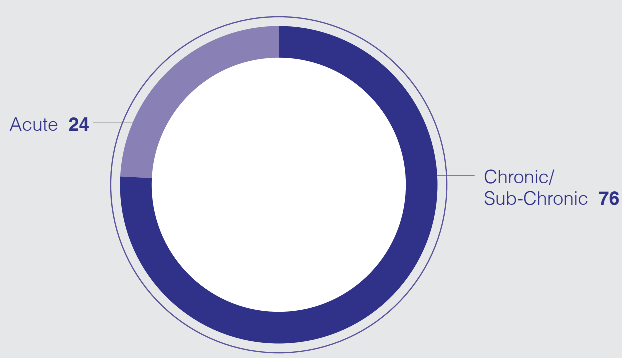
TPL (%)



IPM (%)



Torrent (%)



Torrent Pharma continues to emphasise on chronic therapies as its main area of focus and hopes to continue gaining market share in key sub-therapies. Torrent Pharma has seen a rank improvement across anti-diabetic, derma and gynecology therapy areas compared to last year:

Ranking

Cardiac	CNS	VMN	GI	Pain	Anti Diab*
2nd	4th	4th	6th	11th	10th

*without Insulin

New introductions in key therapies have been a focus area for Torrent Pharma to drive higher than market growth and it has launched a significant number of new products in 2020-21. In addition to patent expiration launches, Torrent Pharma has launched several brand extensions with first-in-India combinations for unmet needs, and this will remain a focus for the coming years. Some important new introductions in key markets were - Dapagliflozin and Rivaroxaban in the CVD therapeutic area; Brivaracetam in the CNS segment; Obeticholic Acid within the Gatro-intestinal therapy along with strengthened presence in Pain Analgesic segment through NDDS Tapentadol Nasal Spray. Tapentadol NS is Torrent's own patented and in-house developed nasal spray for severe pain management.

The fiscal year would not provide as many opportunities for new launches due to a lower number of patent expirations, however our pipeline over the next three years remains robust and the focus will be to ensure leadership positions in all recent launches from the last two years.

Field force productivity has been an important focus area for Torrent Pharma and over the last five years the Company has been able to significantly enhance per capita per month (PCPM) productivity, by optimising focus on brand building. From a PCPM of under ₹5 lakhs in 2017-18, The Company's PCPM has crossed ₹8 lakhs in 2020-21 and it continues to set a goal of achieving a PCPM of ₹10 lakhs, which is nearly double the industry average. The Company's continued focus on operational efficiency and high chronic mix have been key enablers in achieving this improvement, and while it still believes there is much greater room for productivity upside, it conducts periodic evaluations on the need for field force expansion. Over the next two to three years, as the Company enters more high potential markets and launch new products, there would be a need for sizeable expansion of the field force in certain therapies, to ensure it remains competitive across its focus markets without diluting focus on the existing portfolio.

The pandemic has led to a surge in the use of digital for marketing and reaching out to physicians, and the second wave has further emphasised the need for digital adoption. Torrent Pharma is geared up to adapt to digital as an evolutionary marketing approach, rather than revolutionary, and will continue to innovate in the field of digital marketing. It is the belief that a good part of digital initiatives taken up during the pandemic would persist following the pandemic, and in fact many of these initiatives would end up proving much more effective compared to traditional counterparts. At the same time, the Company does not foresee digital to significantly alter the cost structure and would instead use it as a complementary tool to the existing promotions.

Brazil

Brazil is the largest pharmaceutical market in Latin America and the 10th largest in the world. The Brazilian pharma market is estimated to be around US$ 33.6 billion as of Dec-2019 and is expected to grow through a year-on-year growth of 6-9% over next 5 years, depending on expected improvements on macroeconomic parameters under government controls and its policies.

Brazil's economic scenario worsened due to the pandemic. GDP in 2019-20 declined by 4.1%. Inflation is expected to remain in the range of 4% to 5% in 2021. Apart from economic impact, Brazil is still facing difficulties in implementing reforms. In 2019-20, both tax and administrative reforms were included in Congress' agenda but are still facing resistance. Main objective of tax reform is to simplify taxation rules by implementing GST (Goods and Service Tax) whereas administrative reform is to address the fiscal imbalances and high cost of the administrative structure. Economic challenges stemming from productivity and low investments remain to be addressed by the government also through privatisation of state-owned companies.

Despite negative GDP growth and COVID-19 impact, the Brazilian pharmaceuticals market has been resilient, registering a growth of 8.9% for 2020-21. Government subsidies under health care schemes has reduced while opportunity for the pharmaceutical companies to gain from direct sales to consumers is increasing. On the regulatory front, the Brazil government is assessing changing the patent regulation to allow early entry of generic players.

During the year, Brazilian operations registered revenue of ₹630 crores (sales in local currency BRL 454 million, 11% growth in constant currency). Growth in rupee terms was negative due to depreciation of Brazilian currency, which depreciated by 30% against US dollars in 2020-21. In our focused business (Branded-Generic and Generic-Generic) the Company grew by 14% at constant currency. The Company intends to gain market share through specialty focus, enhancing field force productivity, new product filings and new launches. In parallel, it is preparing for entry into newer therapeutic segments.

Among the Indian companies, in terms of value Torrent Pharma ranks No. 1, with the second largest less than half of the size of Torrent (IQVIA dataset). Currently, Torrent has commercialised 24 Branded Generics and 20 Generic products. In its Branded Generic portfolio, the Company has 11 filings awaiting approval, 23 under preparation for filing in existing business and 17 in new business. In addition, the Company has been building its portfolio in the Generic segment with parallel filings and launches of its Branded Generic products.

USA

USA continues to be the largest pharmaceutical market, accounting for approximately 41% of global pharmaceutical spending. It recorded 4% CAGR for 2014-19 and is expected to grow at 3-6% CAGR to US $605-635 billion by 2023-24.

Growth will likely be principally driven by the development and launch of innovative specialty drugs but will be partially tempered by existing drug patent expiries and cost reduction initiatives by payers.

Generic drugs play a vital role in facilitating access to lifesaving medicines and remain a public health priority for the U.S. Food and Drug administration (FDA). There are more than 10,000 FDA-approved Generic drugs and nine of every 10 prescriptions in the U.S. are filled by Generics. Generic drugs have saved the health care system close to $2.2 trillion dollars in the past decade.

Amid the challenges of a worldwide pandemic and rapidly advancing science, the FDA's generic drug program continued steadfast efforts to help increase the availability of safe, effective, high-quality, more affordable drugs in the U.S.

In 2020, the FDA approved or tentatively approved 948 Generic drug applications (ANDAs). Among the total approvals were 50 original applications and 668 supplement submissions for drug products used as potential treatments and supportive therapies for patients with COVID-19. It also includes 72 first-time Generic drugs, and 30 Generics were approved under the Competitive Generic Therapy (CGT) pathway.

In 2019-20, there was a continued FDA focus on policies designed to expedite the availability of Generic drug products and to help lower prices with an aim to further encourage robust and timely market competition for these drugs and help bring greater efficiency and transparency to the review process, without sacrificing the scientific rigour underlying the Generic drug programme, including:

- Listing all approved ANDAs for products that received a CGT designation, having inadequate generic competition
- An Orange Book-focused guidance and two planned events to help educate and engage Orange Book users.
- A list of products with CGT designation that is updated every six months to ensure continued transparency regarding drug products, where increased competition has the potential to provide significant benefit to patients.

Torrent Pharma is ranked 11 among the US Generic Indian companies and has a market share of around 13% in its covered market. Revenues from the US business were ₹1261 crores (sales US$ 166 million) during 2020-21 as compared to ₹1,523 crores (sales US$ 207 million) in the previous year with a de-growth of 17%.

New approvals from facilities at Dahej and Indrad were on hold pursuant to their negative classification by USFDA. Torrent Pharma has completed all the remediation actions and submitted the closure report. It is now waiting for guidance on re-inspection from USFDA. For Levittown facilities at US, Torrent Pharma has completed upgradation of its facilities and is likely to commence commercial manufacturing and launch its existing approved products, from Q1 of 2021-22. New approvals from said facilities shall commence, post its re-inspection by USFDA.

Given the future market moving towards complex products, Torrent Pharma is diversifying its pipeline with products like oral liquids, suppositories, ophthalmics, ointments and creams and oncology drugs as well as focusing on Value Added Medicines (VAM's) that are approvable via the 505(b)(2) regulatory pathway. The Company has filled 12 ANDA's during 2020-21. The Company has 103 ANDA approvals (including 6 tentative approvals) and its pipeline consists of 54 pending approvals (not including tentative or partnered filings) and more than 40 products under development to be filed over the next 3 years.

Germany

Top 5 European markets are Germany, France, Italy, UK and Spain. Medicine spending in top 5 European countries will increase from US$ 174 billion 2018-19 to US$ 210 to US$ 240 billion in 2024. CAGR from 2019-20 to 2023-24 is expected to be 3% to 6%.

Despite the COVID-19 disruptions, with continued support and industry resilience, the European pharma outlook for 2021 is positive. The presence of leading companies in the European region is also expected to boost the demand for pharmaceutical manufacturing.

Towards the end of 2019-20, European Commission published the Pharmaceutical Strategy for Europe with the aim to ensure equitable access to medicines throughout the region and support the industry's competitiveness and innovation on the global pharmaceutical stage. This includes access to safe, effective, and high-quality medicines at an affordable price. The pharmaceutical strategy for Europe aims at creating a future-proof regulatory framework and supporting industry in promoting research and technologies that actually reach patients in order to fulfil their therapeutic needs, while addressing market failures. It will also take into account the weaknesses exposed by the pandemic and take appropriate actions to strengthen the system.

Key Pillars of Pharmaceutical Strategy for Europe

- Ensuring access to affordable medicines for patients, and addressing unmet medical needs
- Supporting competitiveness, innovation and sustainability of the EU's pharmaceutical industry and the development of quality, safe, effective and greener medicines
- Enhancing crisis preparedness and response mechanisms, diversified and secure supply chains, address medicines shortages
- Ensuring a strong EU voice in the world, by promoting a high level of quality, efficacy and safety standards

The Company's European business is mainly in Germany and the UK, where the Company has its direct presence.

Germany is the 4th largest pharmaceutical market in the world and the largest in Western Europe. It is valued at around $52 billion and is expected to grow at a CAGR of 4% to 75 till 2020-24. Majority of the market is tender driven, which leads to a very competitive environment for the industry. Among the Generic players, Torrent Pharma holds 5th position with a market share of around 6.6% and is ranked first among Indian players in the German market. Revenues from Germany operations during 2020-21 were ₹1,038 crores (sales in euro 119 milliom) with a growth of 10%.

Manufacturing

The Company's state-of-the-art manufacturing facilities for Formulation and API have significantly contributed to the demand of high quality products and in sustaining its growth and success. Revenues from manufacturing of human insulins for Novo Nordisk for India market 2020-21 were ₹280 crores during the year, down by 2% compared to previous year.

New Capital Investments

As part of its strategy to diversify into different dosage forms, the Company has set up manufacturing facility for oral oncology products and will be initiating necessary regulatory approvals.

Research and Development

Discovery Research

The Company is currently developing several in-house New Chemical entities (NCE) in the areas of metabolic, cardiovascular, gastrointestinal, dermatological and respiratory disorders. The Company has cumulatively filed 818 patent applications for NCEs from these and earlier projects in all major markets of which, 497 patents were granted so far.

The most advanced discovery programme of the Company is a metabolic modulator NCE, 'omzotirome', for the treatment of diabetes. This program me is currently undergoing the pivotal phase-3 clinical trial in key markets where the Company has presence, with India gearing up to be the first to launch. The Company believes that this asset is uniquely positioned to address the consequences of Cardiometabolic-Based Chronic Disease (CMBCD), which is assuming alarming proportions in India and other emerging economies besides developed countries.

The next advanced discovery program me is for management of heart failure in diabetic patients, for which the Phase-2 clinical trial has been completed in India and Europe.

Phase-2 study for the Company's 3rd NCE, being developed for Inflammatory Bowel Disease, is ongoing.

NDDS and Pipeline Augmentation

Novel Drug Delivery Systems (NDDS) emerged from application of new technology platforms to design products with an aim to reposition existing drugs, if required through an alternate route of administration. The aim is to improve their performance with respect to efficacy, safety and patient compliance through enhanced bio-availability, dosage reduction, frequency and onset of action.

The Company's pipeline includes several NDDS programmes, adapted for existing medications, which will give the Company an edge over its competitors through differentiation. The Company is currently focusing its R&D efforts on several innovative projects in the area of complex generics, with respect to oral solids, foams/ointments/creams and nasal delivery.

Foam-based topical product for psoriasis was launched successfully. Another product for the indication of acute pain management through nasal route of delivery was also launched. Nasal route of delivery is also being explored for management of vitamin B12 deficiency. The phase-3 trial has been completed and filed for marketing approval.

Threats, Risks and Concerns

Drug Price Control

Currently 376 drugs and 890 formulations are covered under National List of essential Medicines [NLEM]. It is likely that the government may bring more such drugs and formulations under price control or change the mechanism of calculating the ceiling price of the drugs, which are under the ambit of drug Price Control order 2015 [DPCO 2015], which in turn will have impact on the margins of the Company. The Company manages its product portfolio so as to minimise the product weightage of drugs under price control.

Generics

The Government of India is encouraging use of Generic products through various initiatives. This may have impact on future business strategies of the Company.

New Product Risk

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

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

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

Product Liability Risks

The business is exposed to potential claims for product liability. These risks are sought to be managed by appropriate laboratory and clinical studies for each new product, and compliance with Good Manufacturing Practices and independent quality assurance system. The Company has an adequate insurance cover for product liability. The Company is facing litigation on two of its products vis. Losartan and Valsartan in the US due to detection of certain impurities in the outsourced API during 2018-19.

Litigation Risks

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

Future Acquisition Proposals

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

Manufacturing and Supply Risks

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

The Company purchases APIs and other materials that it uses in its manufacturing operations from foreign and domestic suppliers. Although the Company has a policy to actively develop alternate supply sources for key products subject to economic justification, there would be certain cases where the Company has listed only one supplier in its application with regulatory agencies. An interruption in the supply from single sourced material can impact the financial performance of the Company. In addition, the Company's manufacturing capabilities could be impacted by quality deficiencies in the products, which its suppliers provide, leading to impact on its financial performance.

New Capital Investments

The Company continuously adds capacity to meet the increasing demand of pharma products from various markets. The Company faces risks arising out of delay in implementation, cost overrun and inappropriate implementation. The capacities are built in anticipation of demand and the Company runs the risk of under-utilisation of capacities resulting in high manufacturing cost. The risks are sought to be mitigated by forming appropriate project management team and corporate management oversight.

Overseas Markets

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

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

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

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

Currency Fluctuation Risks

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

International Taxation

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

Base erosion Profit Shifting (BePS) action plan and reporting formulated by the OECD (Organisation of economic co-operation and development) has been implemented in India, which provides for revised standards for transfer pricing documentation and country-by-country reporting of income, earnings, taxes paid and certain measure of economic activities. Accordingly, the Company has done the filings as per prescribed guidelines. There may be issues with respect to the resolution of disputes arising due to interpretation by different tax jurisdictions in different countries. The Company has taken adequate measures to ensure compliances of these guidelines.

Discovery Research

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

Company undertakes clinical trials on an ongoing basis as part of its discovery research programme. Insurance is obtained to cover the risks associated with testing in human volunteers and the Company may be subject to claims that are not covered by the policy.

Dependence on Information Technology

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

Human Resources

The total employee strength of the Company at the end of 2020-21 was 13,505 against 13,801 at the end of 2019-20, a decrease of 298 employees.

Internal Control System

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

Results of Operations for 2020-21 Versus 2019-20

Summary Financial Information

Particulars	2020-21		2019-20	
	₹ crores	% to Revenues	₹ crores	% to Revenues
Sales and Operating Income (Revenues)	**8,005**	**100%**	7,939	100%
Gross Profit	**5,858**	**73%**	5,772	73%
Selling, General and Admin Expenses (SG&A)	**2,886**	**36%**	3,108	39%
Research and Development Spend	**487**	**6%**	494	6%
Forex Gain/(Loss)	**32**	**0%**	83	1%
Other Income	**20**	**0%**	31	0%
EBIDTA	2,537	32%	**2,284**	**29%**
Depreciation/amortisation	**658**	**8%**	654	8%
Net Interest expense/(Income)	**353**	**4%**	443	6%
Profit Before Tax and Exceptional Items	1,526	19%	**1,187**	**15%**
Exceptional Items	**-**	**0%**	-	0%
Profit Before Tax and After Exceptional Items	1,526	19%	**1,187**	**15%**
Income Tax	**274**	**3%**	162	1%
Profit after Tax	1,252	16%	**1,025**	**13%**

Key Financial Performance

- Revenues grew by 1% to ₹8,005 crores from ₹7,939 crores in the previous year
- EBDITA grew by 11% to ₹2,537 crores from ₹2,284 crores in the previous year
- Borrowings reduced by ₹959 crores

Working Capital and Liquidity

The trade working capital i.e. net working capital investment, excluding current investments, cash and cash equivalents, bank balances other than cash and cash equivalents, loan given to employees, short-term borrowings, current maturity of long-term debt, derivative financial instruments and accruals for health insurance contracts (in Germany) increased by ₹361 crores from ₹2,542 crores at the end of 2019-20 to ₹2,903 crores at the end of 2020-21. The number of days of net trade working capital has increased from 119 days in 2019-20 to 134 days in 2020-21. The increase is mainly because of building safety inventory levels across all the input materials to ensure product availability and reduce the risk of global supply chain disruptions.

Cash and cash equivalents, including current investments was at ₹573 crores during 2020-21 compared to ₹662 crores at the end of financial year 2019-20.

Key Financial Ratios for 2020-21 Versus 2019-20

#	Particulars	2020-21	2019-20
	Profitability Ratios		
a)	Operating Profit Margin	**32%**	29%
b)	Net Profit Margin	**16%**	13%
c)	Return on Net Worth	**21%**	21%
	Working Capital Ratios		
d)	Debtors Turnover (days)	**71**	77
e)	Inventory Turnover (days)	**124**	101
	Gearing Ratios		
f)	Interest Coverage	**6.21**	4.73
g)	Debt/equity	**0.71**	0.98
	Liquidity Ratios		
h)	Current Ratio	**1.13**	0.91

The ratios have been computed as follows:

- Operating profit margin: Revenues – (Cost of goods sold + employee benefits + other expenses)+ (Other income-Interest income)/ Revenues
- Net profit margin: Profit after taxes/Revenues
- Return on net worth: Profit after taxes/Net worth (Net worth = Share capital + Reserves and Surplus)
- Debtors days: (Net sales/Trade receivables) 365*
- Inventory days: (Net sales/Inventory) 365*
- Interest coverage: (Profit after tax + Deferred tax + Depreciation and amortisation + Interest expense)/Interest expense
- Debt to equity: Debt/Net worth
  - Debt: Long term borrowings (current and non current portion)
  - Net worth: Share capital + Reserves and surplus
- Current ratio: Current assets/Current liabilities

For and on behalf of the Board of Directors

Ahmedabad
18th May 2021

Samir Mehta
Executive Chairman

References

1. Global Economic Prospects, World Bank Group, Flagship Report, January 2021
2. Economic Survey of India, 2020-21, Volume I and II
3. Global Medicine Spending and Usage Trends- Outlook to 2024, IQVIA Institute, March, 2020
4. Global Use of Medicine in 2019 and Outlook to 2023
5. IQVIA Pharma Deals, Half Year Review of 2020
6. AIOCD MAT March 2021 Data Set

Business Responsibility Report for the Financial Year 2020-21

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

Section A: General Information about the Company

1	**Corporate Identity Number (CIN) of the Company:**	L24230GJ1972PLC002126
2	**Name of the Company:**	Torrent Pharmaceuticals Limited
3	**Registered address:**	Torrent House, Off Ashram Road, Ahmedabad – 380 009
4	**Website:**	**www.torrentpharma.com**
5	**E-mail ID:**	**investorservices@torrentpharma.com**
6	**Financial Year reported:**	2020-21
7	**Sector(s) that the Company is engaged in (industrial activity code-wise):**	Pharma Sector under Group 210, Class 2100 as per the National Industrial Classification 2008
8	**List three key products / services that the Company manufactures / provides (as in balance sheet):**	Calcium Carbonate along with Vitamin D3, Losartan, Rosuvastatin and Esomeprazole along with their combinations.
9	**Total number of locations where business activity is undertaken by the Company:**	
	i. Number of International Locations (Provide details of major 5):	The Company has its presence throughout the globe through its fourteen subsidiaries (Norispharm GmbH, a wholly-owned subsidiary of Torrent Pharma GmbH was liquidated w.e.f. 16th March, 2021), two representative offices and one manufacturing unit of subsidiary Company. Details of major locations are explained in the Management Discussion and Analysis.
	ii. Number of National Locations:	There are seven manufacturing units, one R&D unit, one project site and twenty two C&F agents in India.
10	**Markets served by the Company Local / State / National / International:**	In addition to pan India, more than forty markets served across Asia, North America, Brazil, European Union & Rest of World.

Section B: Financial Details of the Company

1	**Paid-up Capital (INR):**	₹84.62 crores as on 31st March, 2021
2	**Total Turnover (INR) (Consolidated):**	₹8,005 crores
3	**Total profit after taxes (INR) (Consolidated):**	₹1,252 crores
4	**Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) (Consolidated):**	1.78% Above spending is in addition to ₹1.39 Crore spent out of surplus arising at implementing agency level. Additionally, the Company also made donations for CSR activities.
5	**List of activities in which expenditure in 4 above has been incurred:**	The Company has undertaken the following CSR Projects / Programmes during the year 2020-21: 1. Paediatric Healthcare Programme 2. Development and Maintenance of Public Parks 3. Shiksha Setu- A quality education programme 4. Supporting Primary and Secondary schools and other community development work in and around the Company's operations The detailed list of activities in which CSR expenditure has been incurred is part of Directors' Report which forms part of Annual Report.

Section C: Other Details

1	**Does the Company have any Subsidiary Companies?**	Yes. The Company has 14 subsidiaries.
2	**Do the Subsidiary Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary companies.**	All policies / practices to the extent relevant are also applicable to the subsidiaries in conformity with the applicable laws.
3	**Do any other entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entities? [Less than 30%, 30-60% More than 60%]**	The Company's contractors and suppliers do participate in the BR initiatives of the Company in terms of compliance with "Suppliers Code of Conduct" and "Conviction for Safety Policy".

Section D: BR Information

1. Details of Director / Directors responsible for BR

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

1. DIN Number : 00061903
2. Name : Samir Mehta
3. Designation : Executive Chairman

b) Details of the BR Head:

Sr. No.	Particulars	Details
1.	DIN Number (if applicable)	00406498
2.	Name	Jinesh Shah
3.	Designation	Director (Operations)
4.	Telephone number	079-26599000
5.	E-mail ID	**investorservices@torrentpharma.com**

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

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

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

2 a) Details of Compliances:

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

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

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

Not applicable

3. Governance related to BR

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

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

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

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

Section E: Principle-wise Performance

Principle 1: Ethics, Transparency & Accountability

The Company believes that while implementation of the minimum framework is a pre-requisite, superior governance practices are vital for growing a sustainable and successful business. This has helped the Company to ensure fiscal accountability, ethical corporate behaviour and fairness to all stakeholders. The Company has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY and ACCOUNTABILTY.

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

The Company firmly believes and adheres to transparent, fair and ethical governance practices to foster professionalism, honesty, integrity and ethical behaviour. The Board of Directors has formulated the Code of Business Conduct ("the Code"), which is applicable to all the employees and Board Members of the Company, and which lays down the important corporate ethical practices that shape the Company's business practices and represents cherished values of the Company. The Code is an extension of our values and reflects our continued commitment to ethical business practices across our operations. The core values embedded in our functioning are Integrity, Passion for Excellence, Participative Decision-Making, Concern for Society & Environment, Transparency and Fairness with Care. Our core values, that are timeless and well founded, ensures our longevity.

In the endeavour to create enduring value for all the stakeholders and to ensure highest level of honesty, integrity and ethical behaviour in all its operations, the Company has adopted 'Whistle Blower Policy'. Through this Policy, the Company encourages its stakeholders to bring to the Company's attention any instances of unethical behaviour, actual or suspected incidents of fraud or violation of Company's Code of Business Conduct that could adversely impact Company's operation, business performance and reputation.

In order to protect investors' interest, the Company has adopted a Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons.

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

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

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

   The Company encourages all its stakeholders to freely share their concerns and grievances. The Company has received 22 complaints from various stakeholders during the year 2020-21, which were promptly resolved except 3 which are under investigation.

Principle 2: Products Life Cycle Sustainability

Drug Product quality and patient safety are the fundamental principles for Torrent. At Torrent, we are committed to consistently deliver the goods and services that are safe, effective and of high quality and contribute to sustainability throughout their lifecycle.

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

   The Company continuously endeavours to develop environment friendly product processes and product designs in its effort to fulfil its obligations to the society by strengthening the processes to minimise the environmental load, understanding risk to the environment and to human health arising from environment and promoting green processes by strategic design of technologies and integrating with updated guidelines.

   Following products help to address social or environmental concerns in their design:

   a) Lamotrigine is indicated for use as adjunctive or monotherapy in the treatment of epilepsy, for partial seizures and generalised seizures, including tonic-clonic seizures and the seizures associated with Lennox-Gastaut syndrome. The existing Lamotrigine manufacturing process involves high solvent consumption per kg, higher process cycle time, yield loss as well as higher environmental load. The manufacturing process was improvised to eliminate solvent usage entirely in the Intermediate stage and minimised the solvent usage in the API stage which resulted in improved process efficiency with desired quality and less environmental load due to less waste generation from work-up procedures.

   b) Safinamide has been used for adjunct therapy for the treatment of subjects with idiopathic Parkinson's disease. Safinamide is a Methanosulfonate salt and the manufacturing process involves 3-stages. The nature of the reagents and solvents used in the process to obtain the desired salt (methane sulphonate salt) can lead to the formation of side products (toxic impurities) for which additional purifications maybe required to obtain the desired quality. However the process was designed and optimised in such a way that stoichiometric quantities of reagents were used. It therefore avoided the formation of toxic impurities / side products. Moreover, use of hazardous reagents were removed and simplified the process operations by following direct isolations with no additional purifications which lead to improved quality with good yields and decrease in the effluents load.

   c) Perampanel is approved for adjunctive treatment of partial-onset seizures with or without secondary generalised seizures in patients from 4 years of age and older, and primary generalised tonic-clonic (PGTC) seizures in patients from 7 years of age and older with idiopathic generalised epilepsy (IGE). The Perampanel manufacturing process involved multi stage synthesis. The manufacturing process was optimised to minimise the hazardous reagents, followed normal temperature for reaction, minimised the solvent load and process was designed with ambient condition to reduce Utilities requirement as well eliminate metal impurities in final API resulting in desired quality. This resulted in less energy consumption and minimised environmental waste.

Company is continuously making efforts towards green revolution, environment friendly process and product design by avoiding use of solvents. Company has taken initiative to use the aqueous based readymade dispersion system for extended release formulation against solvent based polymer used by reference / other marketed product to modify the drug release from the core. Dosage form with modified drug release required the polymer which are high molecular weight having low aqueous solubility and requires the solvent for granulation or coating like cellulosic polymer, pthalate based polymer etc. Company has started using readily available aquesous dispersion (water based system) like polyvinyl acetate dispersion, Eudragit aquesous dispersion (eudragit RL / RS, eudragit L 30 D55 etc.) Examples of such product are Topiramate extended release capsules and Tolterodin extended release capsule

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

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

The Company is continuously strengthening sustainable sourcing, production and distribution practices ensuring quality and safety of raw materials, API, intermediates and packaging materials procured from suppliers as well as of products manufactured, stored and distributed throughout the value chain. The Company has laid down a robust process for vendor evaluation and selection mechanism and prefers local suppliers wherever possible. The Company's emphasis is also on safe transportation, optimisation of logistics and reduction of vehicular air emissions. More than 10% waste is recycled through recovery system (solvent recovery system / waste sale for reprocessing and reuse by external approved agency). For Lamotrigine, the effluent load has been reduced from 24L/kg to 4L/kg in Intermediate stage and approximately 70% decrease in solvent consumption in API stage along with elimination of solid waste. In case of Safinamide, an inherently safe process was designed keeping in view the principle of green chemistry and green engineering. Product at Intermediate stage is isolated directly through anti-solvent and reactive crystallisation thus avoiding downstream processing, minimising water usage and energy consumption. In case of Perampanel, use of non-complex KSMs and reagents helped ensure that their degradation products are not toxic, bio accumulative and environmentally persistent leading to an inherently safe manufacturing process. All these achievements are successfully demonstrated on a pilot scale and planned to be implemented on a commercial scale in the near future except for Safinamide for which the commercialisation has been completed. So during product development itself, the Company employed strategies to achieve more output with less waste.

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

The Company promotes to improve systems to minimise the energy and water, by energy management system, which reduces the power and fuel consumption and thereby reduces related costs. The Company also promote renewable energy in term of Solar Systems. For Lamotrigine productivity estimated to be improved by 25-30% on commercial scale (demonstrated on pilot scale) with substantial reduction in Energy requirement and water consumption. For Safinamide, the process was designed to avoid additional downstream processing. The process is already commercialised. Thus, the Company always promote conservation, reuse, reduce, recycle and waste minimisation throughout process intensification in terms of process time and optimum yield.

Most of the Company's facilities have obtained certifications such as ISO-14001, OHSAS-18001 & ISO-50001 in conformation of structured and conscious efforts and processes for energy management and conservation.

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

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

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

The Company has standard operating procedures for the evaluation and selection of its vendors for sourcing of material. This includes the evaluation of the EHS resources and their compliance by suppliers and vendors for key raw materials / APIs and intermediates. The Company has system of identifying and / or developing alternate vendors where single vendor is considered critical for business continuity.

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

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

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

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

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

   The Company has already initiated the waste reduction by adopting 4'R' philosophy i.e. Reduce, Reuse, Recycle & Recover.

   Waste solvent is being recovered through recovery system and sold to external agencies (approved by State Pollution Control Board) for reuse at their end.

   Major part of high calorific waste (more than 80%) is being used as an alternate fuel in cement industry in eco-friendly manner instead of disposal through incineration.

   Sludge dryer has been installed thereby reducing landfill disposal volume by 65-70% of total landfill waste quantity. New initiative has been explored towards co-processing of Dried ETP sludge instead of landfill. Dried sludge from dryer is being sent to co-processing instead of landfill.

   The manufacturing facilities have been equipped with state-of-art effluent treatment facilities, which ensure Zero Liquid Discharge of waste water for API units. Entire treated effluent is reused in utility operations. Formulation treated effluent is re-used 100% in gardening.

   The Company has established take back programme under Extended Producer's Responsibility for collection of Plastic waste from PAN India for recycling. Approximately 1000 MTPA plastic waste was collected during the year and recycled & co-processed in cement industries.

   Waste to energy initiative- During the year, installation and commissioning of Bio gas plant to use ETP biomass & food waste was completed. Biogas is being used in canteen for cooking purpose and manure being used in landscape development.

Principle 3: Employees Well-being[1]

At Torrent, we firmly believe that Human resources are invaluable assets of the Company. The Organisation takes pride in its human capital, which comprises of people from diverse backgrounds and cultures. Guided by the core values which are deeply imbibed in each of the employees, the organisation's achievements are an outcome of efforts, dedication and conviction demonstrated by its people. Robust people practices, best-in-class work environment and learning initiatives are the prime drivers behind the achievements.

Various women friendly facilities like flexi-work timing and maternity leave has supported the women employees in carrying on with their career along with other responsibilities.

Torrent's culture promotes an environment that is transparent, flexible, fulfilling and purposeful for its employees.

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

   The total number of employees is 12,531 as on 31st March, 2021.

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

   The total number of employees hired on temporary / contractual / casual basis is 1,816 as on 31st March, 2021.

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

   The total number of permanent women employees is 1,156 as on 31st March, 2021.

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

   The total number of permanent employees with disabilities is 36 as on 31st March, 2021.

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

   Yes

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

   4.90% of permanent employees are the members of the recognised employees association.

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

   The Company does not employ any child labour or forced / involuntary labour.

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[1] All the figures are on standalone basis

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

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

Sr. No.	Particulars	Percentage
a)	Permanent Employees	96.11%
b)	Permanent Women Employees	87.89%
c)	Casual / Temporary / Contractual Employees	99.45%
d)	Employees with Disabilities	94.44%

Principle 4: Stakeholder Engagement

At Torrent, we believe that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth. A comprehensive engagement mechanism that involves all the stakeholders in decision-making leads to a long-term relationship, understanding and trust with them. The Company has always partnered with its stakeholders and believed in sharing the fruits of socio-economic progress.

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

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

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

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

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

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

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

The Company works actively to enhance the employability of youth in the nearby locations wherever it operates, leading to income generation and economic empowerment in the marginalised sections of the communities.

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

For details of projects undertaken during the year 2020-21, please refer the 'Annual Report on CSR Activities' attached as Annexure B to Directors Report.

Principle 5: Human Rights

Torrent is committed to doing business in a fair and transparent manner, adhering to the highest ethical standards and incorporating policies that respect the environment, human rights, and labour laws. These principles are reflected in Company's core values.

The Company's framework also seeks to provide appropriate protection for women's safety from sexual harassment at work, as well as a whistleblower policy.

Torrent is dedicated to creating an atmosphere in which all employees, regardless of caste, creed, religion, or gender, are treated fairly and without fear of prejudice, retribution or harassment.

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

   The Company is committed to and compliant with all statutory laws and regulations and has established a redress process in the event of breaches or misconduct. The strategy of the Company applies to a variety of stakeholders, including Group Companies in India, Suppliers and Contractors among others.

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

   No complaints on breach of human rights were received during the year.

Principle 6: Environment

At Torrent, we believe that Environment, Health & Safety are crucial and paramount pillars for sustainable growth of our business. The Company is committed to safeguard the environment by reducing the environmental impacts of its business.

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

   The Company has Health, Safety and Environment policy covering all its India operations. The policy is published in vernacular language of respective regions.

   Rain Water Harvesting System is installed at Indrad manufacturing facility with 57 injection wells with large sunken (Catchment) area & inverted umbrella system (Ulta Chhata-10 nos). Piezometer has been installed for online monitoring of Ground water level. Dense and lush green belt has been developed across all its locations. All the Company's facilities are in compliance with ISO – 14001-2015 standards.

   The Company is also ensuring that its business partners particularly our Loan Licensees' sites are maintaining a good level of environment protection plan. All LLM sites are covered under HSE audits and compliances are ensured.

   Major manufacturing facilities have been accredited with New ISO-45001 Standard on occupational Health & Safety.

   Submitted EC application for additional 10.0 MTA as single API product on MoEFCC. This is being done to cater the market need in dynamic way.

   Manufacturing sites makes use of 80% of surface water of its total annual water consumption marking significant positive water foot print towards resource conservation i.e. ground water.

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

   Yes, the Company is committed towards contributing to manage climate change. The Company has started using eco-friendly refrigerant gas R 410 / 134A in all its air conditioning operations. As a part of renewable energy and to reduce carbon footprint, the Company has installed & commissioned Solar power system (renewable energy) of 1688 KW with annual 2.5 million KWH energy generation for captive consumption at its manufacturing facilities at Indrad and Bileshwarpura (Oncology) (upcoming) and its R&D Centre.

   Further, the Company's manufacturing facilities at Indrad and Baddi and its R&D Centre are certified with Energy Management Systems – ISO 50001.

   New buildings are designed and constructed on the concept of 'Green Building' having natural lights and ventilation. Various power saving devices viz. more efficient electric drives / lights fixtures-LED / machines etc. are being procured and installed.

   The Company is not using ozone layer depleting substances in any of its process / utilities.

   The Company has also taken up several other steps directed towards conservation of energy. Please refer to Annexure F to the Director's Report.

The Company has developed above 40% state-of-the-art green belt across all the facilities PAN India to mitigate impact of fugitive emission and global environmental issues.

Though clean fuel Natural Gas is used extensively at manufacturing facilities, the Company has also initiated to discontinue the use of Furnace Oil completely and started usage of LSHS (Low Sulphur Heavy Stock).

The Company has installed Heat pumps in place of conventional hot water system at Indrad manufacturing facility which has resulted into substantial saving of steam consumption on daily basis.

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

Yes, the Company has system in place to evaluate environment risks under Environment Management System ISO 14001-2015 & ISO – 45001:2018.

Environment & Safety risks are evaluated in detail for all process, storage and handling operations at site. Health, Safety and Environment aspects are taken care while designing manufacturing processes at R & D Centre.

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

Yes, the Company has taken various actions to minimise GHG (Greenhouse Gases) like clean fuel Natural Gas is used in Boilers.

Air conditions are being operated above 25°C. Water less urinals had been installed in wash rooms. Water faucets are equipped with sensor technology to reduce water wastage at large.

Clean Agent Fire Extinguishers are being used to minimise the impact on ozone layer.

Installed Nano-Filter at Indrad manufacturing facility to increase the recovery of RO plant from 90% to 95%. Thus, having substantial saving in steam consumption by having low feed intake in MEE feed (1450 MT steam saving per annum).

Yearly environment audits are conducted, wherever applicable, by schedule I auditor decided by State Pollution Control Board. The reports are submitted to authorities. The necessary requirements observed are fulfilled.

The incinerated type hazardous waste is also disposed off to the cement industries as an alternate fuel as a part of co-process / pre-process. Major part of hazardous waste is disposed of through co-processing in cement plants as per modern acceptable practices. Dried ETP sludge is sent for co-processing instead of landfill. (Minimise landfill).

Organic Waste Converter is installed at its various manufacturing facilities / R & D Centre for converting canteen waste into useful compost. Bio Gas plant has been installed and commissioned to reuse the food waste and ETP waste and Biogas is used as fuel in Canteen at Indrad manufacturing facility.

The initiatives taken by the Company to reduce overall quantity of hazardous waste disposal and its transportation by installation of sludge dryer and bio gas system, has reduced the waste by 65-70%.

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

Yes, the Company has taken several initiatives on clean technology, energy efficiency and renewable energy. Solar power system has been installed in its Indrad manufacturing facility (1MW), Oncology manufacturing facility (591 KW) & R&D centre (90KW). Energy efficient dewatering system has been installed & commissioned to reduce the moisture content in ETP sludge.

The Company has installed bio gas system, a positive step towards waste to energy concept.

High calorific hazardous waste being disposed off for co processing in cement kiln.

Replacement of conventional hot water system with Heat Pumps to save steam consumption substantially.

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

Yes. All hazardous waste and emissions are within the permissible limits of CPCB / SPCB during the financial year. The Company has installed online continuous emission monitoring system on fugitive and process vents. Third party external monitoring through NABL / MoEF approved laboratory of all vents being conducted on monthly basis and reports are submitted to SPCB.

The Company has in place online real time monitoring system for treated waste water. This data are accessible by CPCB / SPCB. Online Camera is also installed for treated waste water flow monitoring and accessible by CPCB / SPCB.

Monthly monitoring of all required parameters are being carried out by NABL approved third party laboratories to ascertain our ETP operation. Such monthly monitoring reports are also being submitted to SPCB.

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

   The Company has not received any such notices from CPCB / SPCB during the year 2020-21.

Principle 7: Policy Advocacy

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

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

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

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

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

Principle 8: Equitable Development

Inspired by noble ideas of the founder Chairman late Shri U N Mehta, Torrent Group deeply subscribes to its responsibilities as a corporate citizen and believes in carrying out its industrial and business activities in a socially and environmentally responsible manner balancing the needs of all stakeholders and contributing to the upliftment and well-being of the disadvantaged sections of the society.

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

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

   For details of projects undertaken during the year 2020-21, please refer the 'Annual Report on CSR Activities' attached as Annexure B to Directors Report.

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

   The identified programmes / projects are carried out directly by the company itself including through its section 8 Company namely Tornascent Care Institute which have been promoted by the Company (together with one of its Group Company). Another section 8 company of the Group, UNM Foundation has been amalgamated with Tornascent Care Institute.

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

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

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

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

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

   During the year under review the Company had contributed ₹22.29 crores which was 2.56% of average net profit for the past three Financial Years to various community development programmes / projects as part of its CSR initiatives. In addition, it also incurred ₹1.39 crores out of surplus arising at implementing agency level from temporary investment of the CSR fund, taking total CSR expenditure to ₹23.68 crores for the year. The details of projects undertaken are mentioned elsewhere in the Business Responsibility Report and "Annual Report on CSR Activities" attached as Annexure-B to the Directors Report.

Over and above this, the Company also made donations of ₹28.04 crores to various organisations involved in activities related to education, health, socio-economic development, culture, integrated development of tribes, Community development, Donation to PM Cares and promotion of social welfare etc.

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

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

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

Principle 9: Customer Value

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

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

   13.35 % of the complaints are pending at the end of the financial year.

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

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

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

   Certain class action suits have been filed against the Company and its subsidiary in USA. These allege that in relation to patent dispute between the innovator company and the generic drug companies, they have entered into certain arrangements which has resulted into delaying entry of generic product in USA.

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

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

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Report on Corporate Governance

Maximum Governance – The Torrent Way

The Securities and Exchange Board of India (SEBI) has been continuously fine tuning and upgrading the standards of Corporate Governance applicable to Indian Companies. Torrent has built its Corporate Governance practices on the three inviolable principles of TRANSPARENCY, INTEGRITY (comprehensive all round disclosure plus financial controls) and ACCOUNTABILITY. This report sets out the governance systems and processes of the Company, as set out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time, for the financial year ended 31st March, 2021. The Company is in full compliance with the Corporate Governance norms as stipulated in Listing Regulations.

Torrent believes that while implementation of the minimum framework is a prerequisite, superior governance practices are vital for growing a sustainable and successful business. The Company has a strong legacy of fair, transparent and ethical governance practice.

1. Board of Directors

Diversity, to encourage the emergence of full, frank and comprehensive discussions is the guiding principle in selecting the DNA of the Board. Your Company has a Leading Legal Professional, an Accounting Professional, a Healthcare Entrepreneur and an Accomplished Professional as Independent Directors. The Sharp entrepreneurial ability and years of experience are represented in the rest of the Board. The Board of Directors (Board) comprises of seven directors as on 31st March, 2021. Out of total Board strength, five are Non-Executive Directors (NEDs) (71% of the Board strength) and four are Independent Non-Executive Directors (IDs) (57% of the Board strength) including two Independent Women Directors.

In order to effectively discharge its duties, it is necessary that collectively the Board holds the appropriate balance of skills and experience. The Board seeks a complementary diversity of skills and experience across its members. The table below summarizes the key qualifications, skills, expertise and competencies possessed by Directors of the Company:

Skills / Expertise / Competencies		Director who possess such skills / expertise / competencies
Strategic Leadership	Significant leadership experience to think strategically and develop effective strategies to drive change and growth in context of the Company's overall objectives.	Entire Board
Industry Experience	Experience and / or knowledge of the industry in which the Company operates.	Sudhir Mehta Samir Mehta Ameera Shah Jinesh Shah
Financial Expertise	Qualification and / or experience in accounting and / or finance coupled with ability to analyse key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	Samir Mehta Shailesh Haribhakti Haigreve Khaitan Ameera Shah Nayantara Bali
Governance, Risk and Compliance	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	Entire Board
Diversity	Representation of gender, cultural or other such diversity that expand the Board's understanding and perspective.	Ameera Shah Nayantara Bali

An annual calendar of meetings is established after consulting all Directors to facilitate their presence and meaningful participation. It has been the Company's endeavour to have meetings at various plants / locations of the Company too, to get Directors to witness the practices and to get under the skin of the Company's business model.

During the financial year, the Board of the Company met five times on 26th May, 2020, 30th July, 2020, 26th October, 2020, 8th February, 2021 and 2nd March, 2021. Time elapsed between any two consecutive meetings never exceeded 120 days.

Details of the composition of the Board, the Board meetings held during the year, attendance of Directors at Board meetings and at the last Annual General Meeting (AGM) are as under:

Name & Designation of the Director	Category[1]	No. of Board Meetings held during the tenure	Board Meetings attended	Attendance at the last AGM
Sudhir Mehta, Chairman Emeritus	NED	5	5	Yes
Samir Mehta, Executive Chairman	Executive Chairman	5	5	Yes
Shailesh Haribhakti	ID	5	5	Yes
Haigreve Khaitan	ID	5	5	Yes
Ameera Shah	ID	5	5	No
Nayantara Bali	ID	5	5	Yes
Dr. Chaitanya Dutt[2], Director (Research & Development)	WTD	3	3	Yes
Jinesh Shah, Director (Operations)	WTD	5	5	Yes

Notes:

1. NED – Non-Executive Director (other than ID); ID – Independent Director; WTD – Whole-time Director.
2. Dr. Chaitanya Dutt has completed his tenure as Director (Research & Development) of the Company and also stepped down as the Director of the Company with effect from 31st December, 2020.

Details of Directorships and other related matters are as under:

Name & Designation of the Director	No. of other Directorship held[1]		Name of the other listed entities where Directorship held & Category of Directorship	No. of other Board Committees of which Member / Chairperson[1]
	Listed Company	Other Company		
Sudhir Mehta, Chairman Emeritus	1	-	1. Torrent Power Limited, Non-Executive Director	-
Samir Mehta, Executive Chairman	1	-	1. Torrent Power Limited, Executive Chairman	1 (Member)
Shailesh Haribhakti	6	3	1. Future Lifestyle Fashions Limited, Non-Executive Chairman 2. Blue Star Limited, Non-Executive Chairman 3. ACC Limited, Independent Director 4. L&T Finance Holdings Limited, Non-Executive Chairman 5. Bajaj Electricals Limited, Independent Director 6. Ambuja Cements Limited, Independent Director	4 (Chairperson) 8 (Member)
Haigreve Khaitan	6	1	1. Ceat Limited, Independent Director 2. Inox Leisure Limited, Independent Director 3. JSW Steel Limited, Independent Director 4. Borosil Renewables Limited, Independent Director 5. Mahindra & Mahindra Limited, Independent Director 6. Tech Mahindra Limited, Independent Director	2 (Chairperson) 6 (Member)
Ameera Shah	3	1	1. Kaya Limited, Independent Director 2. Shoppers Stop Limited, Independent Director 3. Metropolis Healthcare Limited, Managing Director	1 (Chairperson) 4 (Member)
Nayantara Bali	-	-	-	-
Jinesh Shah, Director (Operations)	-	-	-	-

Note:

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

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

Shareholding of Non-Executive Directors:

Details of the equity shares held by Non-Executive Directors as on 31st March, 2021 are as under:

Name of the Director	Nos. of Equity shares
Sudhir Mehta	200*

*Including shares held as Karta of HUF

Samir Mehta is liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment. Relevant details pertaining to him are provided in the notice of the AGM.

The Board has recommended the re-appointment of Ameera Shah and Nayantara Bali as an Independent Director for a second term of 5 (Five) consecutive years effective from 2nd August, 2021 and 7th March, 2022 respectively.

All IDs of the Company have furnished declarations that they qualify the conditions of being independent as per Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. These were placed before the Board. The Board, based on such declarations, has verified the veracity of such disclosures and confirmed that the IDs fulfil the conditions of Independence specified in the Listing Regulations and are independent of the management of the Company.

The IDs of the Company met on 8th February, 2021 under the chairmanship of Ameera Shah without the presence of Non-Independent Directors to review the performance of Non-Independent Directors, the Board, Committees and the Chairperson. The meeting also reviewed the quality, quantity and timeliness of flow of information between the Company and the Board.

The terms and conditions of appointment of Independent Directors have been placed on the website of the Company **www.torrentpharma.com**. The details of familiarisation programmes for Independent Directors have been provided in the Directors' Report and posted on the website of the Company and can be accessed at the web link **http://www.torrentpharma.com/pdf/cms/Familiarisation_Programme_2020-21.pdf**

During the year, all the recommendations of all the Committees were accepted by the Board.

Mahesh Agrawal, VP (Legal) & Company Secretary, also acts as Secretary to all the Committees of the Board and provided secretarial support to the Committees.

2. Audit Committee

During the year under review, four meetings of the Audit Committee were held on 26th May, 2020, 30th July, 2020, 26th October, 2020 and 8th February, 2021. Time elapsed between two meetings never exceeded 120 days.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Directors	Category of Directorship	Qualification	No. of Meetings held during the tenure	No. of Meetings attended
Shailesh Haribhakti, Chairman	ID	F.C.A.	4	4
Haigreve Khaitan	ID	LL. B.	4	4
Ameera Shah	ID	Degree in Finance (University of Texas)	4	4
Nayantara Bali	ID	Post Graduate Diploma in Business Management (IIM, Ahmedabad)	4	4

The Chairman of the Committee attended the last AGM of the Company.

The Committee meetings are attended by the Chief Financial Officer and Vice-President (Finance). The Statutory Auditors, Internal Auditors, Cost Auditors and other related functional executives of the Company also attended the meeting when required.

The Committee holds meetings with Statutory Auditors and Internal Auditors on one to one basis as and when it deems fit and had ascertained that they didn't have any unexpressed concerns.

The total fees for all services paid by the Company and its subsidiaries to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, amounts to ₹1.75 crores for the year 2020-21.

The principal terms of reference of the Committee as approved by the Board and as revised / updated from time to time by the Board are:

1. Financial Information Review

i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

ii. To examine the financial statement and the auditors' report thereon.

iii. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   A. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report;

   B. Changes, if any, in accounting policies and practices and reasons for the same;

   C. Major accounting entries involving estimates based on the exercise of judgement by management;

   D. Significant adjustments made in the financial statements arising out of audit findings;

   E. Compliance with listing and other legal requirements relating to financial statements;

   F. Disclosure of any related party transactions; and

   G. Modified opinion(s) in the draft audit report.

iv. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

v. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter.

vi. To review the utilisation of loans and / or advances from / investment by the Company in the Subsidiary exceeding ₹100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

vii. To review the following details mandatorily:

   A. Management discussion and analysis of financial condition and results of operations;

   B. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

   C. Management letters / letters of internal control weaknesses issued by the Statutory Auditors if any;

   D. Internal audit reports relating to internal control weaknesses.

   E. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

   F. Statement of deviations:

      a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.

      b) Annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of Listing Regulations.

viii. To review the financial statements of unlisted subsidiary companies, and in particular, the investments made by them.

2. Internal Controls and Policies for Maintaining Vigil

i. Scrutiny of inter-corporate loans and investments.

ii. Valuation of undertaking's or assets of the Company, wherever it is necessary.

iii. Evaluation of Internal Financial Controls and Risk Management systems.

iv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

v. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

vi. To review the functioning of the Whistle-Blower (Vigil) mechanism.

vii. To approve the appointment of Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

viii. Investigate any activity within its terms of reference and any matters referred to it by the Board.

ix. To review the frauds reported by the Statutory Auditors, Cost Auditors and Secretarial Auditors, if any.

x. Monitoring the end use of funds raised through public offers and related matters.

xi. Reviewing with the Auditors and Management, if required, about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and any related issues there with.

3. Relationship with Statutory, Internal & Cost Auditors

i. Recommend to the Board for appointment, remuneration and terms of appointment of Auditors of the Company.

ii. Approval of payments to Statutory Auditors for any other services rendered by them.

iii. Review and monitor the auditor's independence and performance and effectiveness of audit process.

iv. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

v. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

vi. Discussion with Internal Auditors of any significant findings and follow up there on.

vii. Reviewing, with the management, performance of Statutory and Internal Auditors adequacy of the internal control systems.

4. Related Party Transactions

i. Approval or any subsequent modification of transactions of the Company with related parties.

ii. To lay down the criteria for granting the omnibus approval in line with the policy on related party transactions.

iii. To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

The Committee has full access to information and records of the Company and can seek information from any employee of the Company and may invite such executives, as it considers appropriate, to be present at the meetings of Committee. The Committee may access external professionals and obtain legal advice, if so required, and secure attendance of outsiders with relevant expertise, if it considers necessary, in discharge of its functions.

In addition to the above, the Committee shall have such functions / role / powers as may be specified in the terms of reference of the Audit Committee under applicable laws or as required by any statute.

3. Risk Management Committee

The principal terms of reference of the Risk Management Committee as approved by the Board are as under:

1. Review procedures for risk assessment and minimisation for informing the same to the Board.
2. Framing and recommending to the Board the Risk Management Policy and Plan.
3. Monitoring and reviewing the risk management plan including *inter alia* cyber security.

During the year under review, two meetings of the Committee were held on 26th May, 2020 and 9th February, 2021.

The composition of the Committee as well as the particulars of attendance at the Committee meetings held during the year and other related details are given in the table below:

Name & Designation of Directors	Category	No. of Meetings held during the tenure	No. of Meetings attended
Haigreve Khaitan, Chairman	ID	2	2
Shailesh Haribhakti	ID	2	2
Sudhir Menon	CFO	2	2

4. Securities Transfer and Stakeholders Relationship Committee

The Securities Transfer & Stakeholders Relationship Committee considers and oversees resolution of grievances of security holders and investors of the Company.

The composition of the Committee as well as the particulars of attendance at the Committee meeting held during the year on 26th May, 2020 and other related details are given in the table below:

Name & Designation of Directors	Category	No. of Meetings held during the tenure	No. of Meetings attended
Haigreve Khaitan, Chairman	ID	1	1
Shailesh Haribhakti	ID	1	1
Ameera Shah	ID	1	1

The Committee passed various circular resolutions for issuance of duplicate share certificates and other routine matters. Mahesh Agrawal, Vice President (Legal) & Company Secretary is designated as the Compliance Officer.

99.73% of the equity shares of the Company are held in dematerialised form and the handling of physical transfer of shares are minimal.

Pursuant to Section 124 of the Companies Act, 2013 read with Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company had transferred 12,740 equity shares to the demat account of Investor Education and Protection Fund (IEPF) Authority during the year 2020-21. As on 31st March, 2021, 99,382 equity shares are lying with IEPF Authority.

During the year, the Company has received 4 (Four) complaints from shareholders which were attended within a reasonable period of time. No complaint was pending as on 31st March, 2021.

5. Appointment & Remuneration of Directors

Nomination and Remuneration Committee

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

During the year, two meetings of the Committee were held on 26th May, 2020 and 30th July, 2020. Further the Independent Directors who were the members of the Committee, had a separate meeting with the Senior Management Personnel of the Company.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Directors	Category	No. of Meetings held during the tenure	No. of Meetings attended
Shailesh Haribhakti, Chairman	ID	2	2
Samir Mehta[1]	Executive Chairman	2	2
Haigreve Khaitan	ID	2	2
Nayantara Bali[1]	ID	NA	NA

1. Samir Mehta stepped down and Nayantara Bali was appointed as a Member of the Committee with effect from 8th February, 2021.

Pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee has the following principal terms of reference:

1. To evaluate and recommend the composition of the Board of Directors and sub-committees thereof.
2. To identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, recommend to the Board their appointment and removal.
3. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
4. To specify the manner for effective evaluation of Board, its Committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance.

5. Devising a Policy on Board Diversity.
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
7. To recommend a Policy to the Board relating to the remuneration for the Directors, KMP and other employees, for its approval.
8. The Committee shall, while formulating the policy, ensure the following:
   (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
   (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
   (c) Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

   Senior Management for the above purpose shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the CEO / MD / WTD / Manager (including CEO / Manager, not part of the board) and shall specifically include CS and CFO.
9. To recommend to the Board remuneration proposed to be paid, to Executive Directors, Non-Executive Directors (other than Independent Directors), Whole-time Key Managerial Personnel and Senior Management, with proper justification for such remuneration.
10. To seek information from management and have full access to the Company's records relevant to its functioning in discharge of its obligations.
11. To make recommendations to the Board on any matter within its purview, by passing appropriate resolutions.
12. To note information on recruitment and remuneration of Senior Officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
13. To undertake related activities, functions and duties as the Board of Directors may from time to time, after deliberations, prescribe or as may be required to be undertaken in terms of any statutory or regulatory provisions.

    On the recommendation of the Nomination and Remuneration Committee, the Board has, *inter alia*, approved the following evaluation criteria for the Independent Directors:

    - Participation in Board in terms of adequacy (time & content);
    - Contribution at meetings;
    - Guidance / support to Management outside Board / Committee meetings;
    - Fulfilment of functions;
    - Independent views and judgement.

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

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

Appointment and Remuneration of Executive Chairman / Whole-time Directors

The re-appointment and remuneration of Samir Mehta as Executive Chairman of the Company was decided by the Board and approved by the shareholders through Postal Ballot on 7th March, 2020. The appointment is for a period of five years effective from 1st April, 2020 till 31st March, 2025 subject to provisions contained in Regulation 17(1B) of the Listing Regulations, as amended from time to time. He being a director liable to retire by rotation at the forthcoming AGM and being eligible, has offered himself for re-appointment.

Jinesh Shah was appointed as Director (Operations) of the Company for the period of 5 (five) years effective from 1st August, 2019. The shareholders through Postal Ballot approved the said appointment, along with remuneration, on 7th March, 2020.

Dr. Dutt has completed his tenure as Director (Research & Development) and also stepped down as the Director of the Company with effect from 31st December, 2020.

Remuneration of Non-Executive Directors including Independent Directors

1. The shareholders at the AGM held on 23rd July, 2019 approved the payment of commission to the Non-Executive Directors (NEDs), in accordance with and upto the limit laid down under the provisions of the Companies Act, 2013 for the period of 5 (five) years commencing from 1st April, 2020 and authorised the Board of Directors or any Committee of the Board, specifically authorised for the purpose, to decide the actual amount of commission for each year. The commission is determined based on the participation of the directors in the meetings of the Board and / or Committees thereof, as well as on industry practice, performance of the Company and contribution by the Directors, etc. Further, the Board has approved the payment of sitting fees at the rate of ₹1 lakh per meeting to the INEDs for each Board and Committee meeting attended by them.
2. In case of absence or inadequacy of profits in any financial year, the NEDs shall be paid such remuneration as approved by the Board or its Committee authorised for the purpose, subject to such approval as may be necessary.
3. The commission for any financial year shall be paid on its approval by the Board.

Details of remuneration of Directors for the year ended 31st March, 2021 are as under:

(₹ in Lakhs)

Name & Designation of Director$	Salary & Perquisites	Commission##	Sitting Fees++	Total
Sudhir Mehta, Chairman Emeritus^	Nil	500.00	Nil	500.00
Samir Mehta, Executive Chairman	0.40**	2000.00	Nil	2000.40
Shailesh Haribhakti	Nil	28.50	15.00	43.50
Haigreve Khaitan	Nil	28.50	15.00	43.50
Ameera Shah	Nil	28.50	13.00	41.50
Nayantara Bali	Nil	28.50	12.00	40.50
Dr. Chaitanya Dutt, Director (Research & Development)	839.42#**+	Nil	Nil	839.42
Jinesh Shah, Director (Operations)	516.86#**	Nil	Nil	516.86
Total	**1,356.68**	**2,614.00**	**55.00**	**4,025.68**

Notes:

$ The terms of appointment of Executive Chairman / Whole-time Director are governed by the resolutions of the shareholders and applicable rules of the Company.

^ Subject to the approval of the shareholders in the AGM.

Includes house rent allowance, contribution to provident fund & value of perquisites provided.

+ Dr. Chaitanya Dutt has completed his tenure as Director (Research & Development) of the Company and also stepped down as the Director of the Company with effect from 31st December, 2020.

Commission as approved by the Board pursuant to the shareholders' approval within the limit specified in the Companies Act, 2013.

++ Sitting Fees as approved by the Board under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

** In addition they are covered under group personal accident and group mediclaim policy as per Company's Rules.

Khaitan & Co. and Khaitan & Co. LLP., the law firms in which Haigreve Khaitan, an Independent Director, is a partner, were paid ₹0.04 crores as professional fees for legal services provided during the year. Apart from above, there were no other pecuniary relationships / transactions with the Independent Directors vis-à-vis the Company.

6. Corporate Social Responsibility and Sustainability Committee

Pursuant to Section 135 of the Companies Act, 2013, the Company has constituted Corporate Social Responsibility Committee, *inter alia*, to formulate Corporate Social Responsibility (CSR) Policy, to recommend the amount of expenditure to be incurred on social activities and to monitor the CSR Policy.

The Corporate Social Responsibility Committee was re-designated as Corporate Social Responsibility and Sustainability Committee on 8th February, 2021, by expanding the scope of Committee to include the following additional terms of reference:

- To approve and recommend to the Board the Sustainability Policy of the Company.
- To review, monitor and provide its strategic direction to the Company's sustainable development goals.

- To integrate its environmental, social and governance objectives with its business strategies and assist in crafting unique models to support creation of sustainable value over long-term.

During the year, two meetings of the Committee were held on 26th May, 2020 and 26th October, 2020.

The composition of the Committee as well as the particulars of attendance at the Committee meetings during the year and other related details are given in the table below:

Name & Designation of Directors	Category	No. of Meetings held during the tenure	No. of Meetings attended
Ameera Shah, Chairperson	ID	2	2
Shailesh Haribhakti[1]	ID	NA	NA
Nayantara Bali	ID	2	2
Jinesh Shah[1]	WTD	NA	NA
Dr. Chaitanya Dutt[2]	WTD	2	2

1. Shailesh Haribhakti and Jinesh Shah were appointed as the members of the Committee with effect from 8th February, 2021 and 26th October, 2020 respectively.
2. Dr. Chaitanya Dutt ceased to be a member of the Committee with effect from 31st December, 2020 on completion of his tenure as Director (Research & Development) of the Company and stepping down as the Director of the Company.

7. General Body Meetings

Details of the AGM held during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
45th AGM	2nd August, 2018	09.30 a.m.	J. B. Auditorium, Torrent AMA Centre, Ground Floor, Ahmedabad Management Association, Vastrapur, Ahmedabad	2
46th AGM	23rd July, 2019	09.30 a.m.		2
47th AGM	30th July, 2020	09.30 a.m.	Meeting conducted through VC / OAVM	1

No postal ballot was conducted during the financial year 2020-21. There is no immediate proposal for passing any resolution through postal ballot.

8. Disclosures

a) Legal Compliances

The Company follows a formal management policy and system of legal compliance and reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

There were no instances of material non-compliance and no penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

b) Code of Business Conduct

The Code of Business Conduct ("Code") lays down important corporate ethical practices that shape the Company's value system and business functions and represents cherished values of the Company. The Code provides guidance to employees in recognising and dealing with important ethical and legal issues and fosters a culture of honesty and accountability. The code of conducts includes Integrity, Gifts, Conflict of Interest, Legal compliance, Respect for people, Environmental commitment, Safety, Confidential & Proprietary Information, Financial Information, Company assets, Computer Network use & Security, Records maintenance and Management.

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

c) Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2020, the Company has amended the Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons ("Insider Trading Code") and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Fair Disclosure Code"), effective from 19th September, 2020. The Insider Trading Code was further amended on 18th May, 2021 to harmonise with the amendments carried out by SEBI in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading Code is aimed to prevent any insider trading and applicable to all the designated persons who are expected to have access to the unpublished price sensitive information relating to the Company. The Company lays down the guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing in shares of the Company. The Company has also adopted the Policy for determination of legitimate purposes which forms part of Fair Disclosure Code. The Company conducted the awareness session on Insider Trading Code followed by the quiz for the employees covered under the Designated Persons to refresh the basic understanding of the provisions of the Insider Trading Code / Regulations and clarify the doubts thereon.

The Audit Committee reviews cases of non-compliances, if any and the said non–compliances are promptly intimated to the Stock Exchanges in the prescribed format.

d) Related Party Transactions

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

The Company has also formulated Policy on Determining Material Subsidiaries as required under Listing Regulations. A copy of this policy is available on the website **http://torrentpharma.com/pdf/investors/Policy_for_determining_Material_Subsidiaries.pdf**

All the related party transactions are duly approved by Audit Committee / Board as required under the provisions of the Companies Act, 2013 and Listing Regulations as well as the Related Party Transaction Policy of the Company. The only material related party transactions of the Company were with its wholly owned subsidiary in US, whose accounts are consolidated with the Company's accounts. Please refer to Note 40 of Standalone Financial Statements, forming part of the Annual Report for details of the related party transactions during the year.

e) CEO / CFO Certification

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

f) Reconciliation of Share Capital Audit

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

g) Certificate from Company Secretary in Practice regarding appointment and continuation of directors

The Company has obtained the Certificate from the Practising Company Secretary certifying that none of the directors of the Company are debarred or disqualified from being appointed or continuing as directors of Company by SEBI / MCA or any such authority.

h) Details of unclaimed shares as per Listing Regulations

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

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 1st April, 2020	161	41,440
Number of shareholders who approached the Company / Registrars and Transfer Agents (RTA) for transfer of shares from unclaimed suspense account during the year ended 31st March, 2021	1	400
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year ended 31st March, 2021	1	400
Number of shares transferred to IEPF authority from Unclaimed Suspense Account during the year ended 31st March, 2021	-*	220
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. as on 31st March, 2021	160	40,820

* There is no change in the number of shareholders whose shares have been transferred from Unclaimed Suspense Account to IEPF authority as the same shareholders continue to appear in the Unclaimed Suspense Account on account of Bonus Shares which are still lying in Unclaimed Suspense Account.

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

i) Whistle-Blower Policy

In the endeavour to create consistent value propositions for all the stakeholders and to ensure highest level of honesty, integrity and ethical behaviour in all its operations, the Company has adopted 'Whistle-Blower Policy'. Through this Policy the Company encourages employees, stakeholders, stockiest and directors to bring to the Company's attention any instance of unethical behaviour and actual or suspected misconducts of fraud or violation of Company's Code of Conduct that could adversely impact Company's operation, business performance and / or reputation.

Under this Policy, the Company investigates any aforesaid incidents, when reported, in an impartial manner and takes appropriate action to ensure that requisite standards of professional and ethical conduct are maintained. The Company ensures protection of the employees who bring forth any such incidents to its attention. The outcome of the investigation is informed to all the concerned parties and a written report of the findings are prepared. The Audit Committee (AC) reviews the functioning of the Whistle Blower mechanism of the Company on a quarterly basis. The Whistle Blower Policy has been revised on 18th May, 2021 to simplify the reporting mechanism of Protected Disclosures. The said policy is available on the Company's website **www.torrentpharma.com**

The Policy also outlines the reporting procedure and investigation mechanism to be followed. All the Protected Disclosure shall be reported on the contact details mentioned in the Policy, while financial matters may also be additionally reported on the contact details of Chief Financial Officer (CFO) of the Company. In cases where the Protected Disclosures involve the CFO or CEO or any Director of the Company, the appropriate disclosures are to be made directly to the Chairman of AC. Protected disclosures can be made through a phone call, email or letters.

No person has been denied access to the Chairman of the AC.

j) Commodity price risk and hedging activities

The Company purchases Active Pharmaceutical Ingredient (API) and other materials that are used in the manufacturing of drugs. The prices of raw material generally fluctuate in line with commodity cycles over short period of time.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company also has Risk Management framework to proactively mitigate the impact through measures like cost based price increases, cost reduction measures, portfolio rationalisation, renegotiating procurement contracts etc. Additionally, the Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification. Most of these materials are sourced from the domestic market and therefore do not have significant foreign exchange fluctuation risks. The Company does not use any derivative contracts to hedge exposure to fluctuations in commodity prices.

k) Policy on Protection of Women against Sexual Harassment at Workplace

The Company has in place Policy on Protection of Women against Sexual Harassment at Workplace to ensure a safe and harassment free work place for its women employees. This encourages the women employees to pursue their career without any fear of prejudice, gender bias, sexual harassment and / or any such orientation in implicit or explicit form. Complaint Redressal Committees are formed at administrative units / offices for this purpose in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year 2020-21, there were no complaints registered under SHP forum.

l) Mandatory & Non-Mandatory Clauses

The Company has complied with all mandatory requirements laid down by Listing Regulations including those specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

The non-mandatory requirements complied with are disclosed below:

Audit Qualification: The Company's financial statements for the year 2020-21 do not contain any modified audit opinion.

Reporting of Internal Auditors: The Internal Auditors present their internal audit observations quarterly to the Audit Committee.

9. Communication to Shareholders

During the year, audited quarterly and annual financial results on standalone basis and un-audited quarterly and audited annual financial results on a consolidated basis of the Company were submitted to the stock exchanges soon after the Board meeting approved these and were published in leading newspapers viz. The Financial Express and The Indian Express in all edition of English language and The Financial Express in Gujarati language. These were also promptly put on the Company's website **www.torrentpharma.com**. All official news release of relevance, quarterly / annual results and presentations made by the Company to investors / analysts were also made available on the Company's website. The Company sends soft copies of Annual Report to those shareholders whose e-mail ids are registered with the Depository Participants and / or with the Company's Registrars and Transfer Agents, unless opted by them to get the physical copy, to support the "Green Initiative in Corporate Governance" of the Ministry of Corporate Affairs.

10. General Shareholder Information

a) 48th AGM

Date & Time	Tuesday, 27th July, 2021 at 09:30 a.m.
Venue	The Company is going to conduct the meeting through VC / OAVM pursuant to the MCA circular dated 5th May, 2020 read with MCA circular dated 13th January, 2021and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

b) Tentative Financial Calendar for the year 2021-22

Financial year	1st April to 31st March
First Quarter results	Fourth week of July 2021
Half Yearly results	Fourth week of October 2021
Third Quarter results	Fourth week of January 2022
Results for year-end	Second week of May 2022

c) Record date

18th June, 2021

d) Dividend payment date

The proposed dividend, if approved at the ensuing AGM will be distributed around 30th July, 2021.

e) Listing on Stock Exchanges and Security Codes

Name of Stock Exchange	Security Code
A. Equity shares	
BSE Limited, Mumbai (BSE)	500420
National Stock Exchange of India Limited, Mumbai (NSE)	TORNTPHARM
B. Non-Convertible Debentures	
National Stock Exchange of India Limited, Mumbai (NSE)	

The Company has paid the annual listing fees for the year 2021-22 to both the above stock exchanges.

f) Market Price Data

The closing market price of equity share on 31st March, 2021 (last trading day of the year) was ₹2,541.20 on BSE & ₹2,545.05 on NSE.

The monthly movement of equity share prices during the year at BSE & NSE are summarised below:

Monthly Share Price movement during the financial year ended 31st March, 2021 at BSE & NSE:

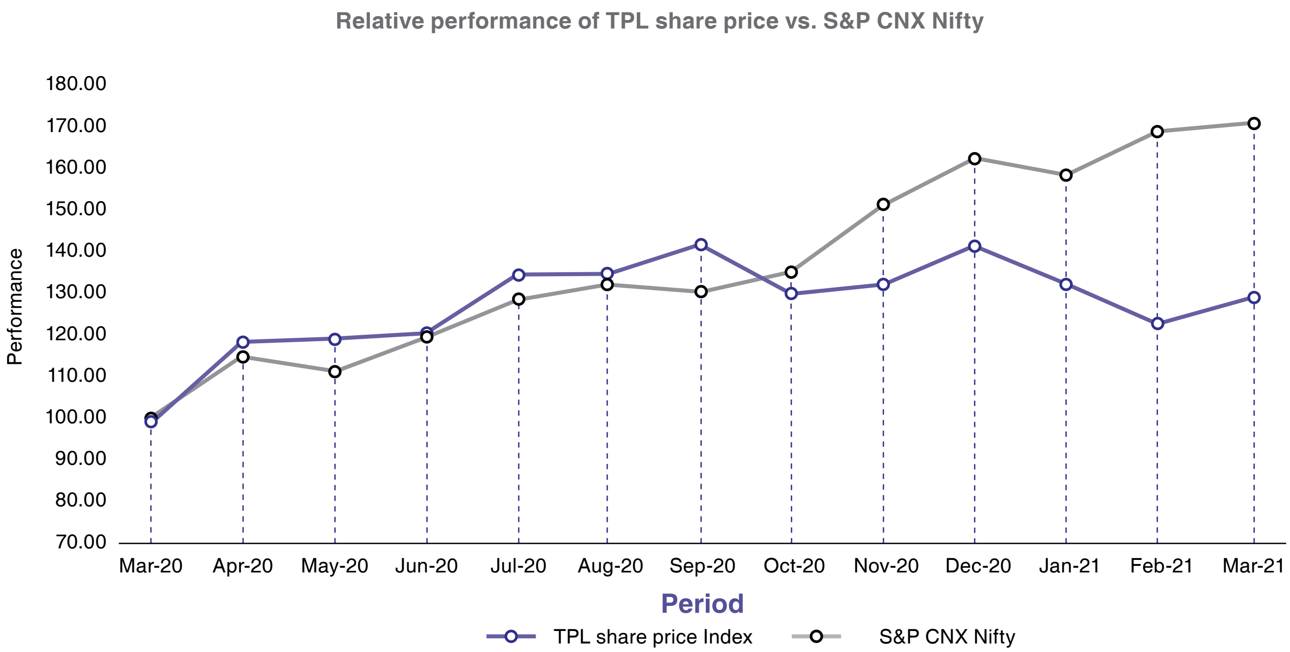
(share price in ₹)

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-20	2,679.45	1,933.30	5,66,432	2,699.00	1,932.00	1,70,58,961
May-20	2,636.00	2,280.15	4,52,642	2,633.35	2,281.20	2,37,86,915
Jun-20	2,612.50	2,280.40	3,34,944	2,615.00	2,280.00	1,40,52,849
Jul-20	2,754.90	2,232.00	6,19,259	2,755.40	2,231.85	1,64,13,902
Aug-20	3,040.00	2,619.50	6,89,360	3,031.20	2,617.30	1,91,69,433
Sep-20	2,942.90	2,558.60	5,03,731	2,944.50	2,455.00	1,60,63,558
Oct-20	2,939.30	2,500.00	2,77,606	2,934.00	2,499.05	1,28,48,922
Nov-20	2,754.40	2,421.30	4,09,343	2,755.90	2,418.75	1,16,08,452
Dec-20	2,854.20	2,583.85	2,25,373	2,856.55	2,583.40	92,87,846
Jan-21	2,902.85	2,571.90	2,09,270	2,905.00	2,571.30	70,80,133
Feb-21	2,801.00	2,401.05	4,62,190	2,802.90	2,401.40	1,05,00,880
Mar-21	2,556.00	2,311.30	2,51,291	2,556.95	2,311.10	54,33,275
Total			**50,01,441**			**16,33,05,126**
% of volume traded to outstanding shares			**2.96%**			**96.50%**

The performance of the equity share price of the Company vis-à-vis the S&P CNX Nifty at NSE is as under:

Month	TPL Share Price at NSE**	S&P CNX Nifty**	Relative Index for comparison purpose	
			TPL share price index	S&P CNX Nifty
Mar-20	1,971.80	8,597.75	100.00	100.00
Apr-20	2,345.40	9,859.90	118.95	114.68
May-20	2,362.55	9,580.30	119.82	111.43
Jun-20	2,372.10	10,302.10	120.30	119.82
Jul-20	2,663.60	11,073.45	135.08	128.79
Aug-20	2,661.60	11,387.50	134.98	132.45
Sep-20	2,799.95	11,247.55	142.00	130.82
Oct-20	2,566.85	11,642.40	130.18	135.41
Nov-20	2,615.10	12,968.95	132.63	150.84
Dec-20	2,802.70	13,981.75	142.14	162.62
Jan-21	2,608.15	13,634.60	132.27	158.58
Feb-21	2,428.20	14,529.15	123.15	168.99
Mar-21	2,545.05	14,690.70	129.07	170.87

** data as on closing of the month



g) Distribution of shareholding as at 31st March, 2021

By size of shareholding:

Category (Shares)	Mode of Holding	No. of Shares	% to Equity	No. of Holders	% to Holders
1 – 1,000	Electronic	6,339,835	3.75	72,618	96.54
	Physical	381,030	0.23	993	1.32
1,001 – 2,000	Electronic	1,073,496	0.63	738	0.98
	Physical	40,000	0.02	25	0.03
2,001 – 10,000	Electronic	2,185,919	1.29	507	0.67
	Physical	40,000	0.02	10	0.01
10,001 – 20,000	Electronic	1,214,750	0.72	87	0.12
	Physical	-	-	-	-
Above 20,000	Electronic	157,947,690	93.34	242	0.32
	Physical	-	-	-	-
Total	**Electronic**	**168,761,690**	**99.73**	**74,192**	**98.63**
	Physical	**461,030**	**0.27**	**1,028**	**1.37**
	Total:	**169,222,720**	**100.00**	**75,220**	**100.00**

We would like to inform that during the year, the number of shareholders of the Company has increased from 37,475 to 75,220, showing increase of 100%.

By category of shareholders:

Category	No. of Shares		Total Shares	% of Holding
	Electronic	Physical		
Promoter's Group	120,564,720	-	120,564,720	71.25
Mutual Fund and UTI	10,954,888	400	10,955,288	6.47
Bank, FIs, AIFs & Insurance Companies	505,464	-	505,464	0.30
Foreign Institutional Investors / QIB / QFIs / NRIs	22,240,583	-	22,240,583	13.14
Other Bodies Corporate	1,169,695	5,880	1,175,575	0.69
Indian Public	13,226,958	454,750	13,681,708	8.09
IEPF	99,382	-	99,382	0.06
Total	**168,761,690**	**461,030**	**169,222,720**	**100.00**

h) Dematerialisation of securities

The equity shares of the Company are traded compulsorily in the dematerialised segment of all the stock exchanges and are under rolling settlement. Approximately 99.73% of the shares have been dematerialised. Shares held by promoters are all in dematerialised form. The demat security (ISIN) code for the equity share is INE685A01028.

i) Share transfer system

SEBI vide its circular dated 8th June, 2018 amended Regulation 40 of the Listing Regulations pursuant to which request for effecting the transfer shall not be processed unless the securities are held in dematerialised form. The details of transmission approved by the delegates are noted by the Securities Transfer and Stakeholders Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the certificate with the Stock Exchanges.

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

j) Credit Ratings

Details of all credit ratings obtained by the Company for its borrowings including debt instruments are as follows:

ICRA Ltd. has assigned credit rating of –

- [ICRA] AA (Stable) for banking facilities and non-convertible debentures.
- [ICRA] A1+ for commercial paper programme of the Company.

During the year under review, ICRA has reinstated rating outlook to "Stable"

India Ratings and Research Private Limited has assigned rating of -

- IND AA (Stable) for Non-convertible debentures and term loans.

k) Outstanding GDRs / ADRs / Warrants / any other convertible instruments

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

l) Registered Office

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

m) Plant Locations

1. Village Indrad, Taluka Kadi, Dist. Mehsana (Gujarat)
2. Village Bhud, Baddi, Teh. Nalagarh, Dist. Solan (Himachal Pradesh)
3. 32 No. Middle Camp, NH-10, East District, Gangtok (Sikkim) – Unit I & Unit II
4. NH-10, Bagheykhola Village, Majhitar, Rangpo, East Sikkim (Sikkim) – Unit III
5. Plot No 810, Sector III, Industrial area, Pithampur, Dist - Dhar (Madhya Pradesh)
6. Plot No.77, J N Pharma City, Thanam Village, Parawada-Mandal, Vizag (Andhra Pradesh)
7. Plot No. Z104-106, Dahej SEZ Phase II, Taluka Vagra, Dist. Bharuch (Gujarat).
8. Torrent Pharma Inc. - 2091 Hartel Street, Pennsylvania 19057, U.S.A

n) Project Site

Bileshwarpura, Taluka Kalol, District Gandhinagar (Gujarat)

o) Research & Development Facility

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

p) Compliance Officer

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

q) Investor services

E-mail ID: **investorservices@torrentpharma.com**

r) Registrars & Transfer Agents (RTA)

KFIN Technologies Private Limited
Unit: Torrent Pharmaceuticals Limited
Selenium Tower-B, Plot No. 31 & 32, Financial District,
Gachibowli, Hyderabad – 500 032, India
Tel. No.: +91 40 67162222
Fax No.: +91 40 23001153
Contact person: Mr. Ganesh Chandra Patro
E-mail ID: **einward.ris@kfintech.com**

s) Debenture Trustee

IDBI TRUSTEESHIP SERVICES LIMITED
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.
Website: **http://www.idbitrustee.com**
E-mail ID: **itsl@idbitrustee.com**
Tel. No.: + 91 22 4080 7000
Mob. No.: +91 97029 43333
Fax No.: +91 22 6631 1776

For and on behalf of the Board of Directors

Ahmedabad,
18th May, 2021

Samir Mehta
Executive Chairman

Annexure 1 to Corporate Governance Report

To
The Shareholders,

Affirmation of Compliance with Code of Business Conduct

I, Samir Mehta, Executive Chairman, declare that the Board of Directors of the Company has received affirmation on compliance with the Code of Business Conduct for the period from 1st April, 2020 or the date of their joining the Company, whichever is later, to 31st March, 2021 from all Members of the Board and employees under Senior Management Cadre comprising CEO / Executive Directors (not a Member of the Board), Vice-Presidents and General Managers.

Ahmedabad
18th May, 2021

Samir Mehta
Executive Chairman

STANDALONE FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of

Torrent Pharmaceuticals Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Torrent Pharmaceuticals Limited ("the Company"), which comprise the standalone balance sheet as at 31st March, 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, 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 Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

1. Impairment testing of goodwill [Refer Note 4.8.2, 8 and 9 to the Standalone Financial Statements]

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 4.8.2 to the standalone financial statements, the Company tests goodwill for impairment annually, or more frequently when there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. We identified the annual impairment assessment of goodwill as a key audit matter because the assessment process is complex and judgemental by nature and is based on assumptions on: - projected future cash inflows; - expected growth rate and profitability; - discount rate; - perpetuity value based on long-term growth rate; - sensitivity analyses;	Our audit procedures in respect of impairment testing of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amounts of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the model used in determining the value in use of the cash generating units; • Assessing the accuracy of prior period cash flow forecasts of the Company by reference to actual performance to assess forecast accuracy; • Challenging the significant assumptions and judgements used in impairment analysis, such as forecast revenue, margins, long-term growth and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist, especially in light of the existing economic situation due to COVID-19; • Performing sensitivity analysis of the key assumptions, such as future revenue growth rates, future gross margins, and the discount rate used in determining the recoverable value; • Evaluating the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

Independent Auditors' Report (Continued)

2. Recognition and measurement of Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets (Refer Note 4.13 and 22 to the Standalone Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
The Company pays minimum alternate tax (MAT) under Section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. As disclosed in Note 22 to the Standalone Financial Statements, the MAT credit is recognised as a deferred tax asset. The utilisation of this asset will be through offsetting it when the Company pays taxes under the provision of Income Tax Act, 1961. The Company is required to reassess recognition of MAT credit asset at each reporting date. The Company has recognised MAT credit assets based on the probability of income tax payable on future taxable profits against which such MAT credit assets can be offset before they expire. The recognition is based on the projected profitability. This is determined based on approved business plans. Recognition and measurement of such deferred tax assets has been identified as a key audit matter because the assessment process involves significant judgement regarding the forecasts of future income tax. The realisation of these assets will be through such income tax within the time limits available under the applicable Income tax laws. The assessment process is based on assumptions affected by expected future market or economic conditions.	In respect of MAT credit assets, we assessed recognition and measurement by performing the following procedures: • Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets and underlying data; • Obtaining the approved business plans, projected profitability statements; • Challenging the assumptions used regarding future business plans and taxable profit in light of fiscal developments, current economic environment in light of COVID-19 related situation and prior performance in determining the recoverability of MAT credit assets recognised within the period available under applicable Income tax laws; • Performing sensitivity analysis; • Testing the computation of amounts recognised as deferred tax assets on MAT credit; • Focusing on the disclosures on MAT credit assets and assumptions used.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and

Independent Auditors' Report (Continued)

design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditors' Report (Continued)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations as at 31st March, 2021 on its financial position in its standalone financial statements-Refer Note 41 to the standalone financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Independent Auditors' Report (Continued)

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31st March, 2021.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Jamil Khatri
Partner
Membership Number: 102527
UDIN: 21102527AAAAAQ5110

Mumbai
18th May, 2021

Annexure - A to the Independent Auditors' Report

31st March 2021 (Referred to in our report of even date)

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified by the management in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of immovable properties are held in the name of the Company. Immovable properties of land and building whose title have been pledged as security for loans are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset (right-of-use assets) in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act during the year. The Company has complied with the provisions of Section 186 of the Act, in respect of investments made or guarantees provided to the parties covered under Section 186 of the Act. The Company has not granted any loans or provided any security to the parties covered under Section 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section 1 of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues as applicable have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of customs, Duty of Excise, Value Added Tax, as at 31st March, 2021, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Enclosure I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, financial institutions, government and its debenture holders.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer, further public offer (including debt instruments) during the year. In our opinion and according to information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

Annexure - A to the Independent Auditors' Report (Continued)

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Jamil Khatri
Partner
Membership Number: 102527
UDIN: 21102527AAAAAQ5110

Mumbai
18th May, 2021

Annexure - A to the Independent Auditors' Report (Continued)

Enclosure I

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount demanded (₹ in crores)	Amount unpaid (₹ in crores)
The Central Excise Act, 1944	Demand of Excise duty / Interest / Penalty	Additional Commissioner of CGST & Central Excise-Gandhinagar	2008-09 & 2009-10	0.17	0.16
The Central Excise Act, 1944	Cenvat Credit / Input service tax/ demand of duty & penalty	CESTAT-Kolkata	2011-12	2.58	2.53
Finance Act, 1994	Demand of Service Tax / Interest/ Penalty	CESTAT-Ahmedabad	2013-14 to 2015-16	6.19	6.19
Finance Act, 1994	Demand of Service Tax / Interest/ Penalty	Supreme Court of India	2007-08 to June 2012	57.50	57.50
Finance Act, 1994	Demand of Service Tax / Interest/ Penalty	Commissioner of CGST & Central Excise-Ahmedabad	July -2012 to Sept 2013 October -2013 to March -2015	10.73	10.73
The Central Excise Act, 1944	Cenvat Credit/ Input service tax / demand of duty & penalty	CESTAT-Ahmedabad	2012-13 and 2013-14	11.79	11.49
The Central Goods & Services Tax Act, 2017	Interest on Input tax credit refund recovery	Gujarat High Court	July & August 2017	3.07	3.07
The Central Excise Act, 1944	Cenvat Credit / Input service tax/ demand of duty & penalty	Dy. Commr. of CGST & Central Excise,Kalol	2005-06 and 2013-14 & 2014-15	0.22	0.21
The Central Excise Act, 1944	Cenvat Credit / Input service tax/ demand of duty & penalty	CESTAT-Chandigarh	2015-16	0.21	0.20
The Central Excise Act, 1944	Cenvat Credit / Interest & penalty	Joint Commissioner of CGST-Audit, Durgapur	FY 2016-17 to June-2017	3.64	3.47
The Central Goods & Services Tax Act, 2017	Input Tax Credit	Joint Commissioner (Appeals),CGST	FY 2017-18	0.63	0.60
Madhya Pradesh Vat Act, 2002	Demand of Tax	Assistant Commissioner of Commercial Tax, Madhya Pradesh	2014-15, 2015-16 and 2016-17	5.55	5.55
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2017-18	0.60	0.60
Bihar Value Added Tax Act, 2005	Demand of Tax	Assistant Commissioner of Commercial Tax, Bihar	2015-16	0.69	0.69
Madhya Pradesh Vat Act, 2002	Demand of Entry Tax	Assistant Commissioner of Commercial Tax, Madhya Pradesh	2015-16 and 2016-17	14.66	12.70
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2003-04 and 2005-06	0.41	0.03
Uttar Pradesh Trade Tax Act, 1948	Demand of Tax	Joint Commissioner Commercial Tax, Uttar Pradesh	2017-18	0.06	0.06
West Bengal Value Added Tax Act, 2003	Demand of Tax	West Bengal Taxation Tribunal	2015-16	1.20	1.20
Andhra Pradesh Value Added Tax Act, 2005	Demand of Tax	Commercial Tax Officer	2015-16	0.08	0.08
Kerala Value Added Tax Act , 2003	Demand of Tax	Asst Commissioner of Commercial Tax	2007-08	0.16	0.08

Annexure - B to the Independent Auditors' Report

on Standalone financial statements of Torrent Pharmaceuticals Limited for the year ended 31st March, 2021

Report on the Internal Financial Controls with reference to the aforesaid standalone financial statements under Clause (i) of sub-Section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Torrent Pharmaceuticals Limited ('the Company') as of 31st March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Annexure - B to the Independent Auditors' Report (Continued)

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Jamil Khatri
Partner
Membership Number: 102527
UDIN: 21102527AAAAAQ5110

Mumbai
18th May, 2021

Standalone Balance Sheet

(₹ in crores)

	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,648.07**	2,700.72
Capital work-in-progress	6	**554.84**	513.33
Right-of-use assets	7	**97.24**	112.43
Goodwill	8	**243.96**	243.96
Other intangible assets	9	**3,751.97**	4,140.39
Intangible assets under development	9	**33.27**	23.08
Financial assets			
Investments	10	**174.87**	134.87
Loans	11	**2.02**	2.29
Other financial assets	12	**20.90**	27.76
		197.79	**164.92**
Income tax assets (net)		**42.02**	79.89
Deferred tax assets (net)	22	**28.33**	67.76
Other non-current assets	13	**21.67**	18.73
Total non-current assets		**7,619.16**	**8,065.21**
Current assets			
Inventories	14	**1,911.74**	1,507.76
Financial assets			
Investments	10	**139.05**	0.02
Trade receivables	15	**1,544.26**	1,508.94
Cash and cash equivalents	16	**61.87**	386.46
Bank balances other than cash and cash equivalents	17	**4.55**	4.49
Loans	11	**3.08**	3.64
Other financial assets	12	**89.38**	23.01
		1,842.19	**1,926.56**
Other current assets	13	**387.95**	384.94
Total current assets		**4,141.88**	**3,819.26**
TOTAL ASSETS		**11,761.04**	**11,884.47**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**84.62**	84.62
Other equity	19	**5,945.48**	5,036.35
Total equity		**6,030.10**	**5,120.97**
Non-current liabilities			
Financial liabilities			
Borrowings	20	**2,941.07**	3,124.45
Other financial liabilities	24	**6.84**	69.36
		2,947.91	**3,193.81**
Provisions	21	**193.93**	176.72
Other non-current liabilities	25	**3.30**	5.49
Total non-current liabilities		**3,145.14**	**3,376.02**
Current liabilities			
Financial liabilities			
Borrowings	20	**410.38**	789.31
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	**19.96**	13.19
Total outstanding dues of creditors other than micro enterprises and small enterprises		**628.09**	668.88
		648.05	**682.07**
Other financial liabilities	24	**1,290.17**	1,648.73
		2,348.60	**3,120.11**
Provisions	21	**106.83**	93.77
Other current liabilities	25	**130.37**	173.60
Total current liabilities		**2,585.80**	**3,387.48**
TOTAL EQUITY AND LIABILITIES		**11,761.04**	**11,884.47**
Notes forming part of the Standalone Financial Statements	1 - 46		

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

Standalone Statement of Profit and Loss

(₹ in crores)

	Notes	Year ended 31st March, 2021	Year ended 31st March, 2020
REVENUE			
Revenue from operations	26	**6,450.83**	6,168.44
Other income	27	**118.08**	236.93
Total Revenue		**6,568.91**	**6,405.37**
EXPENSES			
Cost of materials consumed	28	**1,420.82**	1,352.96
Purchases of stock-in-trade		**398.99**	341.32
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	**(150.14)**	(56.83)
Employee benefits expense	30	**1,097.12**	1,061.76
Finance costs	31	**339.46**	430.49
Depreciation and amortisation expense	32	**609.84**	606.66
Other expenses	33	**1,486.71**	1,552.24
Total Expenses		**5,202.80**	**5,288.60**
PROFIT BEFORE TAX		**1,366.11**	**1,116.77**
TAX EXPENSE	22		
Current tax		**247.77**	192.13
Deferred tax credit		**(19.51)**	(13.87)
		228.26	**178.26**
PROFIT FOR THE YEAR		**1,137.85**	**938.51**
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**11.08**	(16.54)
Equity instruments through other comprehensive income		**-**	(0.03)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(3.87)**	5.78
Equity instruments through other comprehensive income		**-**	0.01
Items that will be reclassified subsequently to profit or loss			
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge		**157.59**	(159.14)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge		**(55.07)**	55.61
		109.73	**(114.31)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,247.58**	**824.20**
Earnings per share [Nominal value per equity share of ₹5]			
Basic and diluted	35	**67.24**	55.46
Notes forming part of the Standalone Financial Statements	1 - 46		

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director &
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

Standalone Statement of Changes in Equity

(A) Equity share capital

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	**84.62**	84.62
Changes during the year	**-**	-
Balance at the end of the year	**84.62**	**84.62**

(B) Other equity

(₹ in crores)

	Reserves and surplus					Other comprehensive income		
	Retained earnings	General reserve	Debenture redemption reserve	Capital reserve	Securities premium	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Total
Balance as at 1st April, 2020	**2,093.30**	**2,648.31**	**351.71**	**0.00**	**4.34**	**0.01**	**(61.32)**	**5,036.35**
Profit for the year	**1,137.85**	**-**	**-**	**-**	**-**	**-**	**-**	**1,137.85**
Other comprehensive income (net of tax)	**7.21**	**-**	**-**	**-**	**-**	**-**	**102.52**	**109.73**
Dividends*	**(338.45)**	**-**	**-**	**-**	**-**	**-**	**-**	**(338.45)**
Transfer from debenture redemption reserve	**-**	**135.64**	**(135.64)**	**-**	**-**	**-**	**-**	**-**
Balance as at 31st March, 2021	**2,899.91**	**2,783.95**	**216.07**	**0.00**	**4.34**	**0.01**	**41.20**	**5,945.48**
Balance as at 1st April, 2019	**1,884.05**	**2,510.78**	**489.24**	**-**	**4.34**	**0.03**	**42.21**	**4,930.65**
Profit for the year	938.51	-	-	-	-	-	-	938.51
Other comprehensive income (net of tax)	(10.76)	-	-	-	-	(0.02)	(103.53)	(114.31)
Cancellation of forfeited equity shares	-	-	-	0.00	-	-	-	0.00
Dividends**	(609.20)	-	-	-	-	-	-	(609.20)
Tax on dividend	(109.30)	-	-	-	-	-	-	(109.30)
Transfer from debenture redemption reserve	-	137.53	(137.53)	-	-	-	-	-
Balance as at 31st March, 2020	**2,093.30**	**2,648.31**	**351.71**	**0.00**	**4.34**	**0.01**	**(61.32)**	**5,036.35**

*Dividends include 2020-21 interim dividend of ₹20 per share.

**Dividends include 2018-19 final dividend of ₹4 per share and 2019-20 interim dividend of ₹32 per share.

Standalone Statement of Changes in Equity (Continued)

Nature and purpose of reserves:

(a) **Retained earnings:** Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

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

(c) **Debenture redemption reserve:** The reserve represents amount required to be set aside out of profits in accordance with Companies Act, 2013 up to 16th August, 2019.

(d) **Capital reserve:** Capital reserve represents profit or loss on cancellation of own forfeited equity instruments.

(e) **Securities premium:** Securities premium comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

(f) **Equity instruments through other comprehensive income:** This represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

(g) **Effective portion of cash flow hedges:** This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the statement of profit and loss.

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527
Mumbai
18th May, 2021

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Sudhir Menon
Executive Director & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
18th May, 2021

Standalone Statement of Cash Flows

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**1,366.11**	1,116.77
Adjustments for:		
Depreciation and amortisation expense	**609.84**	606.66
Allowance for credit loss (net)	**0.08**	1.02
Impairment of investment in subsidiary	**3.88**	-
Unrealised foreign exchange (gain) / loss (net)	**4.65**	(77.16)
Loss on sale / discard / write-off of property, plant and equipments	**0.34**	8.25
Net gain on sale of investments	**(15.58)**	(29.20)
Finance costs	**339.46**	430.49
Interest income	**(4.15)**	(6.38)
Dividend income	**(48.38)**	(76.60)
	2,256.25	**1,973.85**
Adjustments for changes in working capital:		
Trade receivables, loans and other assets	**(75.62)**	(70.30)
Inventories	**(403.98)**	(149.46)
Trade payables, liabilities and provisions	**11.48**	32.51
CASH GENERATED FROM OPERATIONS	**1,788.13**	**1,786.60**
Direct taxes paid (net of refunds)	**(209.90)**	(206.70)
NET CASH FROM OPERATING ACTIVITIES	**1,578.23**	**1,579.90**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipments and intangible assets (including capital work-in-progress and capital advances paid)	**(201.99)**	(346.20)
Proceeds from sale of property, plant and equipments	**0.37**	1.96
Payment for additional investment in subsidiary	**(3.88)**	-
Payment to acquire other non-current investments	**(40.00)**	-
(Investments in) / proceeds from redemption of mutual funds (net)	**(123.45)**	380.50
Dividend received from subsidiary	**48.38**	76.60
Fixed deposits matured / (Investment in fixed deposits)	**(0.04)**	141.29
Interest received	**4.33**	15.28
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	**(316.28)**	**269.43**
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**895.00**	750.00
Repayment of long-term borrowings	**(1,401.15)**	(1,163.31)
Proceeds from / (repayment of) short-term borrowings (net)	**(378.93)**	62.71
Repayment of lease obligations	**(18.73)**	(20.00)
Dividend paid (including tax on dividend for the year ended 31st March, 2020)	**(338.45)**	(718.50)
Finance costs paid	**(344.28)**	(466.38)
NET CASH USED IN FINANCING ACTIVITIES	**(1,586.54)**	**(1,555.48)**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(324.59)**	**293.85**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**386.46**	92.61
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Refer note 16)	**61.87**	**386.46**

Notes:

(1) The Company considers investing in liquid mutual fund as an important part of its cash management activities. In accordance with Ind AS 7, the same is presented as cash flows from investing activities. As at 31st March, 2021, investment amount is ₹139.03 crores.

Standalone Statement of Cash Flows (Continued)

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(2) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES :		
Long-term borrowings including current maturities of long-term debt (Refer note 20):		
Opening balance	**4,505.03**	4,896.47
Amount borrowed during the year	**895.00**	750.00
Amount repaid during the year	**(1,401.15)**	(1,163.31)
Amortised cost adjustment	**2.55**	3.01
Foreign exchange difference	**(27.38)**	18.86
Closing balance	**3,974.05**	**4,505.03**
Lease obligations (Refer note 24):		
Opening balance	**32.32**	-
Recognised on adoption of Ind AS 116	**-**	48.99
New lease contracts entered during the year	**3.88**	-
Interest accrued during the year	**2.31**	3.52
Amount paid during the year	**(18.73)**	(20.00)
Remeasurement of lease liability	**(0.12)**	-
Foreign exchange difference	**0.05**	(0.19)
Closing balance	**19.71**	**32.32**
Short-term borrowings (Refer note 20):		
Opening balance	**789.31**	726.60
Amount (repaid) / borrowed during the year (net)	**(378.93)**	62.71
Closing balance	**410.38**	**789.31**

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director &
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

Notes forming part of the Standalone Financial Statements

1. Corporate information

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

2. Statement of compliance

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

3. Basis of preparation of financial statements

3.1 Basis of preparation and presentation

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

- Derivative financial instruments
- Investments in mutual funds, equity instruments and LLP
- Defined benefit plan – plan assets measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and / or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of asset.

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

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

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

3.2 Functional and presentation currency

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

3.3 Use of estimates

The preparation of financial statements are in conformity with the recognition and measurement principles of Ind AS which 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.

Notes forming part of the Standalone Financial Statements

3.3 Use of estimates (Continued)

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

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

- Useful lives of property, plant and equipment (refer note 4.1)
- Valuation of assets acquired as part of business combination (refer note no. 4.2.1)
- Useful lives of intangible assets (refer note 4.3)
- Impairment of investments in subsidiaries (refer note no. 4.5.1)
- Valuation of inventories (refer note 4.7)
- Impairment of intangible assets and goodwill (refer note 4.8.2)
- Employee benefits (refer note no. 4.9)
- Provisions & contingent liabilities (refer note 4.11)
- Sales returns (refer note 4.12)
- Valuation of deferred tax assets (refer note 4.13)

4. Significant accounting policies

4.1 Property, plant and equipment

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

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

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

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

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

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

Notes forming part of the Standalone Financial Statements

4.1 Property, plant and equipment (Continued)

The estimated useful lives of property, plant and equipments are as under:

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

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

4.2 Business combinations and goodwill

4.2.1 Business combinations

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

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

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

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose. The financial statement of prior period is restated as if the business combination had occurred from the beginning of the preceding period, irrespective of the actual date of combination.

4.2.2 Goodwill

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

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

Notes forming part of the Standalone Financial Statements

4.3 Intangible assets

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

Acquired research and development intangible assets that are under development are recognised as intangible assets under development. These assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

Intangible assets are amortised over their respective estimated useful life using straight-line method. The estimated useful life of amortisable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangible assets are as mentioned below:

Type of intangible asset	Useful life
Softwares	3 to 5 years
Product licenses	Up to 15 years
Brands	Up to 15 years
Non-compete fees	Up to 5 years
Drug master files	10 years

4.4 Foreign currency transaction and translation

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

4.5 Financial instruments

4.5.1 Financial assets

(a) Classification of financial assets

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

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

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

(b) Initial measurement

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

(c) Subsequent measurement

- **Amortised Cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes forming part of the Standalone Financial Statements

4.5 Financial instruments (Continued)

- **Fair value through other comprehensive income (FVOCI)**

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

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

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(d) Derecognition of financial assets

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

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

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

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

(e) Income recognition

Dividend is accounted when the right to receive payment is established. Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(f) Cash and cash equivalents

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

(g) Investments

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

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

Notes forming part of the Standalone Financial Statements

4.5 Financial instruments (Continued)

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

(h) Trade receivables

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

4.5.2 Financial liabilities

The Company's financial liabilities include trade payables, loans and borrowing and derivative financial instruments.

(a) Classification

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

(b) Initial measurement

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

(c) Subsequent measurement

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

(d) Derecognition of financial liabilities

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

(e) Borrowings

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

(f) Trade payables

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

4.5.3 Derivative financial instruments and hedge accounting

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

Notes forming part of the Standalone Financial Statements

4.5 Financial instruments (Continued)

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

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

4.6 Leases – Company as lessee

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

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

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

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

The Company has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

4.7 Inventories

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

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

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

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

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

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

Notes forming part of the Standalone Financial Statements

4.7 Inventories (Continued)

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

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

4.8 Impairment of assets

4.8.1 Financial assets

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

4.8.2 Non-financial assets

Tangible and intangible assets

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

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

Goodwill

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

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

4.9 Employee benefits

4.9.1 Short-term employee benefits

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

Notes forming part of the Standalone Financial Statements

4.9 Employee benefits (Continued)

4.9.2 Long-term employment benefits

Defined contribution plans

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

Defined benefit plans

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

Termination benefits

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

Compensated absences and earned leaves

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

4.10 Government grants

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

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

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

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

4.11 Provisions, contingent liabilities and contingent assets

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company 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.

Notes forming part of the Standalone Financial Statements

4.11 Provisions, contingent liabilities and contingent assets (Continued)

Provisions

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

4.12 Revenue recognition

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

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

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

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

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

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

4.13 Income taxes

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

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

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

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

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

Notes forming part of the Standalone Financial Statements

4.13 Income taxes(Continued)

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

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

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognised in statement of changes in equity as part of associated dividend payment. As per amendment in Indian Income Tax Act (with effect from 1st April, 2020) dividend is taxable in the hands of shareholders.

4.14 Earnings per share

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

4.15 Research and development

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

4.16 Borrowing cost

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

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

4.17 GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

5. Recent accounting pronouncements

On 24th March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Division I, II and III of Schedule III of the Companies Act, 2013 and are applicable from 1st April, 2021. The amendments primarily relate to :

a) Change in existing presentation requirements for certain items in Balance sheet, for e.g. lease liabilities, security deposits, current maturities of long-term borrowings, effect of prior period errors on equity share capital.

b) Additional disclosure requirements in specified formats, for e.g. ageing of trade receivables, trade payables, capital work-in-progress, intangible assets under development, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for e.g. compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

Notes forming part of the Standalone Financial Statements

6. Property, plant and equipment

(₹ in crores)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 1st April, 2020	**784.44**	**-**	**940.26**	**1,755.12**	**59.20**	**19.60**	**104.35**	**206.54**	**3,869.51**
Additions during the year	**4.78**	**-**	**40.39**	**76.10**	**2.63**	**2.02**	**9.39**	**4.21**	**139.52**
Deductions during the year	**-**	**-**	**-**	**4.55**	**0.05**	**0.12**	**0.04**	**-**	**4.76**
Gross carrying amount as at 31st March, 2021	**789.22**	**-**	**980.65**	**1,826.67**	**61.78**	**21.50**	**113.70**	**210.75**	**4,004.27**
Accumulated depreciation as at 1st April, 2020	**-**	**-**	**182.10**	**791.17**	**34.76**	**5.04**	**72.34**	**83.38**	**1,168.79**
Depreciation for the year	**-**	**-**	**28.57**	**135.76**	**3.82**	**1.93**	**11.39**	**9.99**	**191.46**
Deductions during the year	**-**	**-**	**-**	**3.87**	**0.05**	**0.10**	**0.03**	**-**	**4.05**
Accumulated depreciation as at 31st March, 2021	**-**	**-**	**210.67**	**923.06**	**38.53**	**6.87**	**83.70**	**93.37**	**1,356.20**
Net carrying amount as at 31st March, 2021	**789.22**	**-**	**769.98**	**903.61**	**23.25**	**14.63**	**30.00**	**117.38**	**2,648.07**
Capital work-in-progress									**554.84**
Total									**3,202.91**
Gross carrying amount as at 1st April, 2019	695.11	29.50	928.74	1,665.04	60.93	15.85	95.94	199.33	3,690.44
Additions during the year	89.33	-	15.53	117.50	4.82	5.69	9.54	10.98	253.39
Deductions during the year	-	29.50	4.01	27.42	6.55	1.94	1.13	3.77	74.32
Gross carrying amount as at 31st March, 2020	**784.44**	**-**	**940.26**	**1,755.12**	**59.20**	**19.60**	**104.35**	**206.54**	**3,869.51**
Accumulated depreciation as at 1st April, 2019	-	-	156.20	682.00	35.51	4.78	61.70	76.95	1,017.14
Depreciation for the year	-	-	27.92	133.24	3.75	1.68	13.12	9.67	189.38
Deductions during the year	-	-	2.02	24.07	4.50	1.42	2.48	3.24	37.73
Accumulated depreciation as at 31st March, 2020	**-**	**-**	**182.10**	**791.17**	**34.76**	**5.04**	**72.34**	**83.38**	**1,168.79**
Net carrying amount as at 31st March, 2020	**784.44**	**-**	**758.16**	**963.95**	**24.44**	**14.56**	**32.01**	**123.16**	**2,700.72**
Capital work-in-progress									513.33
Total									**3,214.05**

(i) Certain property, plant and equipments hypothecated / mortgaged as security for borrowings as disclosed under note 20.

(ii) Capital work-in-progress includes expenditure of ₹25.62 crores (previous year: ₹24.77 crores) incurred in the course of construction.

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

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

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Buildings	**0.07**	0.57
Plant and equipments [including laboratory equipments]	**7.20**	21.04
Electrical equipments	**0.51**	1.75
Furniture and fixtures	**0.39**	2.73
Office equipments	**0.15**	0.62
Vehicles	**-**	0.37
Intangibles being softwares	**0.40**	3.96
Total	**8.72**	**31.04**

Notes forming part of the Standalone Financial Statements

6. Property, plant and equipment (Continued)

(v) Pro-rata cost of assets owned jointly with Torrent Power Limited, a fellow subsidiary are as under:

(₹ in crores)

	Proportion of holding	As at 31st March, 2021	As at 31st March, 2020
Freehold Land	50%	**23.79**	23.79
Freehold Land	30%	**35.69**	35.69
Buildings	30%	**0.65**	0.65

7. Right-of-use assets

(₹ in crores)

	Land	Buildings	Vehicles	Total
Gross carrying amount as at 1st April, 2020	**81.71**	**6.86**	**43.68**	**132.25**
Additions during the year	**0.78**	**3.41**	**0.47**	**4.66**
Deductions / Adjustments during the year	**-**	**1.78**	**0.30**	**2.08**
Gross carrying amount as at 31st March, 2021	**82.49**	**8.49**	**43.85**	**134.83**
Accumulated depreciation as at 1st April, 2020	**1.88**	**2.52**	**15.42**	**19.82**
Depreciation for the year	**1.89**	**2.42**	**15.42**	**19.73**
Deductions during the year	**-**	**1.66**	**0.30**	**1.96**
Accumulated depreciation as at 31st March, 2021	**3.77**	**3.28**	**30.54**	**37.59**
Net carrying amount as at 31st March, 2021	**78.72**	**5.21**	**13.31**	**97.24**
Gross carrying amount as at 1st April, 2019 (On adoption of Ind AS 116)	52.21	6.86	43.68	102.75
Deductions / Adjustments during the year	(29.50)	-	-	(29.50)
Gross carrying amount as at 31st March, 2020	**81.71**	**6.86**	**43.68**	**132.25**
Accumulated depreciation as at 1st April, 2019	-	-	-	-
Depreciation for the year	1.88	2.52	15.42	19.82
Accumulated depreciation as at 31st March, 2020	**1.88**	**2.52**	**15.42**	**19.82**
Net carrying amount as at 31st March, 2020	**79.83**	**4.34**	**28.26**	**112.43**

(i) Lease contracts entered by the Company majorly pertains for land, buildings and vehicles taken on lease to conduct its business in the ordinary course.

(ii) Lease expenses of ₹17.92 crores and ₹9.44 crores recognised in statement of profit and loss in other expenses for the year ended 31st March, 2021 and 31st March, 2020 respectively towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability.

(iii) Extension and termination options are included in some of the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Company's operations.

(iv) Lease obligations, interest expense on lease, maturity profile of lease obligation and payment of lease obligations are disclosed respectively in Other financial liabilities (refer note 24), Finance costs (refer note 31), Liquidity risk (refer note 39) and Statement of Cash Flows.

Notes forming part of the Standalone Financial Statements

8. Goodwill

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Balance at beginning of year	**243.96**	243.96
Balance at end of year	**243.96**	**243.96**

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

Key assumptions for CGUs with significant amount of goodwill are as follows:

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

b) Discount rate applied to projected cash flow is 13.00% to 15.60%.

Acquired brands are considered as CGU for testing of impairment of goodwill generated on such acquisitions.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

9. Other intangible assets

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	Product licenses	Brands	Non-compete fees	Drug master files	Total
Gross carrying amount as at 1st April, 2020	**114.85**	**54.68**	**5,266.80**	**98.53**	**25.03**	**5,559.89**
Additions during the year	**10.23**	**-**	**-**	**-**	**-**	**10.23**
Deductions during the year	**0.44**	**-**	**-**	**-**	**-**	**0.44**
Gross carrying amount as at 31st March, 2021	**124.64**	**54.68**	**5,266.80**	**98.53**	**25.03**	**5,569.68**
Accumulated amortisation as at 1st April, 2020	**89.89**	**27.77**	**1,231.13**	**61.75**	**8.96**	**1,419.50**
Amortisation for the year	**16.10**	**15.32**	**351.12**	**13.61**	**2.50**	**398.65**
Deductions during the year	**0.44**	**-**	**-**	**-**	**-**	**0.44**
Accumulated amortisation as at 31st March, 2021	**105.55**	**43.09**	**1,582.25**	**75.36**	**11.46**	**1,817.71**
Net carrying amount as at 31st March, 2021	**19.09**	**11.59**	**3,684.55**	**23.17**	**13.57**	**3,751.97**
Intangible assets under development						**33.27**
Total						**3,785.24**
Gross carrying amount as at 1st April, 2019	98.92	37.53	5,266.80	98.53	29.46	5,531.24
Additions during the year	15.93	17.15	-	-	-	33.08
Deductions during the year	-	-	-	-	4.43	4.43
Gross carrying amount as at 31st March, 2020	**114.85**	**54.68**	**5,266.80**	**98.53**	**25.03**	**5,559.89**
Accumulated amortisation as at 1st April, 2019	70.19	17.39	880.01	48.14	7.62	1,023.35
Amortisation for the year	19.70	10.38	351.12	13.61	2.65	397.46
Deductions during the year	-	-	-	-	1.31	1.31
Accumulated amortisation as at 31st March, 2020	**89.89**	**27.77**	**1,231.13**	**61.75**	**8.96**	**1,419.50**
Net carrying amount as at 31st March, 2020	**24.96**	**26.91**	**4,035.67**	**36.78**	**16.07**	**4,140.39**
Intangible assets under development						23.08
Total						**4,163.47**

Notes forming part of the Standalone Financial Statements

9. Other intangible assets (Continued)

Material intangible assets to the Company's financial statement:

Description of intangible assets	Brands
Net Carrying amount	₹3,684.55 crores as at 31st March, 2021 (₹4,035.67 crores as at 31st March, 2020)
Remaining amortisation period	8 years to 12 years as at 31st March, 2021 (9 years to 13 years as at 31st March, 2020)

10. Investments

(₹ in crores)

	No. of shares	As at 31st March, 2021	As at 31st March, 2020
Non-current			
At Cost			
Investments in subsidiaries			
Equity instruments of:			
Zao Torrent Pharma (Russia)	23,802	**58.80**	58.80
fully paid-up equity shares of Russian Roubles 100 each			
Less: Provision for impairment		**(23.08)**	(23.08)
		35.72	**35.72**
Torrent Do Brasil Ltda. (Brazil)	1,91,44,418	**31.11**	31.11
fully paid-up equity shares (Quotas) of Brazilian Reai 1 each			
Torrent Pharma Gmbh (Germany): equity capital	-	**23.37**	23.37
Torrent Pharma Inc. (USA)	12,000	**4.99**	4.99
fully paid-up common Stock of USD 100 each			
Torrent Pharma Philippines Inc. (Philippines)	1,92,732	**4.75**	4.75
fully paid-up equity shares of Philippines Pesos 200 each			
Laboratorios Torrent, S.A. De C.V. (Mexico)	74,741	**27.99**	27.99
fully paid-up equity shares of Mexican Pesos 1,000 each			
Torrent Australasia Pty. Ltd. (Australia)	6,75,000	**0.30**	0.30
partly paid-up common stock of Australian Dollar (AUD) 1 each, AUD 0.1282 paid each			
Torrent Pharma S.R.L. (Romania)	1,47,538	**10.15**	6.27
fully paid-up equity shares of RON 42.74 each	(97,000)		
Less: Provision for impairment		**(10.15)**	(6.27)
		-	**-**
Torrent Pharma (UK) Ltd. (United Kingdom)	2,25,000	**1.68**	1.68
fully paid-up equity shares of United Kingdom's Sterling 1 each			
Torrent Pharma (Thailand) Co., Ltd. (Thailand)	23,80,000	**2.10**	2.10
fully paid-up equity shares of 5 Thai baht each			
Torrent Pharma France S.A.S. (France)	1	**0.09**	0.09
fully paid-up equity share of 1 Euro each			
Less: Provision for impairment		**(0.09)**	(0.09)
		-	**-**
Laboratories Torrent (Malaysia) SDN. BHD. (Malaysia)	10,00,000	**0.77**	0.77
fully paid-up equity shares of 1 Malaysian Ringgit each			
		132.78	**132.78**

Notes forming part of the Standalone Financial Statements

10. Investments (Continued)

(₹ in crores)

	No. of shares	As at 31st March, 2021	As at 31st March, 2020
At fair value through other comprehensive income			
Equity instruments of:			
Epigeneres Biotech Private Limited	158	**2.00**	2.00
fully paid-up equity shares of ₹10 each			
Shivalik Solid Waste Management Limited	20,000	**0.02**	0.02
fully paid-up equity shares of ₹10 each			
Tornascent Care Institute	25,000	**0.03**	0.03
fully paid-up equity shares of ₹10 each			
UNM Foundation	25,000	**0.03**	0.03
fully paid-up equity shares of ₹10 each			
Investment in LLP:			
ABCD Technologies LLP (to be renamed as Indo Health Services LLP)		**40.00**	-
At amortised cost			
National savings certificates		**0.01**	0.01
		174.87	**134.87**
Current			
At fair value through other comprehensive income			
Equity instruments of:			
Union Bank of India (erstwhile Corporation bank)	5,115	**0.02**	0.02
fully paid-up equity shares of ₹2 each	(15,500)		
At fair value through profit or loss			
Mutual funds		**139.03**	-
		139.05	**0.02**
		313.92	**134.89**
(i) Aggregate amount of unquoted investments		**174.87**	134.87
(ii) Aggregate amount of quoted investments		**0.02**	0.02
(iii) Aggregate amount of investment in mutual funds at market value		**139.03**	-
(iv) Aggregate impairment in value of investment		**33.32**	29.44
(v) Ownership interest in all subsidiaries is 100%.			
(vi) Number of shares in bracket represents shares held in previous year.			

11. Loans

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
[Unsecured and considered good, unless otherwise stated]		
Non-current		
Employee loans	**2.02**	2.29
	2.02	**2.29**
Current		
Employee loans	**3.08**	3.64
	3.08	**3.64**
	5.10	**5.93**

Notes forming part of the Standalone Financial Statements

12. Other financial assets

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Derivative financial instruments	**10.80**	18.52
Fixed deposit with maturity of more than 12 months	**0.20**	0.03
Other receivables	**9.90**	9.21
	20.90	**27.76**
Current		
Derivative financial instruments	**88.38**	14.02
Interest accrued on deposits	**0.14**	0.32
Other receivables	**0.86**	8.67
	89.38	**23.01**
	110.28	**50.77**

13. Other assets

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Capital advances	**21.67**	18.73
	21.67	**18.73**
Current		
Export benefits receivable	**47.06**	77.11
Claims receivable (indirect tax / insurance / others)	**149.87**	111.52
Employee advances	**4.74**	4.63
Pre-paid expenses	**35.99**	33.34
Indirect taxes recoverable	**107.31**	101.15
Advances to suppliers	**32.77**	54.47
Other receivables	**10.21**	2.72
	387.95	**384.94**
	409.62	**403.67**

14. Inventories

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
[At lower of cost or net realisable value]		
Raw materials	**976.32**	730.52
Packing materials	**54.04**	46.00
Work-in-progress	**180.32**	203.18
Finished goods	**508.77**	407.67
Stock-in-trade	**192.29**	120.39
	1,911.74	**1,507.76**

(i) The Company charged inventory write-down (net) of ₹10.35 crores and ₹6.69 crores to statement of profit and loss for the year ended 31st March, 2021 and 31st March, 2020 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 20.

Notes forming part of the Standalone Financial Statements

15. Trade receivables

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Unsecured		
(a) Considered good	**1,544.26**	1,508.94
(b) Credit-impaired	**9.63**	9.80
Less: Allowance for credit loss	**9.63**	9.80
	1,544.26	**1,508.94**
(i) Trade receivables are non-interest bearing and are generally on credit period of 60-180 days.		
(ii) Movements in allowance for credit loss:		
Opening balance	**9.80**	18.82
Add: Provision made during the year (net)	**0.08**	1.02
Less: Provision used during the year	**(0.11)**	(9.06)
Add / (less): Translation exchange difference	**(0.14)**	(0.98)
Closing balance	9.63	**9.80**

16. Cash and cash equivalents

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Balances with banks	**61.69**	136.27
Cash on hand	**0.18**	0.19
Fixed deposit with original maturity of less than 3 months	**-**	250.00
	61.87	**386.46**

17. Bank balances other than cash and cash equivalents

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Earmarked balances with banks	**4.54**	4.35
Fixed deposit with maturity of less than 12 months	**0.01**	0.14
	4.55	**4.49**

Earmarked balances with banks primarily relates to unclaimed dividends.

18. Equity share capital

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Authorised		
250,000,000 (Previous year 250,000,000) equity shares of ₹5 each	**125.00**	125.00
2,500,000 (Previous year 2,500,000) preference shares of ₹100 each	**25.00**	25.00
	150.00	**150.00**
Issued		
169,222,720 (Previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62
Subscribed and fully paid-up		
169,222,720 (Previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62
	84.62	**84.62**

Notes forming part of the Standalone Financial Statements

18. Equity share capital (Continued)

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Numbers	₹ in crores	Numbers	₹ in crores
As at the beginning of the year	**169,222,720**	**84.62**	169,222,720	84.62
Outstanding at the end of the year	169,222,720	84.62	**169,222,720**	**84.62**

(ii) Torrent Investments Private Limited (formerly known as Torrent Private Limited), the holding Company, holds 120,563,720 (Previous year 120,563,720) equity shares of ₹5 each, equivalent to 71.25% (Previous year 71.25%) of the total number of subscribed and paid-up equity shares, which is the only shareholder holding more than 5% of total equity shares.

(iii) The Company has one class of equity shares having par value of ₹5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

19. Other equity

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Reserves and Surplus		
Retained earnings	**2,899.91**	2,093.30
General reserve	**2,783.95**	2,648.31
Debenture redemption reserve	**216.07**	351.71
Capital reserve	**0.00**	0.00
Securities premium	**4.34**	4.34
	5,904.27	**5,097.66**
Other comprehensive income		
Effective portion of cash flow hedges	**41.20**	(61.32)
Equity instruments through other comprehensive income	**0.01**	0.01
	41.21	**(61.31)**
	5,945.48	**5,036.35**

20. Borrowings

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Secured non-convertible debentures	**1,240.25**	1,162.72
Secured term loans from banks	**1,300.82**	1,960.17
Secured term loans from others	**400.00**	-
Unsecured term loans from others	**-**	1.56
	2,941.07	**3,124.45**
Current maturities of long-term debt (Refer note 24)		
Secured non-convertible debentures	**317.86**	542.56
Secured term loans from banks	**713.56**	836.46
Unsecured term loans from others	**1.56**	1.56
	1,032.98	**1,380.58**
Current		
Secured loans from banks	**212.29**	489.31
Unsecured loans from banks	**100.00**	300.00
Unsecured commercial paper from banks	**98.09**	-
	410.38	**789.31**
	4,384.43	**5,294.34**

Notes forming part of the Standalone Financial Statements

20. Borrowings (Continued)

Notes:

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

(a) ₹1,487.65 crores (Previous year ₹1,943.72 crores) are secured by first *pari passu* mortgage / charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.

(b) ₹Nil (Previous year ₹251.29 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(c) ₹Nil (Previous year ₹75.38 crores) are secured by first *pari passu* mortgage / charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh.

(d) ₹526.73 crores (Previous year ₹526.24 crores) are secured by first *pari passu* mortgage / charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(ii) Non-convertible debentures referred above to the extent of:

(a) ₹150.00 crores (Previous year ₹549.57 crores) are secured by first *pari passu* mortgage / charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) ₹713.11 crores (Previous year ₹855.71 crores) are secured by first *pari passu* mortgage / charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.

(c) ₹695.00 crores (Previous year ₹300.00 crores) are secured by first *pari passu* mortgage / charge on tangible immovable and movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(iii) Term Loans from others referred above to the extent of ₹400.00 crores (Previous year ₹Nil) are secured by first exclusive mortgage/ charge on identified land situated at Shilaj-Thaltej, Ahmedabad as well as first *pari passu* mortgage / charge on certain identified trademarks of the Company including its future line extensions.

(iv) Short-term Borrowings from banks are in nature of working capital facilities which are secured by hypothecation of inventories and book debts.

(v) Average interest rate on borrowings is 6.96% for the year ended 31st March, 2021 (Previous year 7.82%).

(vi) The principal amount repayable in yearly instalments for long-term loans are as under:

(₹ in crores)

Financial year	
2021-22	**1,032.98**
2022-23	**971.85**
2023-24	**1,018.51**
2024-25	**576.63**
2025-26	**380.95**
	3,980.92
Less: Amortised cost adjustment	**6.87**
Total	**3,974.05**

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

(₹ in crores)

Rate of Interest	2025-26	2024-25	2023-24	2022-23	2021-22	Total Repayment	Amortised cost adjustment	Closing Balance
5.07 % to 7.95 %	142.84	142.86	487.86	467.86	317.86	1,559.28	1.17	1,558.11

Notes forming part of the Standalone Financial Statements

21. Provisions

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Provision for employee benefits		
Post-retirement benefits (Refer note 38)	-	2.13
Leave benefits	96.47	86.45
	96.47	88.58
Provision for sales returns	97.46	88.14
	193.93	176.72
Current		
Provision for employee benefits		
Leave benefits	15.86	14.34
Provision for sales returns	90.97	79.43
	106.83	93.77
	300.76	270.49

Provision for sales returns:

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

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	167.57	149.50
Add: Provision made during the year	100.29	87.53
Less: Provision utilised during the year	79.43	69.46
Closing balance	188.43	167.57
Non-current provision	97.46	88.14
Current provision	90.97	79.43
Total	188.43	167.57

22. Income Taxes

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Charge / (credit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	247.77	192.13
Deferred tax:		
Deferred tax for current year	(19.51)	(13.87)
	228.26	178.26
(b) Charge / (credit) recognised in other comprehensive income:		
Re-measurement gains / (losses) on defined benefit plans	(3.87)	5.78
Equity instruments through other comprehensive income	-	0.01
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge	(55.07)	55.61
	(58.94)	61.40
(c) Reconciliation of Effective Tax Rate:		
Profit before income taxes	1,366.11	1,116.77
Enacted tax rate in India	34.94%	34.94%
Expected income tax expenses	477.37	390.24

Notes forming part of the Standalone Financial Statements

22. Income Taxes (Continued)

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Weighted deduction allowed in respect of research and development expenses	**(0.03)**	(72.31)
Effect of deductions allowed under Income Tax	**(294.27)**	(137.84)
Effect of expenses not deductible in determining taxable profit	**28.14**	54.37
Effect of change in taxation of goodwill	**20.37**	-
Foreign tax credit disallowed	**5.13**	-
Tax impact on future transition to new tax regime	**(18.00)**	(41.00)
Effect of income taxed at special rates	**-**	(13.39)
Others (net)	**9.55**	(1.81)
Adjusted income tax expenses	**228.26**	**178.26**
Effective Tax Rate	**16.71%**	**15.96%**

(d) Deferred tax relates to:

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Deferred tax liabilities / (assets):		
Property, plant and equipments, goodwill and other intangible assets	**976.45**	932.26
Amortised cost adjustment on borrowings	**2.45**	3.31
Fair valuation of investment in equity instruments	**0.00**	0.00
Cash flow hedge reserve	**22.13**	(32.94)
Provision for employee benefit expense	**(39.25)**	(35.97)
Valuation of inventories	**(9.26)**	(8.74)
Allowance for credit loss	**(3.33)**	(3.42)
Interest accrued but not due	**(4.98)**	(9.95)
Lease obligations	**(6.89)**	(11.74)
MAT credit entitlement	**(965.65)**	(900.57)
Deferred tax liabilities / (assets) net	**(28.33)**	**(67.76)**

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

(₹ in crores)

Year ended 31st March, 2021	Opening balance as at 1st April, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as at 31st March, 2021
Deferred tax liabilities / (assets) in relation to:				
Property, plant and equipments, goodwill and other intangible assets	**932.26**	**44.19**	**-**	**976.45**
Amortised cost adjustment on borrowings	**3.31**	**(0.86)**	**-**	**2.45**
Cash flow hedge reserve	**(32.94)**	**-**	**55.07**	**22.13**
Fair valuation of investments in equity instruments	**0.00**	**-**	**-**	**0.00**
Provision for employee benefit expense	**(35.97)**	**(7.15)**	**3.87**	**(39.25)**
Valuation of inventories	**(8.74)**	**(0.52)**	**-**	**(9.26)**
Allowance for credit loss	**(3.42)**	**0.09**	**-**	**(3.33)**
Interest accrued but not due	**(9.95)**	**4.97**	**-**	**(4.98)**
Lease obligations	**(11.74)**	**4.85**	**-**	**(6.89)**
MAT credit entitlement	**(900.57)**	**(65.08)**	**-**	**(965.65)**
Deferred tax liabilities / (assets) net	**(67.76)**	**(19.51)**	**58.94**	**(28.33)**

Notes forming part of the Standalone Financial Statements

22. Income Taxes (Continued)

(₹ in crores)

Year ended 31st March, 2020	Opening balance as at 1st April, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as at 31st March, 2020
Deferred tax liabilities / (assets) in relation to:				
Property, plant and equipments, goodwill and other intangible assets	829.07	103.19	-	932.26
Amortised cost adjustment on borrowings	4.35	(1.04)	-	3.31
Fair valuation of investment in mutual funds	0.38	(0.38)	-	-
Cash flow hedge reserve	22.67	-	(55.61)	(32.94)
Fair valuation of investments in equity instruments	0.01	-	(0.01)	0.00
Provision for employee benefit expense	(34.36)	4.17	(5.78)	(35.97)
Valuation of inventories	(5.24)	(3.50)	-	(8.74)
Allowance for credit loss	(6.58)	3.16	-	(3.42)
Interest accrued but not due	(14.66)	4.71	-	(9.95)
Lease obligations	-	(11.74)	-	(11.74)
MAT credit entitlement	(721.82)	(178.75)	-	(900.57)
Unabsorbed depreciation	(66.31)	66.31	-	-
Deferred tax liabilities / (assets) net	**7.51**	**(13.87)**	**(61.40)**	**(67.76)**

23. Trade payables

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under:		
(a) (i) The principal amount remaining unpaid at the end of the year	**19.96**	13.19
(ii) Interest due on principal remaining unpaid at the end of the year	**-**	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	**27.66**	7.12
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.03**	0.07
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.12**	0.03
(d) Total interest accrued during the year and remaining unpaid	**0.12**	0.03
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	**-**	-

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

Notes forming part of the Standalone Financial Statements

24. Other financial liabilities

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Lease obligations	3.58	15.54
Creditors for capital goods	3.04	8.11
Security deposits	0.22	0.20
Derivative financial instruments	-	45.51
	6.84	69.36
Current		
Current maturities of long-term debt (Refer note 20)	1,032.98	1,380.58
Interest accrued but not due on borrowings	41.45	51.13
Lease obligations	16.13	16.78
Creditors for capital goods	22.56	14.31
Payables for employee benefits	107.20	102.61
Book overdraft	54.56	13.27
Derivative financial instruments	-	55.37
Unclaimed dividend	4.54	4.35
Other payables	10.75	10.33
	1,290.17	1,648.73
	1,297.01	1,718.09

25. Other liabilities

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Government grant	3.30	5.49
	3.30	5.49
Current		
Payables to statutory and other authorities	68.93	52.52
Trade advances	48.18	107.35
Government grant	2.19	2.19
Other payables	11.07	11.54
	130.37	173.60
	133.67	179.09

Notes forming part of the Standalone Financial Statements

26. Revenue from operations

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Sales		
Sales in India	3,998.22	3,792.11
Sales outside India	2,334.82	2,233.82
	6,333.04	6,025.93
Other operating income		
Export benefits	50.05	83.18
Income from product registration dossiers	2.22	1.34
Government grant income	2.19	3.53
Other income	63.33	54.46
	117.79	142.51
	6,450.83	6,168.44
Reconciliation of revenue from operations with the contracted price:		
Contracted price	6,433.94	6,114.00
Adjustments:		
Discounts	(0.61)	(0.54)
Sales return	(100.29)	(87.53)
Sales	6,333.04	6,025.93
Add: Other operating income	117.79	142.51
Revenue from operations	6,450.83	6,168.44
Revenue disaggregation by geography:		
India	4,031.89	3,836.10
Outside India:		
USA	1,070.10	1,185.63
Germany	165.53	238.87
Brazil	384.21	262.37
Other countries	799.10	645.47
	6,450.83	6,168.44

Revenue from operations also includes contract manufacturing revenue of ₹ 506.37 crores and ₹ 461.17 crores for the year ended 31st March, 2021 and 31st March, 2020 respectively.

27. Other income

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income	4.15	6.38
Net gain on sale of investments (including gain / (loss) on fair valuation ₹0.08 crores and ₹(1.12) crores for year ended 31st March, 2021 and 31st March, 2020 respectively)	15.58	29.20
Net foreign exchange gain	37.03	112.79
Dividend income	48.38	76.60
Other non-operating income	12.94	11.96
	118.08	236.93

28. Cost of materials consumed

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Raw materials	1,234.52	1,167.83
Packing materials	186.30	185.13
	1,420.82	1,352.96

Notes forming part of the Standalone Financial Statements

29. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening inventory:		
Finished goods	**407.67**	363.47
Work-in-progress	**203.18**	187.37
Stock-in-trade	**120.39**	123.57
	731.24	**674.41**
Less: Closing inventory:		
Finished goods	**508.77**	407.67
Work-in-progress	**180.32**	203.18
Stock-in-trade	**192.29**	120.39
	881.38	**731.24**
Changes in inventory	**(150.14)**	**(56.83)**

30. Employee benefits expense

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, wages and bonus	**969.94**	941.12
Contribution to provident and other funds	**71.58**	69.51
Gratuity cost	**22.79**	19.14
Staff welfare expenses	**32.81**	31.99
	1,097.12	**1,061.76**

31. Finance costs

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expenses	**335.03**	424.62
Interest expenses on lease	**2.31**	3.52
Other borrowing cost	**2.12**	2.35
	339.46	**430.49**

32. Depreciation and amortisation expense

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Depreciation of tangible assets	**191.46**	189.38
Amortisation of intangible assets	**398.65**	397.46
Depreciation on right-of-use assets	**19.73**	19.82
	609.84	**606.66**

Notes forming part of the Standalone Financial Statements

33. Other expenses

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Selling, publicity and medical literature expenses	**595.84**	596.66
Power and fuel	**122.04**	126.70
Laboratory goods and testing expenses	**120.88**	103.46
Stores and spares consumed	**88.88**	85.60
Clinical research expense	**24.27**	91.51
Travelling, conveyance and vehicle expenses	**47.05**	71.46
Cost of outsourced manpower	**47.31**	44.83
Professional and legal fees	**55.73**	48.38
Compensation expense	**5.41**	2.80
Allowance for credit loss (net)	**0.08**	1.02
Auditors remuneration and expenses (Refer note 36)	**1.17**	1.08
Commission to non-executive directors	**6.14**	6.08
Donation	**38.04**	55.74
Corporate social responsibility expenditure (Refer note 43)	**22.29**	18.07
General charges	**311.58**	298.85
	1,486.71	**1,552.24**

34. Research and development expenses

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Break-up of research and development expenses included in statement of profit and loss under below heads:		
Material cost – Exhibit batches	**39.49**	16.98
Employee benefits expense		
Salaries, wages and bonus	**118.59**	114.70
Contribution to provident and other funds	**11.05**	10.84
Gratuity cost	**3.78**	3.46
Staff welfare expenses	**2.54**	2.83
	135.96	**131.83**
Other expenses		
Power and fuel	**7.31**	6.97
Stores and spares consumed	**24.11**	20.96
Laboratory goods and testing expenses	**100.89**	67.97
Travelling, conveyance and vehicle expenses	**0.72**	2.81
Clinical research expense	**24.26**	91.17
General charges	**25.18**	25.42
	357.92	**364.11**
(b) Depreciation and amortisation includes ₹23.14 crores (Previous year ₹23.33 crores) pertaining to property, plant and equipments and other intangible assets used for research and development purposes.		
(c) Capital work-in-progress and advances for capital expenditure on research and development assets are as under:		
Capital work-in-progress	**26.69**	22.06
Advances for capital expenditure	**0.04**	0.19
Total	**26.73**	**22.25**

Notes forming part of the Standalone Financial Statements

35. Earnings per share

		Year ended 31st March, 2021	Year ended 31st March, 2020
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	**1,137.85**	938.51
Weighted average number of equity shares [b]	(Numbers)	**16,92,22,720**	16,92,22,720
EPS (basic and diluted) [a] / [b]	₹	**67.24**	55.46
Nominal value per equity share	₹	**5.00**	5.00

36. Auditors Remuneration

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) As audit fees		
Statutory audit fees	**0.92**	0.76
(b) For quarterly limited reviews of subsidiaries financials	**0.17**	0.13
(c) For other services	**0.06**	0.14
(d) For reimbursement of expenses	**0.02**	0.05
	1.17	**1.08**

37. Donation to Political Parties

Donation includes political contributions of ₹10.00 crores and ₹25.00 crores for the year ended 31st March, 2021 and 31st March, 2020 respectively.

38. Defined Benefit Plans

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

General description of the plan:

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

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligations at the beginning of the year	**235.38**	195.51
Current service cost	**23.09**	20.07
Interest cost	**15.44**	14.94
Liability transferred in	**0.46**	-
Liability transferred out	**(0.12)**	(0.34)
Actuarial losses	**3.76**	20.56
Benefits paid directly by the employer	**(0.43)**	(0.15)
Benefits paid from the fund	**(8.92)**	(15.21)
Obligations at the end of the year	268.66	**235.38**

Notes forming part of the Standalone Financial Statements

38. Defined Benefit Plans (Continued)

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(b) Reconciliation of opening and closing balances of the fair value of plan assets		
Plan assets at the beginning of the year, at fair value	**233.25**	201.95
Interest income	**15.30**	15.43
Return on plan assets, excluding interest income	**14.84**	4.02
Contributions	**24.00**	27.06
Benefits paid	**(8.92)**	(15.21)
Plan assets at the end of the year, at fair value	**278.47**	**233.25**
Actual return on plan assets	**30.14**	19.45
(c) Expense recognised in the statement of profit and loss for the year		
Current service cost	**23.09**	20.07
Net interest on net defined benefit liability	**0.14**	(0.49)
Net gratuity cost	**23.23**	**19.58**
(d) (Gains) / losses recognised in other comprehensive income for the year		
Actuarial losses	**3.76**	20.56
Return on plan assets, excluding interest income	**(14.84)**	(4.02)
	(11.08)	**16.54**
(e) Reconciliation of the present value of the defined benefit obligation and fair value of plan assets		
Obligations at the end of the year	**268.66**	235.38
Plan assets at the end of the year, at fair value	**278.47**	233.25
(Asset) / Liability recognised in balance sheet	**(9.81)**	**2.13**
(f) Remeasurement of net defined benefit liability / (asset)		
Actuarial (gains) / losses from changes in financial assumptions	**(0.19)**	16.98
Experience adjustments	**3.95**	3.58
Remeasurement of defined benefit liability	**3.76**	**20.56**
Remeasurement of return on plan assets	**(14.84)**	(4.02)
Total	**(11.08)**	**16.54**
(g) Expected contribution for the next year	**14.23**	25.22
(h) Assumptions		
Discount rate	**6.57%**	6.56%
Salary escalation rate	**10.00%**	10.00%
Weighted average duration of defined benefit obligation	**8 years**	9 years

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

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

(i) Sensitivity Analysis for each significant actuarial assumption

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

Notes forming part of the Standalone Financial Statements

38. Defined Benefit Plans (Continued)

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Impact of increase in discount rate by 1%	**(17.55)**	(15.80)
Impact of decrease in discount rate by 1%	**19.98**	18.02
Impact of increase in salary escalation rate by 1%	**19.13**	17.26
Impact of decrease in salary escalation rate by 1%	**(17.19)**	(15.47)

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

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

(j) Investment details of plan assets

	As at 31st March, 2021	As at 31st March, 2020
Equity instruments	**8.55%**	7.11%
Corporate bonds	**40.41%**	53.48%
Government securities	**32.35%**	29.96%
Fixed deposits with banks	**-**	0.13%
Other current assets	**18.69%**	9.32%

(k) Maturity profile

The defined benefit obligations shall mature after year ended 31st March, 2021 as follows:

(₹ in crores)

	Undiscounted values
1st following year	25.91
2nd following year	23.37
3rd following year	27.20
4th following year	24.07
5th following year	25.73
Thereafter	345.12

(l) Asset-liability matching strategies

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

Notes forming part of the Standalone Financial Statements

39. Financial Instruments

(i) Financial assets and liabilities

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

(₹ in crores)

As at 31st March, 2021	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost *:					
Cash and cash equivalents	61.87	-	-	-	-
Bank balances other than cash and cash equivalents	4.55	-	-	-	-
Trade receivables	1,544.26	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.10	-	-	-	-
Other financial assets	11.10	-	-	-	-
Fair value through other comprehensive income:					
Investment in equity instruments (Other than investment in subsidiaries)	42.10	0.02	-	42.08	42.10
Fair value through profit or loss:					
Investment in mutual funds	139.03	139.03	-	-	139.03
Derivative instruments:					
Designated as cash flow hedge	63.33	-	63.33	-	63.33
Fair value through profit and loss	35.85	-	35.85	-	35.85
Total	1,907.20	139.05	99.18	42.08	280.31
Financial liabilities:					
Amortised cost *:					
Borrowings	4,384.43	-	-	-	-
Trade payables	648.05	-	-	-	-
Other financial liabilities	264.03	-	-	-	-
Total	5,296.51	-	-	-	-

Notes forming part of the Standalone Financial Statements

39. Financial Instruments (Continued)

(₹ in crores)

As at 31st March, 2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost *:					
Cash and cash equivalents	386.46	-	-	-	-
Bank balances other than cash and cash equivalents	4.49	-	-	-	-
Trade receivables	1,508.94	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.93	-	-	-	-
Other financial assets	18.23	-	-	-	-
Fair value through other comprehensive income:					
Investment in equity instruments (Other than investment in subsidiaries)	2.10	0.02	-	2.08	2.10
Derivative instruments:					
Fair value through profit and loss	32.54	-	32.54	-	32.54
Total	**1,958.70**	**0.02**	**32.54**	**2.08**	**34.64**
Financial liabilities:					
Amortised cost *:					
Borrowings	5,294.34	-	-	-	-
Trade payables	682.07	-	-	-	-
Other financial liabilities	236.63	-	-	-	-
Derivative instruments:					
Designated as cash flow hedge	94.26	-	94.26	-	94.26
Fair value through profit and loss	6.62	-	6.62	-	6.62
Total	**6,313.92**	**-**	**100.88**	**-**	**100.88**

* The Company has not disclosed the fair value of financial instruments, because their carrying amount are a reasonable approximation of fair value.

Determination of fair values:

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

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

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

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

Notes forming part of the Standalone Financial Statements

39. Financial Instruments (Continued)

(ii) Derivative financial instruments

Cash flow hedges:

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

Currency	Nature of derivative contracts	Buy / Sell	Net position (Amount in crores)		Fair value gain/(loss) (₹ in crores)	
			31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
USD	Forward contracts	Sell	**37.38**	35.74	**70.43**	(117.28)
EUR	Forward contracts	Sell	**4.92**	3.57	**0.29**	7.84
GBP	Forward contracts	Sell	**0.69**	0.70	**(3.71)**	3.04
MXN	Forward contracts	Sell	**4.60**	2.46	**(1.32)**	1.52
MYR	Forward contracts	Sell	**3.25**	2.44	**(1.75)**	(0.01)
RUB	Forward contracts	Sell	**66.08**	67.73	**(0.64)**	10.99
THB	Forward contracts	Sell	**0.60**	0.35	**0.03**	0.01
USD	Cross currency interest rate swaps	Buy	**-**	1.00	**-**	(0.37)
					63.33	**(94.26)**
Less: Deferred tax					**22.13**	(32.94)
Balance in cash flow hedge reserve					**41.20**	**(61.32)**

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

(₹ in crores)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Balance at the beginning of the year	**(61.32)**	42.21
(Gain) / losses reclassified to profit or loss	**(13.13)**	2.45
Deferred tax on (gains) / losses reclassified to profit or loss	**4.59**	(0.86)
Change in the fair value of effective portion of cash flow hedges	**170.71**	(161.58)
Deferred tax on change in the fair value of effective portion of cash flow hedges	**(59.65)**	56.46
Balance at the end of the year	**41.20**	**(61.32)**

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

(Amount in crores)

Hedged item/nature of derivative contracts	Buy/Sell	Currency	Net Position under derivative contracts	
			31st March, 2021	31st March, 2020
1 Foreign currency loan – payable				
Cross currency interest rate swap	Buy	USD	**-**	4.33
Foreign currency interest – payable	Buy	USD	**-**	0.01
2 Foreign currency receivables				
Forward exchange contracts	Sell	USD	**16.20**	15.96
	Sell	EUR	**0.29**	0.08
	Sell	RUB	**33.60**	23.91
	Sell	GBP	**0.48**	0.44
	Sell	MXN	**1.35**	1.31
	Sell	MYR	**0.10**	1.23

Notes forming part of the Standalone Financial Statements

39. Financial Instruments (Continued)

(iii) Financial risk management

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

(a) **Market risk:**

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

(a1) **Foreign currency exchange rate risk:**

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the Company.

Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimise the short-term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables and future cash flows up to a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1 based on management's current assessment. The Company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

	US Dollar	Euro	Others*	Total
As at 31st March, 2021				
Assets:				
Cash and cash equivalents	**0.01**	**-**	**-**	**0.01**
Trade receivables	**1,191.04**	**27.05**	**111.93**	**1,330.02**
Other assets	**11.63**	**5.66**	**0.19**	**17.48**
Total	**1,202.68**	**32.71**	**112.12**	**1,347.51**
Liabilities:				
Trade payables	**81.16**	**5.96**	**19.12**	**106.24**
Other liabilities	**11.23**	**44.59**	**6.84**	**62.66**
Total	**92.39**	**50.55**	**25.96**	**168.90**
Net assets / (liabilities)	**1,110.29**	**(17.84)**	**86.16**	**1,178.61**
As at 31st March, 2020				
Assets:				
Cash and cash equivalents	0.01	-	2.31	2.32
Trade receivables	1,200.48	8.67	88.86	1,298.01
Other assets	21.66	0.79	0.26	22.71
Total	**1,222.15**	**9.46**	**91.43**	**1,323.04**
Liabilities:				
Borrowings	326.67	-	-	326.67
Trade payables	102.89	13.87	6.96	123.72
Other liabilities	11.93	102.08	3.02	117.03
Total	**441.49**	**115.95**	**9.98**	**567.42**
Net assets / (liabilities)	**780.66**	**(106.49)**	**81.45**	**755.62**

*Others mainly includes currencies namely British Pound, Mexican Peso, Russian Rouble.

Notes forming part of the Standalone Financial Statements

39. Financial Instruments (Continued)

With respect to the Company's derivative financial instruments which is in the form of forward contracts and currency swap, a 5% increase / decrease in relation to USD & EURO of each of the currencies underlying such contracts would have resulted in increase / decrease of ₹71.32 crores (₹82.61 crores) in the Company's net profit and ₹157.99 crores (₹152.54 crores) in cash flow hedge reserve from such contracts as at 31st March, 2021 and 31st March, 2020 respectively.

With respect to the Company's non-derivative financial instruments (as given above), a 5% increase / decrease in relation to USD & EURO on the underlying would have resulted in increase / decrease of ₹54.64 crores (₹33.72 crores) in the Company's net profit for the year ended 31st March, 2021 and 31st March, 2020 respectively.

(a2) Interest rate risk:

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is exposed to fluctuations in interest rates in respect of foreign currency borrowings and rupee borrowings.

As at 31st March, 2021, the Company has outstanding rupee borrowings of ₹3,222.78 crores with variable rate of interest and ₹1,161.65 crores with fixed rate of interest.

Cash flow risk in respect of variable rate instruments:

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit by ₹32.23 crores. This analysis assumes that all other variables remains constant and change occurs on reporting date. The year end balances are not representative of the average borrowings during the year.

Fair value risk in respect of fixed rate instruments:

The Company carries borrowings at amortised cost and hence, change in the interest rate at reporting date does not affect statement of profit or loss.

(b) Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company does not have significant concentration of credit risk related to trade receivables. No single third party customer contributes to more than 10 % of outstanding accounts receivable (excluding outstanding from subsidiaries) as at 31st March, 2021 and 31st March, 2020.

With respect to investments, the Company limits its exposure to credit risk by investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. The Company's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Company therefore considers credit risks on such investments to be negligible.

With respect to derivatives, the Company's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is ₹1,864.92 crores and ₹1,956.41 crores as at 31st March, 2021 and 31st March, 2020 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments, and these financial assets are of good credit quality including those that are past due.

Notes forming part of the Standalone Financial Statements

39. Financial Instruments (Continued)

(c) **Liquidity risk:**

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short-term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
As at 31st March, 2021					
Trade payables	**648.05**	**-**	**-**	**-**	**648.05**
Borrowings*	**1,443.36**	**971.85**	**1,976.09**	**-**	**4,391.30**
Other financial liabilities					
Lease obligations	**16.13**	**2.91**	**0.67**	**-**	**19.71**
Others	**241.06**	**3.26**	**-**	**-**	**244.32**
Total	**2,348.60**	**978.02**	**1,976.76**	**-**	**5,303.38**
As at 31st March, 2020					
Trade payables	682.07	-	-	-	682.07
Borrowings*	2,169.89	1,046.13	1,794.91	292.84	5,303.77
Other financial liabilities					
Lease Obligations	16.78	13.45	2.09	-	32.32
Others	196.00	8.31	-	-	204.31
Derivative financial liabilities	55.37	45.51	-	-	100.88
Total	**3,120.11**	**1,113.40**	**1,797.00**	**292.84**	**6,323.35**

* Excluding amortised cost adjustment.

(iv) Capital management

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

Notes forming part of the Standalone Financial Statements

40. Related parties and transactions

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

(₹ in crores)

Particulars	Holding Company		Subsidiaries		Key Management Personnel / Independent Directors		Other related parties		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(a) Nature of Transactions										
Sale of finished goods*	-	-	1,851.56	1,867.57	-	-	-	-	1,851.56	1,867.57
Sale of dossiers	-	-	0.02	0.11	-	-	-	-	0.02	0.11
Purchase of material, consumables etc (net of returns)	-	-	10.43	0.21	-	-	0.39	0.75	10.82	0.96
Remuneration to key management personnel / independent directors**	-	-	-	-	40.26	37.84	-	-	40.26	37.84
Remuneration	-	-	-	-	-	-	1.51	1.13	1.51	1.13
Contribution to gratuity / superannuation trust	-	-	-	-	-	-	39.51	42.89	39.51	42.89
Advance given to gratuity trust	-	-	-	-	-	-	0.21	1.49	0.21	1.49
Lease rent paid	0.02	0.02	-	-	-	-	-	-	0.02	0.02
Services received	-	-	10.01	14.09	-	-	17.42	16.18	27.43	30.27
Sales commission	-	-	-	-	-	-	2.75	1.82	2.75	1.82
Donation	-	-	-	-	-	-	2.75	-	2.75	-
CSR expenditure	-	-	-	-	-	-	21.53	16.18	21.53	16.18
Interest income	-	-	-	-	-	-	0.04	0.04	0.04	0.04
Expenses reimbursement	-	-	1.79	1.08	-	-	0.24	0.06	2.03	1.14
Purchase of property, plant and equipments	-	-	-	-	-	-	-	0.13	-	0.13
Equity contribution	-	-	3.88	-	-	-	-	-	3.88	-
Impairment of investment	-	-	3.88	-	-	-	-	-	3.88	-
Recovery of expenses	-	-	15.57	13.38	-	-	-	-	15.57	13.38
Dividend received	-	-	48.38	76.60	-	-	-	-	48.38	76.60
Transfer (in) / out of employees (net)	-	-	-	-	-	-	(0.44)	0.50	(0.44)	0.50
(b) Balances at the end of the year	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Trade receivables	-	-	1,230.17	1,231.48	-	-	-	-	1,230.17	1,231.48
Advances / Security deposit receivable	-	-	-	2.41	-	-	0.66	0.66	0.66	3.07
Trade advances	-	-	41.98	98.48	-	-	-	-	41.98	98.48
Investments in equities	-	-	166.10	162.22	-	-	0.06	0.06	166.16	162.28
Provision for impairment in value of investment	-	-	33.32	29.44	-	-	-	-	33.32	29.44
Trade payables	-	-	30.01	9.35	-	-	1.22	1.95	31.23	11.30
Other payables	-	-	-	-	26.24	26.17	-	-	26.24	26.17
Guarantees given	-	-	839.79	861.28	-	-	-	-	839.79	861.28

* Sale of finished goods includes sale to Torrent Pharma Inc. of ₹1,046.74 crores for the year ended 31st March, 2021 (Previous year ₹1,141.01 crores).

** Excluding provision for gratuity and leave benefits, insurance premium for group personal accident and group mediclaim.

Names of holding Company, subsidiaries and enterprises controlled by the Company:

1	Holding Company	Torrent Investments Private Limited (formerly known as Torrent Private Limited)
2	Subsidiaries and step down subsidiaries	Zao Torrent Pharma, Torrent Pharma Gmbh, Torrent Do Brasil Ltda., Torrent Pharma Inc., Torrent Pharma Philippines Inc., Heumann Pharma Gmbh & Co. Generica KG, Torrent Australasia Pty. Ltd., Torrent Pharma S.R.L., Laboratorios Torrent, S.A. De C.V., Heunet Pharma Gmbh, Norispharm Gmbh (liquidated with effect from 16th March, 2021), Torrent Pharma (Thailand) Co., Ltd., Torrent Pharma (UK) Ltd., Laboratories Torrent (Malaysia) SDN.BHD., Torrent Pharma France S.A.S., Aptil Pharma Limited (dissolved with effect from 15th October, 2019)

Terms and conditions of transactions with related parties.

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Notes forming part of the Standalone Financial Statements

40. Related parties and transactions (Continued)

(c) Remuneration to Key Management Personnel / Independent Directors:

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries and other benefits	**12.66**	10.36
Contribution to defined contribution plan	**0.91**	0.85
Commission	**26.14**	26.08
Sitting Fees	**0.55**	0.55
Total	**40.26**	**37.84**

41. Commitments and contingencies

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**189.41**	192.81
Uncalled liability on partly paid shares of Torrent Australasia Pty Ltd., a wholly owned subsidiary. [Australian Dollar (AUD) 0.06 crores (Previous year AUD 0.06 crores)]	**3.29**	2.74
	192.70	**195.55**
Contingent liabilities:		
Claims against the Company not acknowledged as debts:		
Disputed demand of income tax for which appeals have been preferred	**1.46**	1.46
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**14.79**	14.11
Disputed demand of goods and service tax / excise	**97.22**	104.83
Disputed demand of local sales tax and C.S.T.	**0.26**	0.28
Disputed demand of stamp duty and registration charges	**3.43**	3.43
Disputed cases at labour court / industrial court	**5.48**	5.24
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.25**	0.47
	122.89	**129.82**

In most of the cases above, the relevant authorities have raised a demand or disallowed / deducted the relevant taxes. The Company has preferred an appeal and the outcome is awaited.

Against the claims not acknowledged as debts, the Company has paid ₹3.86 crores (Previous year ₹3.56 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

The Company and / or its subsidiaries are involved in certain legal proceedings, including product liability and other commercial matters, that arise from time to time in the ordinary course of business. It is difficult to ascertain the financial effect, if any, of such proceedings that will result from its ultimate disposition due to involvement of complex issues with substantial uncertainties and without any precedents. Additionally, many factors like stage of the proceedings, overall length and extent of discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation; uncertainty in timing of litigation and any other factors that may have an implications on the ultimate outcome of the ongoing litigations. The Company assesses likely outcome based on internal assessment as well as considers views of legal counsel representing the Company. Moreover, Company carries product liability insurance policy of amount which it believes to be sufficient for its needs.

Guarantees of ₹839.79 crores and ₹861.28 crores are outstanding as at 31st March, 2021 and 31st March, 2020 respectively, which were issued to third parties on behalf of wholly-owned subsidiaries for contractual obligations.

Notes forming part of the Standalone Financial Statements

42. The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of tangible and intangible assets, financials assets, inventory, receivables etc as well as borrowings and liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information such as future estimate of volumes, continuity of supply chain etc. Having reviewed the underlying data and based on current estimates the Company expects the carrying amount of these assets will be recovered and there is no significant impact on the Company's ability to discharge its borrowings and liabilities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

43. Corporate social responsibility (CSR) expenditure

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Gross amount required to be spent by the Company	**17.44**	16.85
(b) Amount approved by the Board to be spent during the year	**22.60**	18.10
(c) Amount spent during the year on		
(i) Construction / acquisition of any asset	**-**	-
(ii) On purposes other than (i) above	**22.29**	18.07
	22.29	**18.07**
(d) Contribution to Section 8 companies, which are related parties, included in (c) above, in relation to CSR expenditure	**21.53**	16.18

44. Proposed dividend

The Board of Directors in their meeting held on 18th May, 2021, recommended a final equity dividend of ₹15.00 per equity share of ₹5.00 each fully paid-up for the year 2020-21.

45. The financial statements for the year ended 31st March, 2021 were approved for issue by the Board of Directors on 18th May, 2021.

46. The figures for the previous year have been restated/regrouped wherever necessary to make them comparable.

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527

Mumbai
18th May, 2021

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Sudhir Menon
Executive Director & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
18th May, 2021

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of

Torrent Pharmaceuticals Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March, 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

1. Impairment testing of goodwill (Refer Note 4.9.2, 8 and 9 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
As disclosed in Note 4.9.2 to the consolidated financial statements, the Group tests goodwill for impairment annually, or more frequently when there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. We identified the annual impairment assessment of goodwill as a key audit matter because the assessment process is complex and judgemental by nature and is based on assumptions on: - projected future cash inflows; - expected growth rate and profitability; - discount rate; - perpetuity value based on long-term growth rate; - sensitivity analyses;	Our audit procedures in respect of impairment testing of goodwill included the following: • Testing operating effectiveness of controls over determination of the recoverable amounts of cash generating units. Cash generating units for this purpose are those to which the goodwill is allocated; • Evaluating the model used in determining the value in use of the cash generating units; • Assessing the accuracy of prior period cash flow forecasts of the Group by reference to actual performance to assess forecast accuracy; • Challenging the significant assumptions and judgements used in impairment analysis such as forecast revenue, margins, long-term growth and discount rates in comparison to economic and industry forecasts with the assistance of our valuations specialist, especially in light of the existing economic situation due to COVID-19; • Performing sensitivity analysis of the key assumptions, such as future revenue growth rates, future gross margins, and the discount rate used in determining the recoverable value. • Evaluating the adequacy of disclosures, including disclosures of key assumptions, judgements and sensitivities.

Independent Auditors' Report (Continued)

2. Recognition and measurement of Minimum Alternate Tax (MAT) Credit Entitlement – Deferred tax assets (Refer Note 4.14 and 22 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
The Holding Company pays minimum alternate tax (MAT) under section 115JB of the Income Tax Act, 1961. The MAT paid would be available as an offset over a period of 15 years. As disclosed in Note 22 to the Consolidated Financial Statements, the MAT credit is recognised as a deferred tax asset. The utilisation of this asset will be through offsetting it when the Holding Company pays taxes under the provision of Income Tax Act, 1961. The Holding Company is required to reassess recognition of MAT credit asset at each reporting date. The Holding Company has recognised MAT credit assets based on the probability of income tax payable on future taxable profits against which such MAT credit assets can be offset before they expire. The recognition is based on the projected profitability. This is determined based on approved business plans. Recognition and measurement of such deferred tax asset has been identified as a key audit matter because the assessment process involves significant judgement regarding the forecasts of Holding Company's future income tax. The realisation of these assets will be through such income tax within the time limits available under the applicable Income tax laws. The assessment process is based on assumptions affected by expected future market or economic conditions.	In respect of MAT credit assets, we assessed recognition and measurement by performing the following procedures: • Evaluating the design, implementation and operating effectiveness of the relevant internal controls over recognition and measurement of MAT credit assets and underlying data; • Obtaining the approved business plans, projected profitability statements; • Challenging the assumptions used regarding future business plans and taxable profit in light of fiscal developments, current economic environment in light of COVID-19 related situation and prior performance in determining the recoverability of MAT credit assets recognised within the period available under applicable Income tax laws; • Performing sensitivity analysis; • Testing the computation of amounts recognised as deferred tax assets on MAT credit; • Focusing on the disclosures on MAT credit assets and assumptions used.

3. Revenue recognition (Refer Note 4.13 and 26 to the Consolidated Financial Statements):

The Key Audit Matter	How the matter was addressed in our audit
• The Group distributes its products in several geographies through commercial arrangement prevalent in those geographies. These arrangements involve granting of various considerations such as discounts, rebates, chargebacks, sales return and other allowances. As disclosed in Note 26 to the Consolidated Financial Statements, revenue is measured net of discounts, rebates, chargebacks, sales return and other similar allowances. • One of the key estimate of the Group is recognition and measurement of accrual of these deductions. The estimation is dependent on various internal and external factors. These factors include, for example, the length of time when a sale is made and when the sales return takes place, arrangements with varying terms which are based on annual contracts or shorter-term arrangements, etc., some of which are beyond the control of the Company. In addition, the value and timing of discounts, rebates, chargebacks and other similar allowances for products vary from period to period, and the activity spans beyond the year end. • Accuracy of revenues may deviate on account of change in judgements and estimates. Accordingly, the evaluation of accrual for discounts, rebates, chargebacks, sales returns and other similar allowances has been considered as a key audit matter.	Our audit procedures included following: • Assessing the Group's accounting policies for discounts, rebates, chargebacks, sales return and other allowances by comparing with applicable accounting standards. • Testing the design, implementation and operating effectiveness of key controls over the development of assumption of expected sales returns based on experience and computation of discounts, rebates, chargebacks and similar allowances and their accruals. • Testing samples relating to discounts, rebates, chargebacks, sales returns and other allowances recorded during the year and comparing to the actual payments made or credit notes generated towards these items. Further, performed procedures to test the accruals made for the year end on a test basis and compared with the relevant source documents. • Checking completeness and accuracy of the data used by the Company for accrual of discounts, rebates, chargebacks, sales return and other similar allowances and also checking the accrual for a selected sample of sales; • Comparing the assumptions to current trends of discounts, rebates, chargebacks, sales returns and other allowances. We have also examined the historical and current trends of the Group's estimates. The examination was to assess the assumptions and judgements used by the Group in accrual of discounts, rebates, chargebacks, sales return and other similar allowances.

Independent Auditors' Report (Continued)

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/financial information of 13 subsidiaries, whose financial statements/financial information reflect total assets of ₹3,233.84 crores as at 31st March, 2021, total revenues of ₹2,226.02 crores and net cash inflows amounting to ₹223.18 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Independent Auditors' Report (Continued)

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company, being the only company in the Group which is incorporated in India, none of the directors of the Holding Company, is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, being the only company in the Group which is incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31st March, 2021 on the consolidated financial position of the Group. Refer Note 39 to the consolidated financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company, being the only company in the Group which is incorporated in India during the year ended 31st March, 2021.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31st March, 2021.

Independent Auditors' Report (Continued)

C. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company, being the only company to which such requirements of the Act are applicable, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Jamil Khatri
Partner
Membership Number: 102527
UDIN: 21102527AAAAAR3274

Mumbai
18th May, 2021

Annexure - A to the Independent Auditors' Report

on the Consolidated Financial Statements of Torrent Pharmaceuticals Limited for the year ended 31st March, 2021

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Torrent Pharmaceuticals Limited (hereinafter referred to as "the Holding Company") being the only company in the group to which requirement of the Companies Act, 2013 ("the Act") are applicable.

In our opinion, the Holding Company has in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31st March, 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. (the "Guidance Note")

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors of the Holding Company, being the only company in the group to which requirement of the Act are applicable, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's, being the only company in the group to which requirement of the Act are applicable, internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, being the only company in the group to which requirement of the Act are applicable.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are

Annexure - A to the Independent Auditors' Report (Continued)

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Jamil Khatri
Partner
Membership Number: 102527
UDIN: 21102527AAAAAR3274

Mumbai
18th May, 2021

Consolidated Balance Sheet

(₹ in crores)

	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6	**2,757.79**	2,817.89
Capital work-in-progress	6	**745.41**	576.61
Right-of-use assets	7	**125.55**	135.42
Goodwill	8	**341.23**	342.09
Other intangible assets	9	**3,840.06**	4,237.72
Intangible assets under development	9	**143.97**	135.32
Financial assets			
Investments	10	**42.09**	2.09
Loans	11	**2.02**	2.29
Other financial assets	12	**52.11**	126.28
		96.22	**130.66**
Income tax assets (net)		**55.89**	188.88
Deferred tax assets (net)	22	**421.66**	433.21
Other non-current assets	13	**23.65**	31.02
Total non-current assets		**8,551.43**	**9,028.82**
Current assets			
Inventories	14	**2,681.20**	2,148.22
Financial assets			
Investments	10	**139.05**	0.02
Trade receivables	15	**1,523.37**	1,649.34
Cash and cash equivalents	16	**572.56**	661.82
Bank balances other than cash and cash equivalents	17	**30.94**	4.83
Loans	11	**3.08**	3.64
Other financial assets	12	**120.79**	81.69
		2,389.79	**2,401.34**
Other current assets	13	**450.51**	429.50
Total current assets		**5,521.50**	**4,979.06**
Non-current assets held for sale		**1.72**	1.86
TOTAL ASSETS		**14,074.65**	**14,009.74**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**84.62**	84.62
Other equity	19	**5,752.55**	4,738.60
Total equity		**5,837.17**	**4,823.22**
Non-current liabilities			
Financial liabilities			
Borrowings	20	**2,941.07**	3,275.22
Other financial liabilities	24	**29.71**	110.62
		2,970.78	**3,385.84**
Provisions	21	**369.62**	338.34
Other non-current liabilities	25	**5.46**	8.18
Total non-current liabilities		**3,345.86**	**3,732.36**
Current liabilities			
Financial liabilities			
Borrowings	20	**704.40**	1,090.85
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	23	**19.96**	13.19
Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,046.85**	2,035.62
		2,066.81	**2,048.81**
Other financial liabilities	24	**1,507.30**	1,753.78
		4,278.51	**4,893.44**
Provisions	21	**431.06**	418.58
Liabilities for current tax (net)		**53.99**	35.12
Other current liabilities	25	**128.06**	107.02
Total current liabilities		**4,891.62**	**5,454.16**
TOTAL EQUITY AND LIABILITIES		**14,074.65**	**14,009.74**
Notes forming part of the Consolidated Financial Statements	1 - 45		

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director &
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

Consolidated Statement of Profit and Loss

(₹ in crores)

	Notes	Year ended 31st March, 2021	Year ended 31st March, 2020
REVENUE			
Revenue from operations	26	**8,004.83**	7,939.31
Other income	27	**56.65**	121.30
Total Revenue		**8,061.48**	**8,060.61**
EXPENSES			
Cost of materials consumed	28	**1,420.69**	1,377.35
Purchases of stock-in-trade		**1,004.97**	922.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	**(279.24)**	(133.13)
Employee benefits expense	30	**1,439.62**	1,429.04
Finance costs	31	**358.28**	450.71
Depreciation, amortisation and impairment expense	32	**657.79**	654.38
Other expenses	33	**1,933.11**	2,172.99
Total Expenses		**6,535.22**	**6,874.04**
PROFIT BEFORE TAX		**1,526.26**	**1,186.57**
TAX EXPENSE	22		
Current tax		**334.08**	260.24
Deferred tax credit		**(52.98)**	(59.23)
(Excess) / short provision for tax of earlier years		**(6.72)**	13.66
One time impact on current and deferred tax due to change in law		**-**	(52.82)
		274.38	**161.85**
PROFIT FOR THE YEAR		**1,251.88**	**1,024.72**
Other comprehensive income, net of taxes			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**3.46**	(19.69)
Equity instruments through other comprehensive income		**-**	(0.03)
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Re-measurement gains / (losses) on defined benefit plans		**(3.45)**	6.06
Equity instruments through other comprehensive income		**-**	0.01
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(4.63)**	(73.88)
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge		**160.82**	(159.86)
Income tax relating to items that will be reclassified subsequently to profit or loss			
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge		**(55.78)**	55.79
		100.42	**(191.60)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,352.30**	**833.12**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**1,251.88**	1,024.72
Non-controlling interests		**-**	-
		1,251.88	**1,024.72**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		**1,352.30**	833.12
Non-controlling interests		**-**	-
		1,352.30	**833.12**
Earnings per share [Nominal value per equity share of ₹5]			
Basic and diluted	34	**73.98**	60.55
Notes forming part of the Consolidated Financial Statements	1 - 45		

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director &
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

Consolidated Statement of Changes in Equity

(A) Equity share capital

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	**84.62**	84.62
Changes during the year	-	-
Balance at the end of the year	**84.62**	**84.62**

(B) Other equity

(₹ in crores)

	Reserves and surplus					Other comprehensive income			
	Retained earnings	General reserve	Debenture redemption reserve	Capital reserve	Securities premium	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Foreign currency translation reserve	Total
Balance as at 1st April, 2020	**1,893.03**	**2,648.40**	**351.71**	**5.56**	**4.34**	**0.01**	**(63.84)**	**(100.61)**	**4,738.60**
Profit for the year	**1,251.88**	-	-	-	-	-	-	-	**1,251.88**
Other comprehensive income (net of tax)	**0.01**	-	-	-	-	-	**105.04**	**(4.63)**	**100.42**
Dividends*	**(338.45)**	-	-	-	-	-	-	-	**(338.45)**
Transfer from debenture redemption reserve	-	**135.64**	**(135.64)**	-	-	-	-	-	-
Reclassified to statement of profit and loss on liquidation of subsidiary	-	-	-	-	-	-	-	**0.10**	**0.10**
Balance as at 31st March, 2021	**2,806.47**	**2,784.04**	**216.07**	**5.56**	**4.34**	**0.01**	**41.20**	**(105.14)**	**5,752.55**
Balance as at 1st April, 2019	**1,616.36**	**2,510.87**	**489.24**	**5.56**	**4.34**	**0.03**	**40.23**	**(26.90)**	**4,639.73**
Profit for the year	1,024.72	-	-	-	-	-	-	-	1,024.72
Other comprehensive income (net of tax)	(13.63)	-	-	-	-	(0.02)	(104.07)	(73.88)	(191.60)
Cancellation of forfeited equity shares	-	-	-	0.00	-	-	-	-	0.00
Dividends**	(609.20)	-	-	-	-	-	-	-	(609.20)
Tax on dividend	(125.22)	-	-	-	-	-	-	-	(125.22)
Transfer from debenture redemption reserve	-	137.53	(137.53)	-	-	-	-	-	-
Reclassified to statement of profit and loss on dissolution of subsidiary	-	-	-	-	-	-	-	0.17	0.17
Balance as at 31st March, 2020	**1,893.03**	**2,648.40**	**351.71**	**5.56**	**4.34**	**0.01**	**(63.84)**	**(100.61)**	**4,738.60**

*Dividends include 2020-21 interim dividend of ₹20 per share.
**Dividends include 2018-19 final dividend of ₹4 per share and 2019-20 interim dividend of ₹32 per share.

Consolidated Statement of Changes in Equity (Continued)

Nature and purpose of reserves:

(a) **Retained earnings:** Retained earnings are the profits earned till date, less any transfers to other reserves and dividends distributed.

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

(c) **Debenture redemption reserve:** The reserve represents amount required to be set aside out of profits in accordance with Companies Act, 2013 upto 16th Aug, 2019.

(d) **Capital reserve:** Capital reserve represents profit or loss on cancellation of own forfeited equity instruments and excess of fair value of net assets acquired over the consideration transferred.

(e) **Securities premium:** Securities premium comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

(f) **Equity instruments through other comprehensive income:** This represents the cumulative gains and losses arising on revaluation of equity instruments measured at fair value through other comprehensive income.

(g) **Effective portion of cash flow hedges:** This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the statement of profit and loss.

(h) **Foreign currency translation reserve:** This reserve represents exchange differences arising on account of conversion of foreign operations to parent company's functional currency.

In terms of our report attached

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

Jamil Khatri
Partner
Membership No. 102527

Mumbai
18th May, 2021

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Sudhir Menon
Executive Director &
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
18th May, 2021

Consolidated Statement of Cash Flows

(₹ in crores)

		Year ended 31st March, 2021	Year ended 31st March, 2020
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	**1,526.26**	1,186.57
	Adjustments for:		
	Depreciation, amortisation and impairment expense	**657.79**	654.38
	Allowance for credit loss (net)	**14.42**	2.64
	Unrealised foreign exchange gain (net)	**(12.96)**	(220.09)
	Loss on sale/ discard/ write-off of property, plant and equipments	**1.30**	25.73
	Net gain on sale of investments	**(15.58)**	(29.20)
	Finance costs	**358.28**	450.71
	Interest income	**(5.07)**	(7.96)
		2,524.44	**2,062.78**
	Adjustments for changes in working capital:		
	Trade receivables, loans and other assets	**65.21**	(177.95)
	Inventories	**(532.98)**	(213.07)
	Trade payables, liabilities and provisions	**129.52**	5.19
	CASH GENERATED FROM OPERATIONS	**2,186.19**	**1,676.95**
	Direct taxes paid (net of refunds)	**(175.50)**	(284.04)
	NET CASH FROM OPERATING ACTIVITIES	**2,010.69**	**1,392.91**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of property, plant and equipments and intangible assets (including capital work-in-progress and capital advances paid)	**(335.15)**	(406.78)
	Proceeds from sale of property, plant and equipment and intangible assets	**1.13**	3.95
	Payment to acquire other non-current investments	**(40.00)**	-
	(Investments in) / proceeds from redemption of mutual funds (net)	**(123.45)**	380.50
	Fixed deposits matured (net)	**42.80**	204.08
	Interest received	**5.25**	16.86
	NET CASH (USED IN) / FROM INVESTING ACTIVITIES	**(449.42)**	**198.61**
C	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Proceeds from long-term borrowings	**895.00**	750.00
	Repayment of long-term borrowings	**(1,437.90)**	(1,201.00)
	Proceeds from / (repayment of) short-term borrowings (net)	**(378.93)**	138.10
	Repayment of lease obligations	**(34.46)**	(32.25)
	Dividend paid (including tax on dividend for the year ended 31st March, 2020)	**(338.45)**	(718.50)
	Finance costs paid	**(361.39)**	(485.39)
	NET CASH USED IN FINANCING ACTIVITIES	**(1,656.13)**	**(1,549.04)**
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	**(94.86)**	**42.48**
	Effect of exchange rate changes on foreign currency cash and cash equivalents	**5.60**	30.58
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**661.82**	588.76
	CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Refer note 16)	**572.56**	**661.82**

Notes:

(1) The Group considers investing in liquid mutual fund as an important part of its cash management activities. In accordance with Ind AS 7, the same is presented as cash flows from investing activities. As at 31st March, 2021, investment amount is ₹139.03 crores.

Consolidated Statement of Cash Flows (Continued)

(₹ in crores)

		Year ended 31st March, 2021	Year ended 31st March, 2020
(2)	**CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES :**		
	Long-term borrowings including current maturities of long-term debt (Refer note 20):		
	Opening balance	**4,693.50**	5,103.99
	Amount borrowed during the year	**895.00**	750.00
	Amount repaid during the year	**(1,437.90)**	(1,201.00)
	Amortised cost adjustment	**2.55**	3.01
	Foreign exchange difference	**(32.09)**	37.50
	Closing balance	**4,121.06**	**4,693.50**
	Lease obligations (Refer note 24):		
	Opening balance	**55.68**	-
	Recognised on adoption of Ind AS 116	**-**	84.01
	New lease contracts entered during the year	**21.56**	-
	Interest accrued during the year	**4.66**	5.20
	Amount paid during the year	**(34.46)**	(32.25)
	Remeasurement of lease liability	**0.86**	(0.60)
	Foreign exchange difference	**0.37**	(0.68)
	Closing balance	**48.67**	**55.68**
	Short-term borrowings (Refer note 20):		
	Opening balance	**1,090.85**	934.11
	Amount (repaid) / borrowed during the year (net)	**(378.93)**	138.10
	Foreign exchange difference	**(7.52)**	18.64
	Closing balance	**704.40**	**1,090.85**

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director &
Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

Notes forming part of the Consolidated Financial Statements

1. Group information

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

The consolidated financial statements comprise the financial statements of the Parent Company Torrent Pharmaceuticals Limited (TPL) and the following subsidiaries / step-down subsidiaries (together referred to as "Group"):

Entity	Country of Incorporation
Subsidiaries [having 100% proportion of ownership interest and voting rights]	
Zao Torrent Pharma	Russia
Torrent Do Brasil Ltda.	Brazil
Torrent Pharma GmbH (TPG)	Germany
Torrent Pharma Inc.	USA
Torrent Pharma Philippines Inc.	Philippines
Laboratories Torrent, S.A. de C.V.	Mexico
Torrent Australasia Pty. Ltd.	Australia
Torrent Pharma (Thailand) Co., Ltd.	Thailand
Torrent Pharma S.R.L.	Romania
Torrent Pharma (UK) Ltd.	United Kingdom
Laboratorios Torrent (Malaysia) SDN. BHD.	Malaysia
Torrent Pharma France S.A.S.	France
Step-down subsidiaries of TPG [having 100% proportion of ownership interest and voting rights]	
Heumann Pharma GmbH & Co. Generica KG	Germany
Heunet Pharma GmbH	Germany

During the year, Norispharm GmbH, subsidiary of Torrent Pharma Gmbh, liquidated with effect from 16th March, 2021.

2. Statement of compliance

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.

3. Basis of preparation of consolidated financial statements

3.1 Basis of preparation and presentation

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

- Derivative financial instruments
- Investments in mutual funds, equity instruments and LLP
- Defined benefit plan – plan assets measured at fair value
- Contingent consideration in business combination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and / or disclosure purposes in the consolidated financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of asset.

Notes forming part of the Consolidated Financial Statements

3.1 Basis of preparation and presentation (Continued)

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

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

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

3.2 Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees, which is the functional currency of the Parent Company. All the amounts are stated in the nearest rupee crores.

3.3 Use of estimates

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

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

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

- Useful lives of property, plant and equipment (refer note 4.2)
- Valuation of assets acquired as part of business combination and contingent consideration (refer note 4.3.1)
- Useful lives of intangible assets (refer note 4.4)
- Valuation of inventories (refer note 4.8)
- Impairment of intangible assets and goodwill (refer note 4.9.2)
- Employee benefits (refer note no. 4.10)
- Provisions and contingent liabilities (refer note 4.12)
- Sales returns, rebates, chargeback and medicaid (refer note 4.13)
- Valuation of deferred tax assets (refer note 4.14)

4. Significant accounting policies

4.1 Basis of consolidation

The Company consolidates all entities which it controls. Control is established when the Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences and until the date control ceases.

Notes forming part of the Consolidated Financial Statements

4.1 Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

4.2 Property, plant and equipment

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

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

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

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

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

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

The estimated useful lives of property, plant and equipments are as under:

Type of property, plant and equipments	Useful life
Office buildings*	58 years
Factory buildings*	28 years
Plant and equipments*	10 to 20 years
Laboratory equipments*	5 to 20 years
Electrical equipments*	5 to 20 years
Furniture and fixtures*	3 to 10 years
Office equipments*	10 years
Computer equipments*	2 to 5 years
Vehicles*	5 to 10 years

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

Notes forming part of the Consolidated Financial Statements

4.3 Business combinations and goodwill

4.3.1 Business combinations

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

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the statement of profit and loss.

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

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect their fair values or recognise any new assets or liabilities. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose. The financial statement of prior period is restated as if the business combination had occurred from the beginning of the preceding period, irrespective of the actual date of combination.

4.3.2 Goodwill

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

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

4.4 Intangible assets

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

Acquired research and development intangible assets that are under development are recognised as intangible assets under development. These assets are not amortised but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment is recognised as an expense in the statement of profit and loss.

Notes forming part of the Consolidated Financial Statements

4.4 Intangible assets (Continued)

Intangible assets are amortised over their respective estimated useful life using straight-line method. The estimated useful life of amortisable intangibles is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

The estimated useful lives of intangibles are as mentioned below:

Type of intangible asset	Useful life
Softwares	3 to 5 years
Product licenses	Up to 15 years
Brands	Up to 15 years
Non-compete fees	Up to 5 years
Drug master files	10 years

4.5 Foreign currency transaction, translation and foreign operations

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

Foreign operations

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

4.6 Financial instruments

4.6.1 Financial assets

(a) Classification of financial assets

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

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

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

(b) Initial measurement

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

(c) Subsequent measurement

- **Amortised Cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes forming part of the Consolidated Financial Statements

4.6 Financial instruments (Continued)

- **Fair value through other comprehensive income (FVOCI)**

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

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

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(d) Derecognition of financial assets

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

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

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

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

(e) Income recognition

Dividend is accounted when the right to receive payment is established. Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

(f) Cash and cash equivalents

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

(g) Investments

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

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

(h) Trade receivables

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognised 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.

Notes forming part of the Consolidated Financial Statements

4.6 Financial instruments (Continued)

4.6.2 Financial liabilities

The Group's financial liabilities include trade payables, loans and borrowing and derivative financial instruments.

(a) Classification

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

(b) Initial measurement

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

(c) Subsequent measurement

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

(d) Derecognition of financial liabilities

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

(e) Borrowings

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

(f) Trade payables

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

4.6.3 Derivative financial instruments and hedge accounting

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

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

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

Notes forming part of the Consolidated Financial Statements

4.7 Leases – Group as lessee

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

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

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

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

The Group has elected not to apply requirements of Ind AS 116 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

4.8 Inventories

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

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

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

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

c) Finished goods (traded) – Purchase cost on a moving average basis.

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

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

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

Notes forming part of the Consolidated Financial Statements

4.9 Impairment of assets

4.9.1 Financial assets

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

4.9.2 Non-financial assets

Tangible and intangible assets

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

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

Goodwill

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

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

4.10 Employee benefits

4.10.1 Short-term employee benefits

Short-term benefits payable before 12 months after the end of the reporting period in which the employees have rendered service are accounted as expense in statement of profit and loss.

4.10.2 Long-term employment benefits

Defined contribution plans

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

Defined benefit plans

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

Termination benefits

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

Notes forming part of the Consolidated Financial Statements

4.10 Employee benefits (Continued)

Compensated absences and earned leaves

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

4.11 Government grants

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

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

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

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

4.12 Provisions, contingent liabilities and contingent assets

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets

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

Provisions

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

4.13 Revenue recognition

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

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

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

Notes forming part of the Consolidated Financial Statements

4.13 Revenue recognition (Continued)

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

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

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

4.14 Income taxes

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

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

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

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

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

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

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Group in different tax jurisdictions is recognised using the tax rate of jurisdiction in which such inventories are held.

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

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognised in statement of changes in equity as part of associated dividend payment. As per amendment in Indian Income Tax Act (with effect from 1st April, 2020) dividend is taxable in the hands of shareholders.

Notes forming part of the Consolidated Financial Statements

4.15 Earnings per share

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

4.16 Research and development

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

4.17 Borrowing cost

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

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

4.18 GST input credit

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

5. Recent accounting pronouncements

On 24th March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Division I, II and III of Schedule III of the Companies Act, 2013 and are applicable from 1st April, 2021. The amendments primarily relate to :

a) Change in existing presentation requirements for certain items in Balance sheet, for e.g. lease liabilities, security deposits, current maturities of long-term borrowings, effect of prior period errors on equity share capital

b) Additional disclosure requirements in specified formats, for e.g. ageing of trade receivables, trade payables, capital work-in-progress, intangible assets under development, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for e.g. compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Group is evaluating the same.

Notes forming part of the Consolidated Financial Statements

6. Property, plant and equipment

(₹ in crores)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Electrical equipments	Total
Gross carrying amount as at 1st April, 2020	**816.99**	**-**	**974.96**	**1,810.28**	**75.95**	**19.91**	**116.52**	**215.10**	**4,029.71**
Additions during the year	**4.78**	**-**	**40.39**	**77.22**	**2.95**	**2.02**	**13.68**	**5.59**	**146.63**
Deductions during the year	**-**	**-**	**-**	**4.76**	**0.52**	**0.33**	**0.63**	**0.18**	**6.42**
Translation exchange difference	**(0.81)**	**-**	**(0.42)**	**(1.89)**	**0.19**	**(0.01)**	**(0.27)**	**(1.07)**	**(4.28)**
Gross carrying amount as at 31st March, 2021	**820.96**	**-**	**1,014.93**	**1,880.85**	**78.57**	**21.59**	**129.30**	**219.44**	**4,165.64**
Accumulated depreciation as at 1st April, 2020	**-**	**-**	**186.08**	**809.61**	**42.80**	**5.33**	**80.56**	**87.44**	**1,211.82**
Depreciation for the year	**-**	**-**	**29.74**	**141.72**	**5.26**	**1.95**	**13.63**	**10.78**	**203.08**
Deductions during the year	**-**	**-**	**-**	**4.05**	**0.49**	**0.31**	**0.60**	**0.16**	**5.61**
Translation exchange difference	**-**	**-**	**0.05**	**(0.82)**	**(0.07)**	**(0.01)**	**(0.11)**	**(0.48)**	**(1.44)**
Accumulated depreciation as at 31st March, 2021	**-**	**-**	**215.87**	**946.46**	**47.50**	**6.96**	**93.48**	**97.58**	**1,407.85**
Net carrying amount as at 31st March, 2021	**820.96**	**-**	**799.06**	**934.39**	**31.07**	**14.63**	**35.82**	**121.86**	**2,757.79**
Capital work-in-progress									**745.41**
Total									**3,503.20**
Gross carrying amount as at 1st April, 2019	724.98	29.50	965.20	1,724.07	75.80	16.19	106.51	209.92	3,852.17
Additions during the year	89.33	-	15.53	117.70	6.32	5.71	12.06	11.15	257.80
Deductions during the year	-	29.50	8.27	32.92	6.63	1.94	1.73	4.06	85.05
Translation exchange difference	2.68	-	2.50	1.43	0.46	(0.05)	(0.32)	(1.91)	4.79
Gross carrying amount as at 31st March, 2020	**816.99**	**-**	**974.96**	**1,810.28**	**75.95**	**19.91**	**116.52**	**215.10**	**4,029.71**
Accumulated depreciation as at 1st April, 2019	-	-	159.04	695.60	41.90	5.05	68.89	81.01	1,051.49
Depreciation for the year	-	-	29.15	139.74	5.34	1.73	14.71	10.67	201.34
Deductions during the year	-	-	2.26	25.34	4.68	1.41	2.94	3.36	39.99
Translation exchange difference	-	-	0.15	(0.39)	0.24	(0.04)	(0.10)	(0.88)	(1.02)
Accumulated depreciation as at 31st March, 2020	**-**	**-**	**186.08**	**809.61**	**42.80**	**5.33**	**80.56**	**87.44**	**1,211.82**
Net carrying amount as at 31st March, 2020	**816.99**	**-**	**788.88**	**1,000.67**	**33.15**	**14.58**	**35.96**	**127.66**	**2,817.89**
Capital work-in-progress									576.61
Total									**3,394.50**

(i) Certain property, plant and equipments hypothecated/mortgaged as security for borrowings as disclosed under note 20.
(ii) Capital work-in-progress includes expenditure of ₹69.65 crores (Previous year: ₹44.35 crores) incurred in the course of construction.
(iii) The amount of capital commitments is disclosed in note 39.
(iv) Pro-rata cost of assets owned jointly with Torrent Power Limited, a fellow subsidiary are as under:

(₹ in crores)

	Proportion of holding	As at 31st March, 2021	As at 31st March, 2020
Freehold Land	50%	**23.79**	23.79
Freehold Land	30%	**35.69**	35.69
Buildings	30%	**0.65**	0.65

Notes forming part of the Consolidated Financial Statements

7. Right-of-use assets

(₹ in crores)

	Land	Buildings	Vehicles	Total
Gross carrying amount as at 1st April, 2020	**81.71**	**36.56**	**47.57**	**165.84**
Additions during the year	**0.78**	**21.00**	**0.56**	**22.34**
Deductions / Adjustments during the year	**-**	**1.77**	**0.30**	**2.07**
Translation exchange difference	**-**	**(0.05)**	**0.44**	**0.39**
Gross carrying amount as at 31st March, 2021	**82.49**	**55.74**	**48.27**	**186.50**
Accumulated depreciation as at 1st April, 2020	**1.88**	**12.33**	**16.21**	**30.42**
Depreciation for the year	**1.89**	**15.29**	**16.45**	**33.63**
Deductions during the year	**-**	**2.82**	**0.30**	**3.12**
Translation exchange difference	**-**	**(0.13)**	**0.15**	**0.02**
Accumulated depreciation as at 31st March, 2021	**3.77**	**24.67**	**32.51**	**60.95**
Net carrying amount as at 31st March, 2021	**78.72**	**31.07**	**15.76**	**125.55**
Gross carrying amount as at 1st April, 2019 (On adoption of Ind AS 116)	52.21	37.56	48.00	137.77
Deductions / Adjustments during the year	(29.50)	0.60	-	(28.90)
Translation exchange difference	-	(0.40)	(0.43)	(0.83)
Gross carrying amount as at 31st March, 2020	**81.71**	**36.56**	**47.57**	**165.84**
Accumulated depreciation as at 1st April, 2019	-	-	-	-
Depreciation for the year	1.88	12.60	16.31	30.79
Translation exchange difference	-	(0.27)	(0.10)	(0.37)
Accumulated depreciation as at 31st March, 2020	**1.88**	**12.33**	**16.21**	**30.42**
Net carrying amount as at 31st March, 2020	**79.83**	**24.23**	**31.36**	**135.42**

(i) Lease contracts entered by the Group majorly pertains for land, buildings and vehicles taken on lease to conduct its business in the ordinary course.

(ii) Lease expenses of ₹20.07 crores and ₹13.08 crores recognised in statement of profit and loss in other expenses for the year ended 31st March, 2021 and 31st March, 2020 respectively towards short-term leases, lease of low value assets and variable lease rental not included in measurement of lease liability.

(iii) Extension and termination options are included in some of the lease contracts. These are used to maximise operational flexibility in terms of managing assets used in Group's operations.

(iv) Lease obligations, interest expense on lease, maturity profile of lease obligation and payment of lease obligations are disclosed respectively in Other financial liabilities (refer note 24), Finance costs (refer note 31), Liquidity risk (refer note 37) and Statement of Cash Flows.

8. Goodwill

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Balance at beginning of year	**342.09**	334.79
Add: Translation exchange difference	**(0.86)**	7.30
Balance at end of year	**341.23**	**342.09**

The Group tests goodwill for impairment annually or based on an indicator. The Group provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

Notes forming part of the Consolidated Financial Statements

8. Goodwill (Continued)

Key assumptions for CGUs with significant amount of goodwill are as follows:

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

b) Discount rate applied to projected cash flow is 12.00% to 15.60%.

Acquired brands and assets of liquid manufacturing facility are considered as CGU for testing of impairment of goodwill generated on such acquisition.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

9. Other intangible assets

(₹ in crores)

	Acquired intangible assets					
	Computer softwares	Product licenses	Brands	Non-compete fees	Drug master files	Total
Gross carrying amount as at 1st April, 2020	**128.12**	**272.73**	**5,266.80**	**103.81**	**25.03**	**5,796.49**
Additions during the year	**11.51**	**12.63**	**-**	**-**	**-**	**24.14**
Deductions during the year	**0.82**	**3.30**	**-**	**-**	**-**	**4.12**
Translation exchange difference	**(0.05)**	**1.83**	**-**	**(0.13)**	**-**	**1.65**
Gross carrying amount as at 31st March, 2021	**138.76**	**283.89**	**5,266.80**	**103.68**	**25.03**	**5,818.16**
Accumulated amortisation and impairment as at 1st April, 2020	**100.82**	**153.79**	**1,231.13**	**64.07**	**8.96**	**1,558.77**
Amortisation for the year	**17.40**	**34.94**	**351.12**	**14.64**	**2.50**	**420.60**
Deductions during the year	**0.87**	**1.63**	**-**	**-**	**-**	**2.50**
Translation exchange difference	**(0.07)**	**1.37**	**-**	**(0.07)**	**-**	**1.23**
Accumulated amortisation and impairment as at 31st March, 2021	**117.28**	**188.47**	**1,582.25**	**78.64**	**11.46**	**1,978.10**
Net carrying amount as at 31st March, 2021	**21.48**	**95.42**	**3,684.55**	**25.04**	**13.57**	**3,840.06**
Intangible assets under development						**143.97**
Total						**3,984.03**
Gross carrying amount as at 1st April, 2019	111.90	236.94	5,266.80	103.37	29.46	5,748.47
Additions during the year	16.04	28.80	-	-	-	44.84
Deductions during the year	0.08	8.67	-	-	4.43	13.18
Translation exchange difference	0.26	15.66	-	0.44	-	16.36
Gross carrying amount as at 31st March, 2020	**128.12**	**272.73**	**5,266.80**	**103.81**	**25.03**	**5,796.49**
Accumulated amortisation and impairment as at 1st April, 2019	79.11	120.20	880.01	49.29	7.62	1,136.23
Amortisation for the year	21.61	29.39	351.12	14.61	2.65	419.38
Deductions during the year	0.07	4.47	-	-	1.31	5.85
Translation exchange difference	0.17	8.67	-	0.17	-	9.01
Accumulated amortisation and impairment as at 31st March, 2020	**100.82**	**153.79**	**1,231.13**	**64.07**	**8.96**	**1,558.77**
Net carrying amount as at 31st March, 2020	**27.30**	**118.94**	**4,035.67**	**39.74**	**16.07**	**4,237.72**
Intangible assets under development						135.32
Total						**4,373.04**

Notes forming part of the Consolidated Financial Statements

9. Other intangible assets (Continued)

Material intangible assets to the Company's financial statement:

Description of intangible assets	Brands
Net Carrying amount	₹3,684.55 crores as at 31st March, 2021 (₹4,035.67 crores as at 31st March, 2020)
Remaining amortisation period	8 years to 12 years as at 31st March, 2021 (9 years to 13 years as at 31st March, 2020)

10. Investments

(₹ in crores)

	No. of shares	As at 31st March, 2021	As at 31st March, 2020
Non-current			
At fair value through other comprehensive income			
Equity instruments of:			
Epigeneres Biotech Private Limited	158	**2.00**	2.00
fully paid-up equity shares of ₹10 each			
Shivalik Solid Waste Management Limited	20,000	**0.02**	0.02
fully paid-up equity shares of ₹10 each			
Tornascent Care Institute	25,000	**0.03**	0.03
fully paid-up equity shares of ₹10 each			
UNM Foundation	25,000	**0.03**	0.03
fully paid-up equity shares of ₹10 each			
Investment in LLP:			
ABCD Technologies LLP (to be renamed as Indo Health Services LLP)		**40.00**	-
At amortised cost			
National savings certificates		**0.01**	0.01
		42.09	**2.09**
Current			
At fair value through other comprehensive income			
Equity instruments of:			
Union Bank of India (erstwhile Corporation bank)	5,115 (15,500)	**0.02**	0.02
fully paid-up equity shares of ₹2 each			
At fair value through profit or loss			
Mutual funds		**139.03**	-
		139.05	**0.02**
		181.14	**2.11**
(i) Aggregate amount of unquoted investments		**42.09**	2.09
(ii) Aggregate amount of quoted investments		**0.02**	0.02
(iii) Aggregate amount of investment in mutual funds at market value		**139.03**	-
(iv) Number of shares in bracket represents shares held in previous year			

Notes forming part of the Consolidated Financial Statements

11. Loans

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
[Unsecured and considered good, unless otherwise stated]		
Non-current		
Employee loans	**2.02**	2.29
	2.02	**2.29**
Current		
Employee loans	**3.08**	3.64
	3.08	**3.64**
	5.10	**5.93**

12. Other financial assets

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Derivative financial instruments	**10.80**	18.52
Fixed deposit with maturity of more than 12 months	**26.03**	91.38
Other receivables	**15.28**	16.38
	52.11	**126.28**
Current		
Derivative financial instruments	**94.35**	51.72
Interest accrued on deposits	**0.14**	0.32
Other receivables	**26.30**	29.65
	120.79	**81.69**
	172.90	**207.97**

13. Other assets

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Capital advances	**23.65**	31.02
	23.65	**31.02**
Current		
Export benefits receivable	**47.06**	77.11
Claims receivable (indirect tax/ insurance/ others)	**156.49**	116.91
Employees advances	**6.27**	5.75
Pre-paid expenses	**54.80**	52.64
Indirect taxes recoverable	**122.63**	110.20
Advances to suppliers	**52.97**	64.09
Other receivables	**10.29**	2.80
	450.51	**429.50**
	474.16	**460.52**

Notes forming part of the Consolidated Financial Statements

14. Inventories

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
[At lower of cost or net realisable value]		
Raw materials	**985.23**	741.23
Packing materials	**58.65**	48.91
Work-in-progress	**180.32**	203.18
Finished goods	**958.23**	778.33
Stock-in-trade	**498.77**	376.57
	2,681.20	**2,148.22**

(i) The Group charged inventory write-down (net) of ₹49.88 crores and ₹13.47 crores to statement of profit and loss for the year ended 31st March, 2021 and 31st March, 2020 respectively.

(ii) Inventories are hypothecated as security for borrowings as disclosed under note 20.

15. Trade receivables

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Unsecured		
(a) Considered good	**1,523.37**	1,649.34
(b) Credit-impaired	**18.03**	19.47
Less: Allowance for credit loss	**18.03**	19.47
	1,523.37	**1,649.34**
(i) Trade receivables are non-interest bearing and are generally on credit period of 60-180 days.		
(ii) Movements in allowance for credit loss:		
Opening balance	**19.47**	28.13
Add: Provision made / (reversed) during the year (net)	**14.42**	2.64
Less: Provision used during the year	**(15.72)**	(10.51)
Add / (less): Translation exchange difference	**(0.14)**	(0.79)
Closing balance	**18.03**	**19.47**

16. Cash and cash equivalents

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Balances with banks	**557.27**	405.71
Cash on hand	**0.36**	0.35
Fixed deposit with original maturity of less than 3 months	**14.93**	255.76
	572.56	**661.82**

17. Bank balances other than cash and cash equivalents

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Earmarked balances with banks	**4.54**	4.35
Fixed deposit with maturity of less than 12 months	**26.40**	0.48
	30.94	**4.83**

Earmarked balances with banks primarily relates to unclaimed dividends.

Notes forming part of the Consolidated Financial Statements

18. Equity share capital

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Authorised		
250,000,000 (Previous year 250,000,000) equity shares of ₹5 each	**125.00**	125.00
2,500,000 (Previous year 2,500,000) preference shares of ₹100 each	**25.00**	25.00
	150.00	**150.00**
Issued		
169,222,720 (Previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62
Subscribed and fully paid-up		
169,222,720 (Previous year 169,222,720) equity shares of ₹5 each	**84.62**	84.62
	84.62	**84.62**

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Numbers	₹ in crores	Numbers	₹ in crores
As at the beginning of the year	**169,222,720**	**84.62**	169,222,720	84.62
Outstanding at the end of the year	**169,222,720**	**84.62**	**169,222,720**	**84.62**

(ii) Torrent Investments Private Limited (formerly known as Torrent Private Limited), the holding Company, holds 120,563,720 (Previous year 120,563,720) equity shares of ₹5 each, equivalent to 71.25% (Previous year 71.25%) of the total number of subscribed and paid-up equity shares, which is the only shareholder holding more than 5% of total equity shares.

(iii) The Company has one class of equity shares having par value of ₹5 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

19. Other equity

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Reserves and Surplus		
Retained earnings	**2,806.47**	1,893.03
General reserve	**2,784.04**	2,648.40
Debenture redemption reserve	**216.07**	351.71
Capital reserve	**5.56**	5.56
Securities premium	**4.34**	4.34
	5,816.48	**4,903.04**
Other comprehensive income		
Equity instruments through other comprehensive income	**0.01**	0.01
Effective portion of cash flow hedges	**41.20**	(63.84)
Foreign currency translation reserve	**(105.14)**	(100.61)
	(63.93)	**(164.44)**
	5,752.55	**4,738.60**

Notes forming part of the Consolidated Financial Statements

20. Borrowings

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Secured non-convertible debentures	**1,240.25**	1,162.72
Secured term loans from banks	**1,300.82**	2,110.94
Secured term loans from others	**400.00**	-
Unsecured term loans from others	**-**	1.56
	2,941.07	**3,275.22**
Current maturities of long-term debt (Refer note 24)		
Secured non-convertible debentures	**317.86**	542.56
Secured term loans from banks	**860.57**	874.16
Unsecured term loans from others	**1.56**	1.56
	1,179.99	**1,418.28**
Current		
Secured loans from banks	**212.29**	489.31
Unsecured loans from banks	**394.02**	601.54
Unsecured commercial paper from banks	**98.09**	-
	704.40	**1,090.85**
	4,825.46	**5,784.35**

Notes:

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

(a) ₹1,487.65 crores (Previous year ₹1,943.72 crores) are secured by first *pari passu* mortgage / charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.

(b) ₹Nil (Previous year ₹251.29 crores) from bank is secured by first charge on certain identified trademarks of the Company including its future line extensions.

(c) ₹Nil (Previous year ₹75.38 crores) are secured by first *pari passu* mortgage / charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh.

(d) ₹526.73 crores (Previous year ₹526.24 crores) are secured by first *pari passu* mortgage / charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(e) ₹147.01 crores (Previous year ₹188.47 crores) from bank is secured by hypothecation of inventories and book debts.

(ii) Non-convertible debentures referred above to the extent of:

(a) ₹150.00 crores (Previous year ₹549.57 crores) are secured by first *pari passu* mortgage / charge on immovable and tangible movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) and Gangtok in Sikkim (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

(b) ₹713.11 crores (Previous year ₹855.71 crores) are secured by first *pari passu* mortgage / charge on immovable as well as tangible movable assets, present and future, located at village Indrad (Manufacturing facility on identified land), Bhat (Research facility), Corporate office, Ahmedabad, all in Gujarat, and village Baddi (Manufacturing facility) in Himachal Pradesh as well as on certain identified trademarks of the Company including its future line extensions.

(c) ₹695.00 crores (Previous year ₹300.00 crores) are secured by first *pari passu* mortgage / charge on tangible immovable and movable assets, present and future, located at Dahej (SEZ) in Gujarat (Manufacturing facility) as well as on certain identified trademarks of the Company including its future line extensions.

Notes forming part of the Consolidated Financial Statements

20. Borrowings (Continued)

(iii) Term loans from others referred above to the extent of ₹400.00 crores (Previous year ₹Nil) are secured by first exclusive mortgage / charge on identified Land situated at Shilaj-Thaltej, Ahmedabad as well as first *pari passu* mortgage / charge on certain identified trademarks of the Company including its future line extensions.

(iv) Short-term borrowings from banks are in nature of working capital facilities which are secured by hypothecation of inventories and book debts.

(v) Average interest rate on borrowings is 6.66% for the year ended 31st March, 2021 (Previous year 7.55%).

(vi) The principal amount repayable in yearly instalments for long-term loans are as under:

(₹ in crores)

Financial year	
2021-22	**1,179.99**
2022-23	**971.85**
2023-24	**1,018.51**
2024-25	**576.63**
2025-26	**380.95**
	4,127.93
Less: Amortised cost adjustment	**6.87**
Total	**4,121.06**

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

(₹ in crores)

Rate of Interest	2025-26	2024-25	2023-24	2022-23	2021-22	Total Repayment	Amortised cost adjustment	Closing Balance
5.07 % to 7.95 %	142.84	142.86	487.86	467.86	317.86	1,559.28	1.17	1558.11

21. Provisions

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	**103.06**	93.45
Leave benefits	**96.47**	86.45
	199.53	**179.90**
Provision for sales returns	**159.96**	147.93
Provision for expenses	**10.13**	10.51
	369.62	**338.34**
Current		
Provision for employee benefits		
Post-retirement benefits (Refer note 35)	**2.72**	2.50
Leave benefits	**16.12**	14.50
	18.84	**17.00**
Provision for sales returns	**224.14**	180.67
Provision for failure to supply	**173.63**	204.65
Provision for medicaid	**11.74**	11.89
Provision for expenses	**2.71**	4.37
	431.06	**418.58**
	800.68	**756.92**

Notes forming part of the Consolidated Financial Statements

21. Provisions (Continued)

(i) Provision for sales returns:

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

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**328.60**	284.60
Add: Provision made during the year	**287.27**	229.64
Less: Provision utilised during the year	**(227.42)**	(191.66)
Add / (Less): Translation exchange difference	**(4.35)**	6.02
Closing balance	**384.10**	**328.60**
Non-current provision	**159.96**	147.93
Current provision	**224.14**	180.67
Total	**384.10**	**328.60**

(ii) Provision for expenses:

(a) Non-current:

Provision for expenses includes estimated amount of liability pertaining to administrative and judicial proceedings disputed with past employees pending at various labour courts in Brazil.

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**10.51**	15.78
Add: Additional provision (net of reversal)	**0.78**	(2.38)
Add / (Less): Translation exchange difference	**(1.16)**	(2.89)
Closing balance	**10.13**	**10.51**

(b) Current:

Provision for expenses includes estimated amount of liability pertaining to product recall expenses.

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**4.37**	41.50
Add: Additional provision (net of reversal)	**2.43**	54.80
Less: Utilisation during the year	**(3.99)**	(93.22)
Add / (Less): Translation exchange difference	**(0.10)**	1.29
Closing balance	**2.71**	**4.37**

(iii) Provision for failure to supply:

The Group has a contractual obligation to pay compensation against failure to supply in certain cases. Provisions are estimated based on evaluation of likely claims on short supplies by the Group.

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**204.65**	154.28
Add: Addition during the year	**31.26**	138.11
Less: Reversal during the year	**(55.75)**	(59.66)
Less: Utilisation during the year	**(12.62)**	(41.32)
Add / (Less): Translation exchange difference	**6.09**	13.24
Closing balance	**173.63**	**204.65**

Notes forming part of the Consolidated Financial Statements

21. Provisions (Continued)

(iv) Provision for medicaid:

Pharmaceutical manufacturers whose products are covered by the Medicaid program of the USA are required to provide rebate to each state a percentage of the average manufacturer's price for the products dispensed. Medicaid rebates are estimated based on historical trends of rebates paid.

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Opening balance	**11.89**	24.31
Add: Additional provision (net of reversal)	**42.74**	26.95
Less: Utilisation during the year	**(42.60)**	(40.69)
Add / (Less): Translation exchange difference	**(0.29)**	1.32
Closing balance	**11.74**	**11.89**

22. Income Taxes

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Charge / (credit) recognised in the statement of profit and loss:		
Current tax:		
Expense for current year	**334.08**	260.24
Expense pertaining to prior years	**(6.72)**	13.66
Deferred tax:		
Deferred tax for current year	**(52.98)**	(59.23)
One time impact on current and deferred tax due to change in law	**-**	(52.82)
	274.38	**161.85**
(b) Charge / (credit) recognised in other comprehensive income:		
Re-measurement gains / (losses) on defined benefit plans	**(3.45)**	6.06
Equity instruments through other comprehensive income	**-**	0.01
Effective portion on gains / (losses) on hedging instruments in a cash flow hedge	**(55.78)**	55.79
	(59.23)	**61.86**
(c) Reconciliation of Effective Tax Rate:		
Profit before income taxes	**1,526.26**	1,186.57
Enacted tax rate in India	**34.94%**	34.94%
Expected income tax expenses	**533.34**	**414.64**
Adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of deductions allowed under Income Tax	**(279.13)**	(137.84)
Weighted deduction allowed in respect of research and development expenses	**(0.03)**	(72.31)
Tax impact on future transition to new tax regime	**(18.00)**	(41.00)
Effect of expenses not deductible in determining taxable profit	**28.12**	57.54
Foreign exchange difference	**(4.97)**	(8.67)
Effect of difference between Indian tax rate and foreign tax rate	**4.49**	4.39
Tax adjustments of prior periods	**(6.72)**	13.66
One time impact on current and deferred tax due to change in law *	**-**	(52.82)
Effect of change in taxation of goodwill	**20.37**	-
Foreign tax credit disallowed	**5.13**	-
Others (net)	**(8.22)**	(15.74)
Adjusted income tax expenses	**274.38**	**161.85**
Effective Tax Rate	**17.98%**	**13.64%**

* The US Government enacted Coronavirus Aids, Relief and Economic Security Act (CARES Act) on 27th March, 2020 in response to COVID-19 pandemic. Torrent Pharma Inc., wholly-owned subsidiary, elected to carry back Net Operating Losses (NOLs) of current and preceding financial years to set off against taxable profits of earlier years. Accordingly, one time tax benefit of ₹52.82 crores for the year ended 31st March, 2020 had been recognised.

Notes forming part of the Consolidated Financial Statements

22. Income Taxes (Continued)

(d) Deferred tax relates to:

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Deferred tax liabilities/ (assets):		
Property, plant and equipments, goodwill and other intangible assets	**939.28**	890.64
Amortised cost adjustment on borrowings	**2.45**	3.31
Cash flow hedge reserve	**22.13**	(33.71)
Fair valuation of investment in equity instruments	**0.00**	0.00
Provision for employee benefit expense	**(51.32)**	(47.72)
Valuation of inventories	**(65.26)**	(44.96)
Provision for expenses	**(97.66)**	(93.52)
Provision for chargebacks	**(117.28)**	(117.06)
Allowance for credit loss	**(3.42)**	(3.42)
Unrealised foreign exchange loss / (gain)	**(1.28)**	1.39
Interest accrued but not due	**(4.98)**	(9.95)
Tax losses of subsidiaries	**(8.63)**	(10.50)
Lease obligations	**(7.03)**	(12.18)
MAT Credit entitlement	**(965.65)**	(900.57)
Unrealised profit in inventory	**(63.01)**	(54.96)
Deferred tax liabilities / (assets) net	**(421.66)**	**(433.21)**
The deferred tax liabilities / assets are off-set, where the Group has a legally enforceable right to set-off assets against liabilities, and are presented in balance sheet as follows:		
Deferred tax liabilities	**-**	-
Deferred tax assets	**421.66**	433.21
	(421.66)	**(433.21)**

Amount of ₹8.63 crores pertains to deferred tax asset created on tax losses of subsidiaries. The Group, based on future taxable income generation projections, expects to realise the same in future periods.

Amount of unused tax losses for which deferred tax asset not recognised is ₹17.94 crores as at 31st March, 2021.

Under the Income-tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

Notes forming part of the Consolidated Financial Statements

22. Income Taxes (Continued)

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

(₹ in crores)

Year ended 31st March, 2021	Opening balance as at 1st April, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised in retained earnings	Foreign exchange difference	Closing balance as at 31st March, 2021
Deferred tax liabilities / (assets) in relation to:						
Property, plant and equipments, goodwill and other intangible assets	**890.64**	**47.60**	**-**	**-**	**1.04**	**939.28**
Amortised cost adjustment on borrowings	**3.31**	**(0.86)**	**-**	**-**	**-**	**2.45**
Cash flow hedge reserve	**(33.71)**	**-**	**55.78**	**-**	**0.06**	**22.13**
Fair valuation of investment in equity instruments	**0.00**	**-**	**-**	**-**	**-**	**0.00**
Provision for employee benefit expense	**(47.72)**	**(7.72)**	**3.45**	**-**	**0.67**	**(51.32)**
Valuation of inventories	**(44.96)**	**(20.99)**	**-**	**-**	**0.69**	**(65.26)**
Provision for expenses	**(93.52)**	**(5.56)**	**-**	**-**	**1.42**	**(97.66)**
Provision for chargebacks	**(117.06)**	**(2.09)**	**-**	**-**	**1.87**	**(117.28)**
Allowance for credit loss	**(3.42)**	**-**	**-**	**-**	**-**	**(3.42)**
Unrealised foreign exchange loss / (gain)	**1.39**	**(2.43)**	**-**	**-**	**(0.24)**	**(1.28)**
Interest accrued but not due	**(9.95)**	**4.97**	**-**	**-**	**-**	**(4.98)**
Tax losses of subsidiaries	**(10.50)**	**2.15**	**-**	**-**	**(0.28)**	**(8.63)**
Lease obligations	**(12.18)**	**5.08**	**-**	**-**	**0.07**	**(7.03)**
MAT credit entitlement	**(900.57)**	**(65.08)**	**-**	**-**	**-**	**(965.65)**
Unrealised profit in Inventory	**(54.96)**	**(8.05)**	**-**	**-**	**-**	**(63.01)**
Deferred tax liabilities / (assets) net	**(433.21)**	**(52.98)**	**59.23**	**-**	**5.30**	**(421.66)**

(₹ in crores)

Year ended 31st March, 2020	Opening balance as at 1st April, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	Recognised in retained earnings	Foreign exchange difference	Closing balance as at 31st March, 2020
Deferred tax liabilities / (assets) in relation to:						
Property, plant and equipments and intangible assets	793.02	100.98	-	-	(3.36)	890.64
Amortised cost adjustment on borrowings	4.35	(1.04)	-	-	-	3.31
Fair valuation of investment in mutual fund	0.38	(0.38)	-	-	-	-
Cash flow hedge reserve	22.14	-	(55.79)	-	(0.06)	(33.71)
Fair valuation of investment in equity instruments	0.01	-	(0.01)	-	-	0.00
Provision for employee benefit expense	(46.70)	3.35	(6.06)	-	1.69	(47.72)
Valuation of inventories	(39.40)	(1.17)	-	-	(4.39)	(44.96)
Provision for expenses	(86.84)	(6.76)	-	-	0.08	(93.52)
Provision for chargebacks	(105.57)	(2.59)	-	-	(8.90)	(117.06)
Allowance for credit loss	(6.59)	3.17	-	-	-	(3.42)
Unrealised foreign exchange loss / (gain)	(0.01)	3.36	-	-	(1.96)	1.39
Interest accrued but not due	(14.66)	4.71	-	-	-	(9.95)
Tax losses of subsidiaries	(91.02)	80.32	-	-	0.20	(10.50)
Lease Obligation	-	(12.18)	-	-	-	(12.18)
MAT credit entitlement	(721.82)	(194.67)	-	15.92	-	(900.57)
Unrealised profit in Inventory	(69.64)	14.68	-	-	-	(54.96)
Deferred tax liabilities / (assets) net	**(362.35)**	**(8.22)**	**(61.86)**	**15.92**	**(16.70)**	**(433.21)**

Notes forming part of the Consolidated Financial Statements

23. Trade payables

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under:		
(a) (i) The principal amount remaining unpaid at the end of the year	**19.96**	13.19
(ii) Interest due on principal remaining unpaid at the end of the year	**-**	-
(b) (i) The delayed payments of principal amount paid beyond the appointed date during the year	**27.66**	7.12
(ii) Interest actually paid under Section 16 of the MSMED Act	**0.03**	0.07
(c) Normal interest due and payable during the year, for all the delayed payments, as per the agreed terms	**0.12**	0.03
(d) Total interest accrued during the year and remaining unpaid	**0.12**	0.03
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act	**-**	-

The above information regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company. This has been relied upon by the auditors.

24. Other financial liabilities

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Lease obligations	**22.20**	28.63
Creditors for capital goods	**3.04**	8.11
Security deposits	**0.22**	0.20
Derivative financial instruments	**0.06**	69.38
Other payables	**4.19**	4.30
	29.71	**110.62**
Current		
Current maturities of long-term debt (Refer note 20)	**1,179.99**	1,418.28
Interest accrued but not due on borrowings	**42.73**	53.09
Lease obligations	**26.47**	27.05
Creditors for capital goods	**22.56**	14.31
Payables for employee benefits	**150.32**	144.16
Unclaimed dividend	**4.54**	4.35
Book overdraft	**54.56**	13.27
Derivative financial instruments	**13.55**	68.56
Other payables	**12.58**	10.71
	1,507.30	**1,753.78**
	1,537.01	**1,864.40**

Notes forming part of the Consolidated Financial Statements

25. Other liabilities

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Non-Current		
Government grant	3.30	5.49
Payables to statutory and other authorities	2.16	2.69
	5.46	8.18
Current		
Trade advances	8.73	11.66
Payables to statutory and other authorities	106.07	81.63
Government grant	2.19	2.19
Other payables	11.07	11.54
	128.06	107.02
	133.52	115.20

26. Revenue from operations

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Sales		
Sales in India	3,998.22	3,792.11
Sales outside India	3,888.01	3,987.90
	7,886.23	7,780.01
Other operating income		
Export benefits	50.05	83.18
Income from product registration dossiers	2.22	1.42
Government grant income	2.19	3.53
Other income	64.14	71.17
	118.60	159.30
	8,004.83	7,939.31
Reconciliation of revenue from operations with the contracted price:		
Contracted price	14,760.01	14,794.18
Adjustments:		
Chargeback, rebates and discounts	(6,543.77)	(6,757.58)
Sales return	(287.27)	(229.64)
Others	(42.74)	(26.95)
Sales	7,886.23	7,780.01
Add: Other operating income	118.60	159.30
Revenue from operations	8,004.83	7,939.31

Revenue disaggregation by geography has been included in segment reporting (Refer note 36).

Revenue from operations also includes contract manufacturing revenue of ₹506.37 crores and ₹461.17 crores for the year ended 31st March, 2021 and 31st March, 2020 respectively.

27. Other income

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest income	5.07	7.96
Net gain on sale of investments (including gain / (loss) on fair valuation ₹0.08 crores and ₹ (1.12) crores for year ended 31st March, 2021 and 31st March, 2020 respectively)	15.58	29.20
Net foreign exchange gain	31.97	82.74
Other non-operating income	4.03	1.40
	56.65	121.30

Notes forming part of the Consolidated Financial Statements

28. Cost of materials consumed

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Raw materials	**1,234.39**	1,192.22
Packing materials	**186.30**	185.13
	1,420.69	**1,377.35**

29. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening inventory:		
Finished goods	**778.33**	722.76
Work-in-progress	**203.18**	187.43
Stock-in-trade	**376.57**	314.76
	1,358.08	**1,224.95**
Less: Closing inventory:		
Finished goods	**958.23**	778.33
Work-in-progress	**180.32**	203.18
Stock-in-trade	**498.77**	376.57
	1,637.32	**1,358.08**
Changes in inventory	**(279.24)**	**(133.13)**

30. Employee benefits expense

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries, wages and bonus	**1,245.47**	1,233.00
Contribution to provident and other funds	**118.24**	122.72
Gratuity and other retirement benefit cost	**26.46**	22.37
Staff welfare expenses	**49.45**	50.95
	1,439.62	**1,429.04**

31. Finance costs

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Interest expenses	**351.50**	443.16
Interest expenses on lease	**4.66**	5.20
Other borrowing cost	**2.12**	2.35
	358.28	**450.71**

32. Depreciation and amortisation expense

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Depreciation of tangible assets	**203.08**	201.34
Amortisation of intangible assets	**420.60**	419.38
Impairment of intangible assets under development	**0.48**	2.87
Depreciation on right-of-use assets	**33.63**	30.79
	657.79	**654.38**

Notes forming part of the Consolidated Financial Statements

33. Other expenses

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Selling, publicity and medical literature expenses	**742.63**	807.39
Laboratory goods and testing expenses	**175.76**	130.25
Power and fuel	**122.94**	128.19
Travelling, conveyance and vehicle expenses	**61.68**	108.09
Clinical research expense	**25.18**	92.51
Compensation expense	**(19.08)**	81.25
Stores and spares consumed	**88.88**	85.60
Professional and legal fees	**139.89**	87.86
Cost of outsourced manpower	**74.80**	50.62
Allowance for credit loss (net)	**14.42**	2.64
Auditors remuneration and expenses	**3.82**	3.72
Commission to non-executive directors	**6.14**	6.08
Donation	**38.07**	55.74
Corporate social responsibility expenditure (Refer note 41)	**22.29**	18.07
General charges	**435.69**	514.98
	1,933.11	**2,172.99**

34. Earnings per share

		Year ended 31st March, 2021	Year ended 31st March, 2020
The basic and diluted earnings per share [EPS] are:			
Net profit for the year [a]	(₹ in crores)	**1,251.88**	1,024.72
Weighted average number of equity shares [b]	(Numbers)	**16,92,22,720**	16,92,22,720
EPS (basic and diluted) [a] / [b]	₹	**73.98**	60.55
Nominal value per equity share	₹	**5.00**	5.00

35. Defined Benefit Plans

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

General description of the plan:

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

(ii) **Pension:** Employees pension benefit plan in Germany is the liability which accrues and gets discharged as per the terms and condition of pension scheme called “Monsanto Pension Plan 2000”. It is a defined benefit plan (the pension plan) which provides pension benefits to eligible employees post retirement.

(iii) **Retirement Benefit Plan:** Philippines subsidiary has a non-contributory defined benefit retirement plan covering all of its regular employees. The benefits are based on respective employee's salary and the tenure of employment.

(iv) **Retirement Benefit and Seniority Premium Plan:** The retirement benefit and seniority premium plan in Mexico is the liability which accrues and gets discharged as per the terms and conditions of Mexican federal labour laws. It is a defined benefit plan which provides benefits to eligible employees post retirement / termination.

Notes forming part of the Consolidated Financial Statements

35. Defined Benefit Plans (Continued)

(₹ in crores)

	Year ended 31st March, 2021				Year ended 31st March, 2020			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation								
Obligations at the beginning of the year	**235.38**	**86.78**	**5.50**	**1.54**	195.51	79.11	3.31	1.33
Current service cost	**23.09**	**0.38**	**0.80**	**0.53**	20.07	0.34	0.56	0.40
Interest cost	**15.44**	**1.56**	**0.26**	**0.14**	14.94	1.58	0.23	0.12
Liability transferred in	**0.46**	**-**	**-**	**-**	-	-	-	-
Liability transferred out	**(0.12)**	**-**	**-**	**-**	(0.34)	-	-	-
Actuarial (gains) / losses	**3.76**	**5.94**	**0.72**	**0.96**	20.56	2.26	0.93	(0.04)
Benefits paid directly by the employer	**(0.43)**	**(2.45)**	**-**	**(0.43)**	(0.15)	(2.00)	-	(0.03)
Benefits paid from the fund	**(8.92)**	**-**	**-**	**-**	(15.21)	-	-	-
Translation exchange difference	**-**	**3.16**	**0.15**	**0.24**	-	5.49	0.47	(0.24)
Obligations at the end of the year	**268.66**	**95.37**	**7.43**	**2.98**	**235.38**	**86.78**	**5.50**	**1.54**
(b) Reconciliation of opening and closing balances of the fair value of plan assets								
Plan assets at the beginning of the year, at fair value	**233.25**	**-**	**-**	**-**	201.95	-	-	-
Interest income	**15.30**	**-**	**-**	**-**	15.43	-	-	-
Return on plan assets, excluding interest income	**14.84**	**-**	**-**	**-**	4.02	-	-	-
Contributions	**24.00**	**-**	**-**	**-**	27.06	-	-	-
Benefits paid	**(8.92)**	**-**	**-**	**-**	(15.21)	-	-	-
Plan assets at the end of the year, at fair value	**278.47**	**-**	**-**	**-**	**233.25**	**-**	**-**	**-**
Actual return on plan assets	**30.14**	**-**	**-**	**-**	19.45	-	-	-
(c) Expense recognised in the statement of profit and loss for the year								
Current service cost	**23.09**	**0.38**	**0.80**	**0.53**	20.07	0.34	0.56	0.40
Net Interest on net defined benefit liability	**0.14**	**1.56**	**0.26**	**0.14**	(0.49)	1.58	0.23	0.12
Net gratuity and other retirement benefit cost	**23.23**	**1.94**	**1.06**	**0.67**	**19.58**	**1.92**	**0.79**	**0.52**
(d) (Gains) / losses recognised in other comprehensive income for the year								
Actuarial (gains) / losses	**3.76**	**5.94**	**0.72**	**0.96**	20.56	2.26	0.93	(0.04)
Return on plan assets, excluding interest income	**(14.84)**	**-**	**-**	**-**	(4.02)	-	-	-
	(11.08)	**5.94**	**0.72**	**0.96**	**16.54**	**2.26**	**0.93**	**(0.04)**

Notes forming part of the Consolidated Financial Statements

35. Defined Benefit Plans (Continued)

(₹ in crores)

	Year ended 31st March, 2021				Year ended 31st March, 2020			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
(e) Reconciliation of the present value of the defined benefit obligation and fair value of plan assets								
Obligations at the end of the year	**268.66**	**95.37**	**7.43**	**2.98**	235.38	86.78	5.50	1.54
Plan assets at the end of the year, at fair value	**278.47**	**-**	**-**	**-**	233.25	-	-	-
(Asset) / Liability recognised in balance sheet	(9.81)	95.37	7.43	2.98	**2.13**	**86.78**	**5.50**	**1.54**
(f) Remeasurement of net defined benefit liability / (asset)								
Actuarial (gains) / losses:								
Changes in demographic assumptions	**-**	**-**	**-**	**-**	-	-	(0.04)	-
Changes in financial assumptions	**(0.19)**	**5.82**	**0.49**	**0.07**	16.98	3.18	1.13	0.11
Experience adjustments	**3.95**	**0.12**	**0.23**	**0.89**	3.58	(0.92)	(0.16)	(0.15)
Remeasurement of defined benefit liability	3.76	5.94	0.72	0.96	**20.56**	**2.26**	**0.93**	**(0.04)**
Remeasurement of return on plan assets	**(14.84)**	**-**	**-**	**-**	(4.02)	-	-	-
Total	(11.08)	5.94	0.72	0.96	**16.54**	**2.26**	**0.93**	**(0.04)**
(g) Expected contribution for the next year	**14.23**	**2.72**	**0.02**	**0.46**	25.22	2.50	0.37	0.27
(h) Assumptions								
Discount rate	**6.57%**	**1.36%**	**4.25%**	**8.00%**	6.56%	1.76%	4.75%	8.50%
Salary escalation rate	**10.00%**	**2.50%**	**6.00%**	**4.50%**	10.00%	2.50%	6.00%	4.50%
Weighted average duration of defined benefit obligation	**8 years**	**16.16 years**	**14.53 years**	**5.01 years**	9 years	16.16 years	14.59 years	5.10 years

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

For gratuity plan, future mortality rates are obtained from relevant table of Indian Assured Lives Mortality (2006-08) Ultimate.

(i) Sensitivity Analysis for each significant actuarial assumption

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

Notes forming part of the Consolidated Financial Statements

35. Defined Benefit Plans (Continued)

(₹ in crores)

	Year ended 31st March, 2021				Year ended 31st March, 2020			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
Impact of increase in discount rate by 1%	**(17.55)**	**(13.53)**	**(0.92)**	**(0.14)**	(15.80)	(12.27)	(0.70)	(0.07)
Impact of decrease in discount rate by 1%	**19.98**	**17.21**	**1.11**	**0.16**	18.02	15.60	0.85	0.08
Impact of increase in salary escalation rate by 1%	**19.13**	**0.37**	**1.08**	**0.14**	17.26	0.33	0.83	0.07
Impact of decrease in salary escalation rate by 1%	**(17.19)**	**(0.36)**	**(0.91)**	**(0.13)**	(15.47)	(0.32)	(0.70)	(0.06)

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

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

(j) Investment details of plan assets (Gratuity)

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

	As at 31st March, 2021	As at 31st March, 2020
Equity instruments	**8.55%**	7.11%
Corporate bonds	**40.41%**	53.48%
Government securities	**32.35%**	29.96%
Fixed deposits with banks	**-**	0.13%
Other current assets	**18.69%**	9.32%

(k) Maturity profile

The defined benefit obligations shall mature after year ended 31st March, 2021 as follows:

(₹ in crores)

	Undiscounted values			
	Gratuity	Pension	Retirement Benefit Plan	Retirement Benefit and Seniority Premium Plan
1st following year	25.91	2.72	0.02	0.46
2nd following year	23.37	3.09	0.02	0.49
3rd following year	27.20	3.19	0.02	0.52
4th following year	24.07	3.28	0.03	0.57
5th following year	25.73	3.34	0.72	0.63
Thereafter	345.12	18.26	4.15	3.43

(l) Asset-liability matching strategies

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

Notes forming part of the Consolidated Financial Statements

36. Segment reporting

Operating segment are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker [CODM] to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Generic Formulation Business is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance.

Entity – wide disclosures:

(i) **Revenues from external customers:**

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
India	**4,031.89**	3,836.10
Outside India:		
USA	**1,260.92**	1,523.43
Germany	**1,038.56**	946.81
Brazil	**630.19**	714.58
Other countries	**1,043.27**	918.39
Total	**8,004.83**	**7,939.31**

Revenue from external customers is allocated based on the location of the customer.

(ii) **Non-current assets:**

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
India	**7,349.53**	7,752.59
Outside India:		
USA	**479.60**	387.09
Germany	**58.13**	56.08
Brazil	**23.24**	15.57
Other countries	**67.16**	64.74
Total	**7,977.66**	**8,276.07**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and capital advances. It is allocated based on the geographic location of the respective assets.

(iii) **Major customers:**
The Group has no external customer which accounts for more than 10% of the Group's total revenue for the year ended 31st March, 2021 and 31st March, 2020.

Notes forming part of the Consolidated Financial Statements

37. Financial instruments

(i) Financial assets and liabilities

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below.

(₹ in crores)

As at 31st March, 2021	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost *:					
Cash and cash equivalents	572.56	-	-	-	-
Bank balances other than cash and cash equivalents	30.94	-	-	-	-
Trade receivables	1,523.37	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.10	-	-	-	-
Other financial assets	67.75	-	-	-	-
Fair value through other comprehensive income:					
Investment in equity instruments	42.10	0.02	-	42.08	42.10
Fair value through profit or loss:					
Investment in mutual funds	139.03	139.03	-	-	139.03
Derivative instruments:					
Designated as cash flow hedge	63.33	-	63.33	-	63.33
Fair value through profit and loss	41.82	-	41.82	-	41.82
Total	2,486.01	139.05	105.15	42.08	286.28
Financial liabilities:					
Amortised cost *:					
Borrowings	4,825.46	-	-	-	-
Trade payables	2,066.81	-	-	-	-
Other financial liabilities	339.22	-	-	-	-
Fair value through profit or loss:					
Other financial liabilities **	4.19	-	-	4.19	4.19
Derivative instruments:					
Fair value through profit and loss	13.61	-	13.61	-	13.61
Total	7,249.29	-	13.61	4.19	17.80

Notes forming part of the Consolidated Financial Statements

37. Financial instruments (Continued)

(₹ in crores)

As at 31st March, 2020	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Amortised cost *:					
Cash and cash equivalents	661.82	-	-	-	-
Bank balances other than cash and cash equivalents	4.83	-	-	-	-
Trade receivables	1,649.34	-	-	-	-
Investments	0.01	-	-	-	-
Loans	5.93	-	-	-	-
Other financial assets	137.73	-	-	-	-
Fair value through other comprehensive income:					
Investment in equity instruments	2.10	0.02	-	2.08	2.10
Derivative instruments:					
Fair value through profit and loss	70.24	-	70.24	-	70.24
Total	**2,532.00**	**0.02**	**70.24**	**2.08**	**72.34**
Financial liabilities:					
Amortised cost *:					
Borrowings	5,784.35	-	-	-	-
Trade payables	2,048.81	-	-	-	-
Other financial liabilities	303.88	-	-	-	-
Fair value through profit or loss:					
Other financial liabilities **	4.30	-	-	4.30	4.30
Derivative instruments:					
Designated as cashflow hedge	97.49	-	97.49	-	97.49
Fair value through profit and loss	40.45	-	40.45	-	40.45
Total	**8,279.28**	**-**	**137.94**	**4.30**	**142.24**

* The Group has not disclosed the fair value of financial instruments, because their carrying amount are a reasonable approximation of fair value.

** Management does not expect any significant change in liability on settlement.

Determination of fair values:

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

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

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

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

Notes forming part of the Consolidated Financial Statements

37. Financial instruments (Continued)

(ii) Derivative financial instruments

Cash flow hedges:

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

Currency	Nature of derivative contracts	Buy/Sell	Net position (Amount in crores)		Fair value gain/(loss) (₹ in crores)	
			31st March 2021	31st March 2020	31st March 2021	31st March 2020
USD	Forward contracts	Sell	**37.38**	35.74	**70.43**	(117.28)
EUR	Forward contracts	Sell	**4.92**	3.57	**0.29**	7.84
GBP	Forward contracts	Sell	**0.69**	0.70	**(3.71)**	3.04
MXN	Forward contracts	Sell	**4.60**	2.46	**(1.32)**	1.52
MYR	Forward contracts	Sell	**3.25**	2.44	**(1.75)**	(0.01)
RUB	Forward contracts	Sell	**66.08**	67.73	**(0.64)**	10.99
THB	Forward contracts	Sell	**0.60**	0.35	**0.03**	0.01
USD	Cross currency interest rate swaps	Buy	**-**	1.00	**-**	(0.37)
USD	Interest rate swaps		**-**	2.50	**-**	(3.23)
					63.33	**(97.49)**
Less: Deferred tax					**22.13**	(33.65)
Balance in cash flow hedge reserve					**41.20**	**(63.84)**

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

(₹ in crores)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Balance at the beginning of the year	**(63.84)**	40.23
(Gain) / losses transferred to profit or loss	**(9.90)**	4.40
Deferred tax on (gains) / losses reclassified to profit or loss	**3.88**	(0.86)
Change in the fair value of effective portion of cash flow hedges	**170.71**	(164.25)
Deferred tax on change in the fair value of effective portion of cash flow hedges	**(59.65)**	56.64
Balance at the end of the year	**41.20**	**(63.84)**

(iii) Financial risk management

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

(a) **Market risk:**

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

(a1) **Foreign currency exchange rate risk:**

The Group's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries, foreign currency transactions and foreign currency borrowings. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Notes forming part of the Consolidated Financial Statements

37. Financial instruments (Continued)

Since a major part of the Group's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Group's performance. Consequently, the overall objective of the foreign currency risk management is to minimise the short-term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Group hedges trade receivables and future cash flows upto a maximum of 24 months forward based on historical trends, budgets and monthly sales estimates. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecast sales, therefore the hedge ratio is 1:1 based on management's current assessment. The parent company enters into cross-currency swaps to hedge all foreign currency borrowings. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from non-derivative financial instruments:

(₹ in crores)

	US Dollar	Euro	Others*	Total
As at 31st March, 2021				
Assets:				
Cash and cash equivalents	**67.03**	**363.42**	**77.82**	**508.27**
Trade receivables	**584.96**	**390.94**	**333.40**	**1,309.30**
Bank balances other than cash and cash equivalents	**-**	**26.39**	**-**	**26.39**
Other assets	**12.52**	**55.29**	**12.11**	**79.92**
Total	**664.51**	**836.04**	**423.33**	**1,923.88**
Liabilities:				
Borrowings	**294.02**	**-**	**-**	**294.02**
Trade payables	**122.57**	**1,314.10**	**85.69**	**1,522.36**
Other liabilities	**177.69**	**30.44**	**53.99**	**262.12**
Total	**594.28**	**1,344.54**	**139.68**	**2,078.50**
Net assets / (liabilities)	**70.23**	**(508.50)**	**283.65**	**(154.62)**
As at 31st March, 2020				
Assets:				
Cash and cash equivalents	55.09	176.30	46.31	277.70
Trade receivables	778.26	317.67	343.48	1,439.41
Bank balances other than cash and cash equivalents	-	0.34	-	0.34
Other assets	21.99	109.81	45.69	177.49
Total	**855.34**	**604.12**	**435.48**	**1,894.94**
Liabilities:				
Borrowings	779.98	0.56	13.65	794.19
Trade payables	175.91	1,262.55	52.00	1,490.46
Other liabilities	78.56	46.25	28.08	152.89
Total	**1,034.45**	**1,309.36**	**93.73**	**2,437.54**
Net assets / (liabilities)	**(179.11)**	**(705.24)**	**341.75**	**(542.60)**

*Others mainly includes currencies namely British Pound, Mexican Peso, Russian Rouble.

With respect to the Group's derivative financial instruments which is in the form of forward contracts and currency swap, a 5% increase / decrease in relation to USD & EURO of each of the currencies underlying such contracts would have resulted in increase / decrease of ₹90.39 crores (₹58.39 crores) in the Group's net profit and ₹157.99 crores (₹152.54 crores) in cash flow hedge reserve from such contracts as at 31st March, 2021 and 31st March, 2020 respectively.

With respect to the parent company's non-derivative financial instruments, a 5% increase / decrease in relation to USD & EURO on the underlying would have resulted in increase / decrease of ₹54.64 crores (₹33.72 crores) in the Group's net profit for the year ended 31st March, 2021 and 31st March, 2020 respectively.

Notes forming part of the Consolidated Financial Statements

37. Financial instruments (Continued)

With respect to the subsidiary's non-derivative financial instruments, a 5% increase/decrease in relation to the underlying currency would have resulted in increase/decrease of ₹39.70 crores (₹41.13 crores) in the Group's foreign currency translation reserve as at 31st March, 2021 and 31st March, 2020 respectively.

(a2) Interest rate risk:

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group is exposed to fluctuations in interest rates in respect of foreign currency borrowings and rupee borrowings.

As at 31st March, 2021, the Group has outstanding rupee borrowings of ₹3,222.78 crores and foreign currency borrowings of ₹441.03 crores (USD 60 Mn) with variable rate of interest and ₹1,161.65 crores with fixed rate of interest.

Cash flow risk in respect of variable rate instruments:

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit by ₹36.64 crores. This analysis assumes that all other variables remains constant and change occurs on reporting date. The year end balances are not representative of the average borrowings during the year.

Fair value risk in respect of fixed rate instruments:

The Company carries borrowings at amortised cost and hence, change in the interest rate at reporting date does not affect statement of profit or loss.

(b) Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consist of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group does not have significant concentration of credit risk related to trade receivables. There is 1 customer with outstanding balances of more than 10% of outstanding accounts receivable as at 31st March, 2021 and 31st March, 2020.

With respect to investments, the Group limits its exposure to credit risk by generally investing in liquid securities with counterparties depending on their Composite Performance Rankings (CPR) published by CRISIL. Bank deposits are placed with banks with high credit rating. The Group's investment policy lays down guidelines with respect to exposure per counterparty, rating, processes in terms of control and continuous monitoring. The Group therefore considers credit risks on such investments and bank deposits to be negligible.

With respect to derivatives, the Group's forex management policy lays down guidelines with respect to exposure per counter party i.e. with banks with high credit rating, processes in terms of control and continuous monitoring. The fair value of the derivatives are credit adjusted at the period end.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹2,443.58 crores and ₹2,529.55 crores as at 31st March, 2021 and 31st March, 2020 respectively, being the total of the carrying amount of balances with banks, bank deposits, trade receivables, other financial assets and investments excluding equity investments and such financial assets are of good credit quality including those that are past due.

Notes forming part of the Consolidated Financial Statements

37. Financial instruments (Continued)

(c) Liquidity risk:

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash and cash equivalents and has undrawn short term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in crores)

	Due in Year 0 to 1	Due in Year 1 to 2	Due in Year 3 to 5	Due after Year 5	Total
As at 31st March, 2021					
Trade payables	**2,066.81**	**-**	**-**	**-**	**2,066.81**
Borrowings*	**1,884.39**	**971.85**	**1,976.09**	**-**	**4,832.33**
Other financial liabilities					
Lease obligations	**26.47**	**8.90**	**10.08**	**3.22**	**48.67**
Others	**287.29**	**3.70**	**3.75**	**-**	**294.74**
Derivative financial liabilities	**13.55**	**0.06**	**-**	**-**	**13.61**
Total	**4,278.51**	**984.51**	**1,989.92**	**3.22**	**7,256.16**
As at 31st March, 2020					
Trade payables	2,048.81	-	-	-	2,048.81
Borrowings*	2,509.13	1,196.90	1,794.91	292.84	5,793.78
Other financial liabilities					
Lease Obligations	27.05	17.97	6.17	4.49	55.68
Others	239.89	8.77	3.84	-	252.50
Derivative financial liabilities	68.56	69.38	-	-	137.94
Total	**4,893.44**	**1,293.02**	**1,804.92**	**297.33**	**8,288.71**

*Excluding amortised cost adjustment.

(iv) Capital management

The capital structure of the Group consists of equity, debt, cash and cash equivalents. The Group's objective for capital management is to maintain the capital structure which will support the Group's strategy to maximise shareholder's value, safeguarding the business continuity and help in supporting the growth of the Group.

Notes forming part of the Consolidated Financial Statements

38. Related parties and transactions

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

(₹ in crores)

Particulars	Holding Company		Key Management Personnel / Independent Directors		Other related parties		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
(a) Nature of Transactions								
Purchase of material, consumables etc. (net of returns)	-	-	-	-	0.39	0.75	0.39	0.75
Remuneration to key management personnel / independent directors*	-	-	40.26	37.84	-	-	40.26	37.84
Remuneration	-	-	-	-	1.51	1.13	1.51	1.13
Contribution to gratuity / superannuation trust	-	-	-	-	39.51	42.89	39.51	42.89
Advance given to gratuity trust	-	-	-	-	0.21	1.49	0.21	1.49
Lease rent paid	0.02	0.02	-	-	-	-	0.02	0.02
Services received	-	-	-	-	17.42	16.18	17.42	16.18
Sales commission	-	-	-	-	2.75	1.82	2.75	1.82
Donation	-	-	-	-	2.75	-	2.75	-
CSR Expenditure	-	-	-	-	21.53	16.18	21.53	16.18
Interest income	-	-	-	-	0.04	0.04	0.04	0.04
Expenses reimbursement	-	-	-	-	0.24	0.06	0.24	0.06
Purchase of property, plant and equipments	-	-	-	-	-	0.13	-	0.13
Transfer (in) / out of employees (net)	-	-	-	-	(0.44)	0.50	(0.44)	0.50
(b) Balances at the end of the year	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Security deposit receivable	-	-	-	-	0.66	0.66	0.66	0.66
Investment in equities	-	-	-	-	0.06	0.06	0.06	0.06
Trade payables	-	-	-	-	1.22	1.95	1.22	1.95
Other payables	-	-	26.24	26.17	-	-	26.24	26.17

* Excluding provision for gratuity and leave benefits, insurance premium for group personal accident and group mediclaim.

Name of holding Company:

Holding Company	Torrent Investments Private Limited (formerly known as Torrent Private Limited)

Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis.

(c) Remuneration to Key Management Personnel / Independent Directors:

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
Salaries and other benefits	12.66	10.36
Contribution to defined contribution plan	0.91	0.85
Commission	26.14	26.08
Sitting Fees	0.55	0.55
Total	40.26	**37.84**

Notes forming part of the Consolidated Financial Statements

39. Commitments and contingencies

(₹ in crores)

	As at 31st March, 2021	As at 31st March, 2020
Commitments:		
Estimated amount of contracts remaining unexecuted on capital account (net of advances) not provided for	**201.45**	244.77
Contingent liabilities:		
Claims against the Group not acknowledged as debts:		
Disputed demand of income tax for which appeals have been preferred	**1.46**	1.46
Disputed employee state insurance contribution liability under E.S.I. Act, 1948	**14.79**	14.11
Disputed demand of goods and service tax / excise	**97.22**	104.83
Disputed demand of local sales tax and C.S.T	**0.26**	0.28
Disputed demand of stamp duty	**3.43**	3.43
Disputed cases at labour court / industrial court	**5.48**	5.24
Disputed bonus liability under Payment of Bonus (Amendment) Act, 2015	**0.25**	0.47
	122.89	**129.82**

In most of the cases above, the relevant authorities have raised a demand or disallowed / deducted the relevant taxes. The Group has preferred an appeal and the outcome is awaited.

Against the claims not acknowledged as debts, the Group has paid ₹3.86 crores (Previous year ₹3.56 crores). The expected outflow will be determined at the time of final outcome in respect of the concerned matter. No amount is expected to be reimbursed.

The Company and / or its subsidiaries are involved in certain legal proceedings, including product liability and other commercial matters, that arise from time to time in the ordinary course of business. It is difficult to ascertain the financial effect, if any, of such proceedings that will result from its ultimate disposition due to involvement of complex issues with substantial uncertainties and without any precedents. Additionally, many factors like stage of the proceedings, overall length and extent of discovery process; the entitlement of the parties to an action to appeal a decision; the extent of the claims; the possible need for further legal proceedings to establish the appropriate amount of damages, if any; the settlement posture of the other parties to the litigation; uncertainty in timing of litigation and any other factors that may have an implications on the ultimate outcome of the ongoing litigations. The Company assesses likely outcome based on internal assessment as well as considers views of legal counsel representing the Company. Moreover, Company carries product liability insurance policy of amount which it believes to be sufficient for its needs.

40. The Group has considered the possible effects that may result from COVID-19 on the carrying amounts of tangible and intangible assets, financials assets, inventory, receivables etc. as well as borrowings and liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external information such as future estimate of volumes, continuity of supply chain etc. Having reviewed the underlying data and based on current estimates the Group expects the carrying amount of these assets will be recovered and there is no significant impact on the Group's ability to discharge its borrowings and liabilities. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

41. Corporate social responsibility (CSR) expenditure

(₹ in crores)

	Year ended 31st March, 2021	Year ended 31st March, 2020
(a) Gross amount required to be spent by the Company	**17.44**	16.85
(b) Amount approved by the Board to be spent during the year	**22.60**	18.10
(c) Amount spent during the year on		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purposes other than (i) above	**22.29**	18.07
	22.29	**18.07**
(d) Contribution to Section 8 companies, which are related parties, included in (c) above, in relation to CSR expenditure	**21.53**	16.18

Notes forming part of the Consolidated Financial Statements

42. Proposed dividend

The Board of Directors in their meeting held on 18th May, 2021, recommended a final equity dividend of ₹15.00 per equity share of ₹5.00 each fully paid up for the year 2020-21.

43. The consolidated financial statements for the year ended 31st March, 2021 were approved for issue by the Board of Directors on 18th May, 2021.

44. The figures for the previous year have been restated/regrouped wherever necessary, to make them comparable.

45. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

(a) As at and for the year ended 31st March, 2021

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹ in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	97.54%	5,693.13	85.23%	1,066.88	109.28%	109.75	86.98%	1,176.63
Subsidiaries								
Foreign								
Zao Torrent Pharma	0.57%	33.43	0.50%	6.21	(1.25%)	(1.26)	0.37%	4.95
Torrent Do Brasil Ltda.	2.18%	127.36	2.11%	26.43	1.10%	1.10	2.04%	27.53
Torrent Pharma Gmbh	1.00%	58.61	(0.22%)	(2.80)	0.04%	0.04	(0.20%)	(2.76)
Torrent Pharma Inc.	(5.17%)	(301.79)	(5.43%)	(67.93)	17.95%	18.03	(3.69%)	(49.90)
Torrent Pharma Philippines Inc.	1.29%	75.17	2.61%	32.72	(0.17%)	(0.17)	2.41%	32.55
Laboratorios Torrent, S.A. De C.V.	0.47%	27.62	0.84%	10.50	1.09%	1.09	0.86%	11.59
Torrent Australasia Pty. Ltd.	0.01%	0.33	0.00%	0.05	0.03%	0.03	0.01%	0.08
Torrent Pharma S.R.L.	(0.30%)	(17.74)	0.03%	0.43	(0.45%)	(0.45)	(0.00%)	(0.02)
Torrent Pharma (UK) Ltd.	(0.73%)	(42.79)	(0.93%)	(11.63)	(7.98%)	(8.01)	(1.45%)	(19.64)
Torrent Pharma (Thailand) Co., Ltd.	0.02%	1.45	0.07%	0.93	0.02%	0.02	0.07%	0.95
Laboratories Torrent (Malaysia) SDN. BHD.	0.19%	10.98	0.25%	3.07	(0.15%)	(0.15)	0.22%	2.92
Torrent Pharma France S.A.S.	0.01%	0.60	0.25%	3.15	(0.11%)	(0.11)	0.22%	3.04
Heumann Pharma GmbH & Co. Generica KG	1.92%	112.18	9.21%	115.28	(18.12%)	(18.20)	7.18%	97.08
Heunet Pharma GmbH	1.00%	58.63	5.48%	68.59	(1.28%)	(1.29)	4.98%	67.30
Total	100.00%	5,837.17	100.00%	1,251.88	100.00%	100.42	100.00%	1,352.30

Notes forming part of the Consolidated Financial Statements

45. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 (Continued)

(b) As at and for the year ended 31st March, 2020

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in crores	As % of consolidated profit or loss	₹ in crores	As % of consolidated other comprehensive income	₹ in crores	As % of consolidated total comprehensive income	₹ in crores
Parent								
Torrent Pharmaceuticals Limited (Net of Consolidation Adjustments)	99.75%	4,811.43	89.28%	914.92	59.66%	(114.31)	96.10%	800.61
Subsidiaries								
Foreign								
Zao Torrent Pharma	0.59%	28.49	0.28%	2.90	0.15%	(0.28)	0.31%	2.62
Torrent Do Brasil Ltda.	2.07%	99.83	3.26%	33.39	(1.06%)	2.04	4.25%	35.43
Torrent Pharma Gmbh	0.91%	43.76	(1.57%)	(16.09)	(0.35%)	0.67	(1.85%)	(15.42)
Torrent Pharma Inc.	(5.22%)	(251.90)	(2.28%)	(23.36)	24.78%	(47.48)	(8.50%)	(70.84)
Torrent Pharma Philippines Inc.	0.88%	42.59	1.15%	11.74	(0.43%)	0.82	1.51%	12.56
Laboratorios Torrent, S.A. De C.V.	0.33%	16.01	0.17%	1.76	1.05%	(2.02)	(0.03%)	(0.26)
Torrent Australasia Pty. Ltd.	0.01%	0.26	0.00%	0.02	0.01%	(0.01)	0.00%	0.01
Torrent Pharma S.R.L.	(0.45%)	(21.60)	(0.02%)	(0.20)	0.59%	(1.13)	(0.16%)	(1.33)
Torrent Pharma (UK) Ltd.	(0.48%)	(23.15)	1.15%	11.83	1.10%	(2.10)	1.17%	9.73
Torrent Pharma (Thailand) Co., Ltd.	0.01%	0.51	(0.02%)	(0.23)	(0.03%)	0.05	(0.02%)	(0.18)
Laboratories Torrent (Malaysia) SDN. BHD.	0.17%	8.07	0.22%	2.23	0.06%	(0.12)	0.25%	2.11
Torrent Pharma France S.A.S.	(0.05%)	(2.43)	0.03%	0.30	0.08%	(0.16)	0.02%	0.14
Heumann Pharma GmbH & Co. Generica KG	0.29%	14.02	5.88%	60.24	13.52%	(25.90)	4.12%	34.34
Heunet Pharma GmbH	1.19%	57.33	2.47%	25.27	0.87%	(1.67)	2.83%	23.60
Norispharm GmbH	-	-	-	-	-	-	-	-
Total	**100.00%**	**4,823.22**	**100.00%**	**1,024.72**	**100.00%**	**(191.60)**	**100.00%**	**833.12**

In terms of our report attached

For and on behalf of the Board of Directors

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

Samir Mehta
Executive Chairman

Jamil Khatri
Partner
Membership No. 102527

Sudhir Menon
Executive Director & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Mumbai
18th May, 2021

Ahmedabad
18th May, 2021

(A) Form AOC-1: Statement containing salient features of the financial statement of Subsidiaries / Joint ventures pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014:

Part "A": Subsidiaries

(₹ in crores)

Sr. No.	Name of the subsidiary	Date of acquisition	Reporting currency	Exchange Rate	Share capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover*	Profit before taxation*	Provision for taxation*	Profit after taxation*	Proposed Dividend*
1	Zao Torrent Pharma	Not Applicable	Rouble	0.9710	0.23	33.17	52.73	19.33	-	75.33	10.26	2.30	7.96	-
2	Torrent Do Brasil Ltda.	31.05.2001	Reais	12.9017	24.70	79.19	373.82	269.93	-	624.31	70.14	24.65	45.49	-
3	Torrent Pharma Gmbh	Not Applicable	Euro	86.0990	0.22	77.42	197.57	119.93	50.24	3.08	64.62	2.55	62.07	47.61
4	Torrent Pharma Inc.	Not Applicable	USD	73.5047	8.82	(309.97)	1,552.81	1,853.96	-	1,250.98	(98.96)	(29.18)	(69.78)	-
5	Torrent Pharma Philippines Inc.	Not Applicable	Pesos	1.5166	5.85	69.28	132.14	57.01	-	171.68	44.42	13.53	30.89	-
6	Laboratorios Torrent, S.A. De C.V.	Not Applicable	Mxn$	3.5678	26.67	0.93	44.07	16.47	-	54.39	9.35	(0.97)	10.32	-
7	Torrent Australasia Pty Ltd	Not Applicable	Au$	55.8783	0.48	(0.16)	0.33	0.01	-	0.18	0.01	-	0.01	-
8	Torrent Pharma (Thailand) Co., Ltd.	Not Applicable	THB	2.3441	2.79	(1.33)	1.82	0.36	-	2.34	0.95	-	0.95	-
9	Torrent Pharma S.R.L.	Not Applicable	RON	17.4817	11.02	(28.76)	1.15	18.89	-	-	0.42	-	0.42	-
10	Torrent Pharma (UK) Ltd.	Not Applicable	GBP	100.9509	2.27	(47.99)	224.42	270.14	-	149.65	(17.53)	(0.88)	(16.65)	-
11	Laboratories Torrent (Malaysia) SDN. BHD.	Not Applicable	MYR	17.7205	1.77	9.07	30.21	19.37	-	64.65	3.53	1.07	2.46	-
12	Torrent Pharma France S.A.S.	19.06.2013	Euro	86.0990	0.00	0.60	1.44	0.84	-	-	3.86	0.66	3.20	-
13	Heumann Pharma GmbH & Co. Generica KG	03.07.2005	Euro	86.0990	0.09	128.83	1,519.14	1,390.22	-	856.12	87.83	14.44	73.39	-
14	Heunet Pharma GmbH	Not Applicable	Euro	86.0990	0.22	54.30	760.02	705.50	-	313.94	82.38	26.50	55.88	64.92

Notes:

i. % of shareholding in all subsidiaries either directly or through its subsidiaries is 100%.

ii. Torrent Pharma France S.A.S. and Torrent Australasia Pty Ltd are yet to commence their operations.

iii. Norispharm Gmbh liquidated with effect from 16th March, 2021.

* Converted using average exchange rates prevailing during the year.

Part "B": Associates and Joint Ventures

(₹ in crores)

Sr. No.	Name of Associates or Joint Venture	Date of acquisition	Latest Audited Balance Sheet Date	Shares of Associate or Joint Venture held by the Company			Description of how there is significant influence	Reason why the Joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Profit/Loss for the year	
				No. of shares	Amount of investment	Extend of Holding %				Considered in Consolidation	Not considered in Consolidation
1	Tornascent Care Institute	Not Applicable	Refer Note below								
2	UNM Foundation	Not Applicable									

Note: Tornascent Care Institute (TCI) and UNM Foundation (UNM) are companies incorporated under Section 8 of the Companies Act, 2013 and these companies are prohibited to give any right over their profits to the members. In view of restrictions on Section 8 companies, the parent Company's proportionate share in TCI and UNM has not been considered in consolidated financial statement.

In accordance with Section 136 of the Companies Act, 2013, the annual audited accounts of each of the subsidiaries shall be made available to the shareholders of the Company seeking such information at any point in time. Further, in accordance with the aforementioned section, the audited financial statements, including the Consolidated Financial Statement and related information of the Company and audited accounts of each of its subsidiaries, are available on our website: **www.torrentpharma.com**. These documents will also be available for inspection at our registered office during normal business hours (10:00 a.m.to 6:00 p.m.) on working days, except second and fourth Saturdays, Sundays and public holidays upto and including the date of Annual General Meeting of the Company.

For and on behalf of the Board of Directors

Samir Mehta
Executive Chairman

Sudhir Menon
Executive Director & Chief Financial Officer

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
18th May, 2021

Five Year Financial Highlights

CONSOLIDATED

(₹ in crores)

	2020-21	2019-20	2018-19	2017-18	2016-17
SALES, PROFIT & DIVIDEND					
Revenue	**8,005**	7,939	7,673	5,950	5,857
EBITDA	**2,537**	2,284	2,025	1,641	1,596
EBIT	**1,879**	1,629	1,406	1,233	1,289
Profit before exceptional items and tax (PBT)	**1,526**	1,187	919	931	1,088
Profit after tax (PAT)	**1,252**	1,025	436	678	934
Dividend for the year	**592**	542	288	237	237
Total dividend per share (₹)	**35.00**	32.00	17.00	14.00	14.00
Special dividend per share (₹)	**-**	15.00	-	-	-
Normal dividend (interim dividend and proposed final dividend) per share (₹)	**35.00**	17.00	17.00	14.00	14.00
FINANCIAL POSITION					
Equity share capital	**85**	85	85	85	85
Other equity	**5,753**	4,739	4,640	4,538	4,266
Long term borrowings	**4,121**	4,694	5,104	4,837	2,510
Capital employed	**9,959**	9,518	9,829	9,460	6,861
Gross block	**11,401**	11,046	10,553	10,096	5,429
Net block	**7,954**	8,245	8,365	8,502	4,208
Net current assets	**630**	(475)	(128)	60	2,141
RETURN					
On revenue (PBT)%	**19%**	15%	12%	16%	19%
On capital employed (EBIT)%	**19%**	17%	14%	13%	19%
On shareholder's fund (PAT)%	**21%**	21%	9%	15%	21%
Earnings per share (₹)	**73.98**	60.55	25.78	40.07	55.17
Earnings per share before exceptional item net of tax (₹)	**73.98**	60.55	42.45	40.07	55.17

Notice

NOTICE IS HEREBY GIVEN THAT THE FORTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF TORRENT PHARMACEUTICALS LIMITED will be held on Tuesday, 27th July, 2021 at 09:30 AM through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Financial Statements as at 31st March, 2021 including the Audited Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of interim dividend on equity shares already paid during the financial year ended 31st March, 2021 and to declare final dividend on equity shares for the said financial year.

   The Board of Directors at its meeting held on 8th February, 2021 had declared the interim dividend of ₹20.00 per equity share of fully paid up face value of ₹5.00 each and in its meeting held on 18th May, 2021 recommended final dividend of ₹15.00 per equity share of fully paid up face value of ₹5.00 each for the financial year ended 31st March, 2021.

3. To appoint a Director in place of Samir Mehta (holding DIN 00061903), Director, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   RATIFICATION OF REMUNERATION OF COST AUDITORS OF THE COMPANY FOR THE YEAR 2021-22

   "**RESOLVED THAT** pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) ("the Act") and the approval by the Board of Directors at their meeting dated 18th May, 2021, the consent of the Company be and is hereby accorded for ratification of the below remuneration to M/s. Kirit Mehta & Co., Cost Accountants as the Cost Auditors of the Company for the financial year 2021-22:

   ₹8,80,000/- plus out of pocket expenses & GST as applicable to conduct the audit of the cost accounting records for all the manufacturing facilities of the Company."

5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   RE-APPOINTMENT OF AMEERA SHAH AS AN INDEPENDENT DIRECTOR

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV to the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Rules made thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof, for time being in force), Ameera Shah (holding DIN 00208095) who holds office of Independent Director up to 1st August, 2021 and who meets the criteria of independence as provided in the Act and Listing Regulations and being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 2nd August, 2021"

6. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   RE-APPOINTMENT OF NAYANTARA BALI AS AN INDEPENDENT DIRECTOR

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV to the Companies Act, 2013 ("the Act") and any other applicable provisions of the Act and the Rules made thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof, for time being in force), Nayantara Bali (holding DIN 03570657) who holds office of Independent Director up to 6th March, 2022 and who meets the criteria of independence as provided in the Act and Listing Regulations and being eligible and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent

Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 7th March, 2022."

7. To consider and if thought fit, to pass the following resolution as a Special Resolution:

ISSUANCE OF EQUITY SHARES INCLUDING CONVERTIBLE BONDS / DEBENTURES

"**RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 62 and 71 and other applicable provisions, if any, of the Companies Act, 2013 and the applicable rules made thereunder, Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Listing Agreements entered into by the Company with the stock exchanges where equity shares of the Company of face value ₹5 each are listed, enabling provisions of the Memorandum and Articles of Association of the Company, the Depository Receipts Scheme, 2014, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and any statutory modifications, re-enactments or amendments from time to time to the above mentioned laws, regulations, rules and schemes and clarifications issued thereon from time to time and subject to other applicable laws, rules, regulations, guidelines, notifications and circulars issued by various competent authorities / bodies, whether in India or abroad and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India ("SEBI"), Government of India ("GOI"), Reserve Bank of India ("RBI"), Ministry of Corporate Affairs, Regional Director, Registrar of Companies ("RoC") and all other appropriate and / or competent authorities or bodies whether in India or abroad to the extent applicable and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred as "Board" which term shall include any Committee thereof which the Board may have constituted to exercise its powers including the powers conferred by this Resolution), consent of the members be and is hereby accorded to create, issue, offer and allot in one or more tranches, to investors whether Indian or Foreign, including Foreign Institutions, Qualified Institutional Buyers ("QIB"), Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, trusts, stabilizing agents or otherwise or any combination thereof, whether or not such investors are shareholders, promoters, directors or associates of the Company, through issue of Equity Shares and / or Global Depository Receipts ("GDRs") and / or American Depository Receipts ("ADRs") and / or Foreign Currency Convertible Bonds ("FCCBs") and/or Fully Convertible Debentures and/or Partly Convertible Debentures and/ or Optionally Convertible Debentures and/ or Non convertible Debentures with Warrants and/ or Debentures and/ or other securities convertible into equity shares at the option of the Company and/ or holder(s) of such securities or with or without detachable warrants with a right exercisable by the warrant holders to subscribe to the equity shares or otherwise ("Securities") representing either Equity Shares or a combination of any other Securities through one or more public or private offering in domestic and / or one or more international market(s), with or without green shoe option, or a Qualified Institutional Placement ("QIP") in accordance with Chapter VI of the SEBI Regulations, as the Board may deem appropriate, in terms of SEBI Regulations or by one or more combination of the above or otherwise and at such time or times in one or more tranches, whether rupee denominated or denominated in foreign currency, at such price or prices, at market price or at a discount or premium to market price in terms of applicable regulations, to any eligible investors, including residents and/or non-residents and/or qualified institutional buyers and/or institutions/banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agents or otherwise, whether or not such investors are members of the Company, as may be deemed appropriate by the Board and as permitted under applicable laws and regulations ("Investors"), for an amount not exceeding ₹5000 crores (Rupees Five Thousand Crores), inclusive of such premium as may be fixed on such Securities at such a time or times, in Indian Rupees or an equivalent amount in any foreign currency, as the Board may determine, where necessary in consultation with the Lead Managers, Merchant Bankers, Underwriters, Guarantors, Financial and / or Legal Advisors, Depositories, Registrars and other agencies and on such terms and conditions as may be determined and deemed appropriate by the Board in its absolute discretion at the time of such issue and allotment considering the prevailing market conditions and other relevant factors in consultation with the merchant banker(s) to be appointed, so as to enable to list on any stock exchanges in India and / or on any of the overseas stock exchanges, wherever required and as may be permissible and the number and/or price of Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring."

"**RESOLVED FURTHER THAT** the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by the applicable laws."

"**RESOLVED FURTHER THAT** in the event of issue of GDRs / ADRs, the pricing shall be determined in compliance with principles and provisions set out in the Depository Receipts Scheme, 2014, the Foreign Exchange Management (Transfer or Issue of Securities by a person resident outside India) Regulations, 2017 and such other notifications, clarifications, guidelines, rules and regulations issued by relevant authorities (including any statutory modifications, amendments or re-enactments thereof, for the time being in force)"

“**RESOLVED FURTHER THAT** in the event the Securities are proposed to be issued as FCCBs, subject to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, including any statutory modifications, re-enactments or amendments thereto from time to time and other applicable pricing provisions issued by the Ministry of Finance, the relevant date for the purpose of determining the floor price for conversion of the FCCBs into equity shares shall be the date of the meeting in which the Board or duly authorized committee of directors decides to open such issue after the date of this Resolution or such other date as may be prescribed under applicable law.”

“**RESOLVED FURTHER THAT** in the event the Equity Shares are issued in the course of QIP under Chapter VI of SEBI Regulations, the pricing shall be determined in compliance with principles and provisions set out in the regulation 176 of Chapter VI of the SEBI Regulations and the Board may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under said SEBI Regulations, the Securities shall be allotted as fully paid-up (subject to allottees having the option to pay either full or part consideration for warrants, with the balance consideration being payable at or by the time of exercise of such warrants, where the tenure of any convertible or exchangeable Securities shall not exceed 60 (sixty) months from the date of allotment) or such other period as may be permitted under said SEBI Regulations.”

“**RESOLVED FURTHER THAT** in the event the Equity Shares are issued in the course of QIP under Chapter VI of SEBI Regulations, the relevant date for the purpose of the pricing of the Equity Shares shall be the meeting in which the Board or a duly authorised Committee thereof decides to open the issue or such other date as may be prescribed under applicable laws, and in the event that convertible securities (as defined under the SEBI Regulations) are issued to QIBs under Chapter VI of the SEBI Regulations, the “relevant date” for the purpose of pricing of such convertible securities, shall be the date of the meeting in which the Board or a duly authorized Committee thereof decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to enter into any arrangement with any agencies or bodies for the issue of GDRs and / or ADRs represented by underlying equity shares in the share capital of the Company with such features and attributes as are prevalent in international / domestic capital markets for instruments of this nature and to provide for the tradability and free transferability thereof in accordance with market practices as per the domestic and / or international practice and regulations and under the norms and practices prevalent in the domestic / international capital markets and subject to applicable laws and regulations and the Articles of Association of the Company.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, finalization and approval of the offer documents, private placement offer letter, determining the form, proportion and manner of the issue, including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted, issue price, premium amount on issue / conversion / exercise / redemption, rate of interest, redemption period, fixing record date, listings on one or more stock exchanges in India or abroad, entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and for other related matters and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.”

“**RESOLVED FURTHER THAT** the Securities to be created, issued, allotted and offered in terms of this Resolution shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall be issued in dematerialized form.”

“**RESOLVED FURTHER THAT** the Equity Shares so issued shall in all respects rank pari passu with the existing Equity Shares of the Company and shall be listed with the stock exchanges where the Company’s existing equity shares are listed.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering and all such Equity Shares shall rank pari passu with the existing Equity Shares in all respects.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint merchant bankers, underwriters, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in the issue and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts / agreements, memorandum, documents, etc., with such agencies, to seek the listing of Securities on one or more recognized stock exchange(s), to affix common seal of the Company on any arrangements, contracts / agreements, memorandum, documents, etc. as may be required.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised in consultation with the merchant banker(s), advisors and / or other intermediaries as may be appointed in relation to the issue of Securities, is authorised to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the issue and allotment of Securities and listing thereof with the stock exchanges or otherwise as may be required in relation to the issue and to resolve and settle all questions and difficulties that may arise in the issue, offer and allotment of Securities, including finalization of the number of Securities to be issued in each tranche thereof, form, terms and timing of the issue of Securities including for each tranche of such issue of Securities, identification of the investors to whom Securities are to be offered, utilization of the proceeds and other related, incidental or ancillary matters as the Board may deem fit at its absolute discretion, to make such other applications to concerned statutory or regulatory authorities as may be required in relation to the issue of Securities and to agree to such conditions or modifications that may be imposed by any relevant authority or that may otherwise be deemed fit or proper by the Board and to do all acts, deeds, matters and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit and to settle any questions, difficulties or doubts that may arise in relation to any of the aforesaid or otherwise in relation to the issue of Securities."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate (to the extent permitted by law) all or any of the powers herein conferred to any officer of the Company."

8. To consider and if thought fit, to pass the following resolution as a Special Resolution:

PAYMENT OF COMMISSION TO SUDHIR MEHTA, CHAIRMAN EMERITUS FOR THE YEAR 2020-21

"**RESOLVED THAT** pursuant to Regulation 17 (6) (ca) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the approval of the shareholders of the Company at the 46th Annual General Meeting of the Company, the consent of the Company be and is hereby accorded for payment of Commission of ₹5.00 Crores to Sudhir Mehta (holding DIN 00061871), Chairman Emeritus for the year 2020-21."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do and perform and / or to authorize any Committee of Directors or any other person to do or perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

9. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

REVISION IN REMUNERATION OF AMAN MEHTA, A RELATIVE OF DIRECTORS

"**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for time being in force), and subject to such approvals as may be necessary, the consent of the members of the Company be and is hereby accorded for revision in remuneration of Aman Mehta, a relative of Samir Mehta, Executive Chairman and Sudhir Mehta, Chairman Emeritus on the terms and conditions stated below:

Sr. No.	Particulars	Details	
1.	Remuneration	Aman shall be paid the following remuneration:	
A	Salary	:	Existing salary - ₹7,20,000 (Rupees Seven Lakh Twenty Thousand only) per month. Salary may be increased within the range of ₹7,20,000 per month to ₹24,24,000 per month, in such increments as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
B	Performance Pay	:	1. The Company shall pay, in addition to Salary, Performance Pay at a rate not exceeding 50% of the Salary, payable annually at the end of the year, as may be decided in line with the policy of the Company.
		:	2. One Time Reward In case of any situation / project of extraordinary nature beyond the normal responsibilities, he may be given a special onetime reward in any year on similar principals as for other employees of the company as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
C	Perquisites and Benefits	:	In addition to salary, he will be allowed perquisites and benefits as under:
		(i)	HRA, Conveyance, Car / Car allowance, other allowances and benefits, including club membership, as may be applicable to his designation as per the prevailing rules and policies of the Company.
		(ii)	Company's contribution to the Provident Fund will be as per applicable laws and rules of the Company.
		(iii)	Company's contribution to Pension / Superannuation fund will be as per applicable laws and rules of the Company.
		(iv)	The Company shall pay premium on personal accident insurance policy as per the rules of the Company.
		(v)	Additional benefits in accordance with the rules of the company in respect of location of posting.
		(vi)	The Company shall pay premium on medical insurance for self and family as per the rules of the Company.
		(vii)	Gratuity shall be payable as per applicable laws and rules of the Company.
		(viii)	Entitlement for leave and its accumulation and encashment as per the rules of the Company.

"**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to delegate all or any of the powers conferred therein to any Committee of Directors or any Officers of the Company."

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

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
18th May, 2021

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. MCA vide circular dated 13th January, 2021 has allowed the Companies whose AGM were due to be held in the year 2020 or become due in the year 2021, to conduct their AGMs on or before 31st December, 2021 in accordance with the requirement provided in its Circular dated 5th May, 2020. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for participation in the meeting through VC / OAVM is as per note no. 27 and is also available at the Company's website **www.torrentpharma.com**.

2. Pursuant to MCA Circular dated 8th April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint Authorised Representatives by uploading a duly certified copy of the board resolution authorizing their representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.

3. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

4. The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. All the members of the Company are encouraged to attend and vote at the AGM through VC / OAVM.

5. The Explanatory Statement pursuant to Section 102(1) and (2) of the Act in respect of Item no. 3 and Special Business i.e. Item No. 4 to 9 is annexed hereto.

6. The Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in the electronic mode upto the date of AGM and will also be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send the e-mail to **investorservices@torrentpharma.com**.

7. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members of the Company holding shares as on the cut-off date i.e. 20th July, 2021, may cast their vote either by remote e-voting or e-voting system as on date of AGM. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.

   The information with respect to voting process and other instructions regarding e-voting are detailed in Note no. 25.

8. Considering the on-going pandemic situation and in compliance with the MCA Circulars and SEBI Circular dated 12th May, 2020, read with SEBI circular dated 15th January, 2021 Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company / DPs. Members may note that the Notice of 48th AGM and the Annual Report of the Company for the year ended 31st March, 2021 is uploaded on the Company's website **www.torrentpharma.com** and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at **www.bseindia.com** and **www.nseindia.com** respectively and on the website of CDSL at **www.evotingindia.com**

9. Rajesh Parekh, Practicing Company Secretary (Membership No. A8073) and failing him Jitesh Patel, Practicing Company Secretary (Membership No. A20400) has been appointed as the scrutinizer to scrutinize the remote e-voting and e-voting process on the date of AGM in a fair and transparent manner.

10. The Scrutinizer shall submit a consolidated Scrutinizer's Report (votes casted during the AGM and votes casted through remote e-voting) of the total votes cast in favour of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting. The result declared along with the consolidated Scrutinizer's Report shall be simultaneously placed on the Company's website **www.torrentpharma.com** and on the website of CDSL and communicated to the BSE Limited and National Stock Exchange of India Limited.

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

12. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company on **investorservices@torrentpharma.com**, atleast 10 days before the date of the meeting to enable the management to respond appropriately.

13. The final dividend on equity shares, if declared at the AGM, will be paid / dispatched around 30th July, 2021 to those members whose name appear on the Company's Register of Members or List of Beneficial Owners as received from the National Securities Depository Limited or Central Depository Services (India) Limited on 18th June, 2021 i.e. the Record date fixed for this purpose.

14. Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Members w.e.f. 1st April, 2020 and the Company is required to deduct income tax from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and the amendments thereof. In general, Members are requested to complete and / or update their Residential Status, Permanent Account Number ('PAN') and Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company / its RTA.

    A Resident individual member with PAN and who is not liable to pay Income Tax can submit a yearly declaration in Form no. 15G / 15H, to avail the benefit of non-deduction of tax at source by uploading documents on the link : **https://ris.kfintech.com/form15/** on or before 10th July, 2021. Members are requested to note that, inter-alia in case the PAN duly linked with Aadhar is not registered or declarations with requisite information are not provided, the tax will be deducted at higher rate of 20%.

    Non-resident members can avail beneficial rates under tax treaty between India and their Country of residence, subject to providing necessary documents. i.e. self attested copy of PAN Card (if available), No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F or any other documents which may be required to avail the tax treaty benefits by uploading documents on the link : **https://ris.kfintech.com/form15/** on or before 10th July, 2021.

    No communication / documents on the tax determination / deduction for the purpose of final dividend shall be considered after 10th July, 2021. For the detailed process, please click here: **https://torrentpharma.com/pdf/investors/Shareholder_Communication_Tax_on_Dividend_Final_Dividend_2020-21.pdf**

15. SEBI vide its circular dated 8th June, 2018 amended Regulation 40 of the Listing Regulations pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.

    Further, dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. It also substantially reduce the risk of fraud. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.

16. Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the Company's Registrars and Transfer Agent (RTA). In case any unclaimed Dividend Warrant is lying with any member, the same should be forwarded to RTA for revalidation.

    Members are requested to note that dividends not encashed or claimed within seven years from the thirty days of declaration of dividend, will, as per Section 124 of the Act, be transferred to the IEPF.

    Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the Company has uploaded the information in respect of the unclaimed dividends as on 31st March, 2020 on its website **www.torrentpharma.com** and also on the website of the Investor Education and Protection Fund **www.iepf.gov.in**.

    Further, provisions of Section 124 of the Act, read with Rule 6 of IEPF Rules as amended, inter alia, mandates the Company to transfer all such shares, in respect of which dividend have not been paid or claimed for seven consecutive years or more, to the demat account of IEPF Authority.

    During the year 2020-21, the Company has transferred 12,740 equity shares to the demat account of IEPF Authority.

17. Pursuant to Section 72 of the Act, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant.

18. As required in terms of Secretarial Standard - 2 and Listing Regulations, the information (including profile and expertise in specific functional areas) pertaining to Directors recommended for re-appointment in the AGM has been provided in the "Annexure" to the Notice. The Directors have furnished the requisite consent / declarations for their re-appointment as required under the Act, and the Rules thereunder.
19. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
20. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends by registering their bank account details with the Company. Members holding shares in dematerialized mode are requested to register complete bank account details with the Depository Participants and members holding shares in physical mode are requested to send a duly signed request letter to RTA mentioning the name, Folio no, bank details, self-attested copy of PAN Card and original cancelled cheque leaf. In case of absence of name of the first shareholder on the original cancelled cheque, bank attested copy of first page of the bank passbook / statement of accounts in original along with Original cancelled cheque.
21. Process for those Members whose email ids are not registered with the Depositories or the Company for obtaining login credentials for e-voting:
    - Members holding shares in physical form may request for the same along with providing necessary details like Folio No., Name of Member, self attested scan copy of PAN Card and Aadhar Card by email to **investorservices@torrentpharma.com**
    - Members holding shares in demat form may request for the same along with providing Demat account details (CDSL-16 digit beneficiary ID or NSDL-8 Character DPID + 8 Character Client ID), Name of Member, client master or copy of Consolidated Account statement, self attested scan copy of PAN Card and Aadhar Card by email to **investorservices@torrentpharma.com**
22. Process for updation of email ids / mobile no of the members whose email ids / mobile no. are not registered with the Company or Depositories:
    - Members holding shares in physical form - Update your email id and mobile no by providing necessary details like Folio No., Name of member, self-attested scan copy of PAN card and Aadhar card by email to **einward.ris@kfintech.com**
    - Members holding shares in demat form – Update your email id & mobile no. with your respective Depository Participant (DP); for individual shareholders holding shares in demat form, updation of email id & mobile no. is mandatory for e-voting and joining virtual meetings through depositories.
23. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to the Notice.
24. The helpline number regarding any query / assistance for participation in the AGM through VC / OAVM are 022-23058738 or 022-23058543 or 022-23058542.
25. Voting process and instruction regarding remote e-voting:

Section A: Voting Process:
Members should follow the following steps to cast their votes electronically:

Login method for e-voting and joining virtual meeting for individual members holding shares in demat form:

(i) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, under Regulation 44 of the Listing Regulations, Listed companies are required to provide remote e-voting facility to its members, in respect of all members' resolutions.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed companies in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the members.

In order to increase the efficiency of the voting process, all the demat account holders have been enabled for e-voting by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs.

(ii) Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to aforesaid SEBI Circular, login method for e-Voting and joining virtual meetings for Individual shareholders holding shares in Demat mode is given below:

Type of Members	Login Method
Individual Members holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are **https://web.cdslindia.com/myeasi/home/login** or **www.cdslindia.com** and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at **https://web.cdslindia.com/myeasi/Registration/EasiRegistration** 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link on **www.cdslindia.com** home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Members holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: **https://eservices.nsdl.com**. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at **https://eservices.nsdl.com**. Select "Register Online for IDeAS "Portal or click at **https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp** 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: **https://www.evoting.nsdl.com/**. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. 8 Character DPID followed by 8 Character Client ID), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual members (holding shares in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned websites.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:

Login type	Helpdesk details
Individual Members holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 and 022-23058542-43.
Individual Members holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Login method for e-voting and joining virtual meeting for members other than individual members holding shares in demat form & members holding in physical mode:

Step 1: Open the web browser during the voting period and log on to the e-voting website **www.evotingindia.com**.

Step 2: Click on "Shareholders" to cast your vote(s).

Step 3: Please enter User ID

(i) For account holders in CDSL: Your 16 digits beneficiary ID.

(ii) For account holders in NSDL: Your 8 Character DP ID followed by 8 digits Client ID.

(iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.

Step 4: Enter the Image Verification as displayed and Click on "Login".

Step 5: If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used. If you have forgotten the password, then enter the User ID and the image verification code and click on "FORGOT PASSWORD" and enter the details as prompted by the system.

Step 6: Follow the steps given below if you are first time user:

(i) holding shares in physical form

(ii) holding shares in demat form other than individual

PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. The sequence number is printed in the covering e-mail in case of dispatch of soft copy. Members who have not registered their email address may obtain the sequence number from the Company by following the process defined in Note No. 21
DOB	Enter the Date of Birth ("DOB") as recorded in your demat account or in the Company records in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio no. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company, please enter the DP ID and Client ID / folio number in the Dividend Bank details field as mentioned in Step 3.

Step 7: After entering these details appropriately, click on "SUBMIT" tab.

Step 8: Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Step 9: For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Step 10: Click on the EVSN for the TORRENT PHARMACEUTICALS LIMITED on which you choose to vote.

Step 11: On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Step 12: Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

Step 13: After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Step 14: Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

Section B: Other instruction regarding remote e-voting:

i. The voting period begins on 23rd July, 2021 from 09:00 A.M. and ends on 26th July, 2021 upto 05:00 P.M. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 20th July, 2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. Non – Individual Shareholders and Custodians (i.e. other than Individuals, HUF, NRI etc.) are additionally required to note and follow the instructions mentioned below:

- They are required to log on to **www.evotingindia.com** and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts, they would be able to cast their vote.

iii. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to upload the following in PDF Format in the system for the scrutinizer to verify the same:

a) Copy of Board resolution (where institution itself is voting)

b) Power of Attorney issued in favour of the Custodian as well as the Board resolution of the Custodian.

Alternatively, Non-Individual members are required to send the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorised signatories who are authorised to vote, to the scrutinizer at the e-mail id **rpap@csrajeshparekh.in**, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

iv. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.

v. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at **www.evotingindia.com**, under help section or contact Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai – 400013 or write an email to **helpdesk.evoting@cdslindia.com** or calling on 022-23058738 or 022-23058543 or 022-23058542 during working hours on all working days.

26. Voting process and instruction regarding e-voting at AGM are as under:

a. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

b. Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the AGM.

c. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

27. Instruction for members for attending the AGM through VC / OAVM are as under:

   a. The link for VC / OAVM to attend the AGM will be available where the EVSN of the Company will be displayed after successful login as per instruction mentioned above for remote e-voting.

   b. Members are encouraged to join the Meeting through Laptops / IPads for better experience. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

   c. For ease of conduct, Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request atleast 10 days prior to the date of meeting mentioning their name, demat account number / folio number, email id, mobile number at **investorservices@torrentpharma.com**. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number / folio number, email id, mobile number at **investorservices@torrentpharma.com**. These queries will be replied to by the company suitably by email.

   d. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting. Further the shareholders will be required to allow the camera for participation in the meeting as speaker.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) AND (2) OF THE COMPANIES ACT, 2013

Item No. 3

Pursuant to Section 152 (6) of the Companies Act, 2013, Samir Mehta retires by rotation at this AGM and being eligible, is proposed for re-appointment. He was last re-appointed on retirement by rotation as Director on 23rd July, 2019. Samir Mehta has expressed his intention to act as a Director, if reappointed.

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

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

The Board commends this resolution for your approval.

Item No. 4

Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof) ("the Act"), requires the Board to appoint an individual, who is a Cost Accountant or a firm of Cost Accountants in practice, as Cost Auditor on the recommendations of the Audit committee, which shall also recommend their remuneration and such remuneration shall be considered and approved by the Board of Directors and ratified subsequently by the members.

The Board of Directors at their meeting held on 18th May, 2021, on recommendation of the Audit Committee, approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2021-22 at fees of ₹8,80,000/- plus out of pocket expenses and GST as applicable for conducting the audit of the cost accounting records of all the manufacturing facilities of the Company.

The resolution contained in Item no. 4 of the accompanying Notice, accordingly, seek members' approval for ratification of remuneration of Cost Auditors of the Company for the financial year 2021-22.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 4 of the Notice.

The Board commends this resolution for your approval.

Item No. 5

At the 45th AGM of the Company held on 2nd August, 2018, Ameera Shah was appointed as an Independent Director (ID) on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 for a period of 3 (three) consecutive years effective from 2nd August, 2018 upto 1st August, 2021.

The Board, based on her performance evaluation, background, experience and contributions made during her tenure and the recommendation of the Nomination and Remuneration Committee, considered that her continued association would be beneficial to the Company and it is desirable to continue to avail her services as an ID.

Accordingly, it is proposed to re-appoint Ameera Shah as an ID of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 2nd August, 2021.

Pursuant to the provisions of Sections 149(10) and 149(11) of the Act, an ID shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for re-appointment on passing of a Special Resolution by the members. Further, no IDs shall hold office for more than two consecutive terms.

The Company has received notice in writing from member under Section 160 of the Act proposing her candidature for the office of ID.

Ameera Shah meets the criteria of independence as provided in Section 149(6) of the Act and is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consent to act as Director. She is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

In the opinion of the Board, Ms. Shah fulfills the conditions for appointment as an ID as specified in the Act and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and is independent of the management.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India, have been provided in the “Annexure” to the Notice.

Copy of draft letter of appointment of Ameera Shah setting out the terms and conditions of appointment is available on the Company’s website **www.torrentpharma.com** and will also be available for inspection by the members in the electronic mode upto the date of AGM and during the AGM.

Ameera Shah being appointee, is interested in this resolution as set out at Item no. 5. Also, her relatives may be concerned with or interested in this resolution to the extent of their shareholding interest, if any, in the Company.

The resolution contained in Item no. 5 of the accompanying Notice, accordingly, seeks members’ approval for re-appointment of Ameera Shah as an ID on the Board of the Company.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item no. 5 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under applicable provisions of the Listing Regulations.

The Board commends this resolution for your approval.

Item No. 6

The members of the Company have approved through Postal Ballot the appointment of Nayantara Bali as an Independent Director (ID) on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014 for a period of 3 (three) consecutive years effective from 7th March, 2019 upto 6th March, 2022.

The Board, based on her performance evaluation, background, experience and contributions made during her tenure and the recommendation of the Nomination and Remuneration Committee, considered that her continued association would be beneficial to the Company and it is desirable to continue to avail her services as an ID.

Accordingly, it is proposed to re-appoint Nayantara Bali as an ID of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company effective from 7th March, 2022.

Pursuant to the provisions of Sections 149(10) and 149(11) of the Act, an ID shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for re-appointment on passing of a Special Resolution by the members. Further, no IDs shall hold office for more than two consecutive terms.

The Company has received notice in writing from member under Section 160 of the Act proposing her candidature for the office of ID.

Nayantara Bali meets the criteria of independence as provided in Section 149(6) of the Act and is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given her consent to act as Director. She is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

In the opinion of the Board, Ms. Bali fulfills the conditions for appointment as an ID as specified in the Act and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and is independent of the management.

The details required as per the provisions of the Listing Regulations and Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India, have been provided in the “Annexure” to the Notice.

Copy of draft letter of appointment of Nayantara Bali setting out the terms and conditions of appointment is available on the Company’s website **www.torrentpharma.com** and will also be available for inspection by the members in the electronic mode upto the date of AGM and during the AGM.

Nayantara Bali being appointee, is interested in this resolution as set out at Item no. 6. Also, her relatives may be concerned with or interested in this resolution to the extent of their shareholding interest, if any, in the Company.

The resolution contained in Item no. 6 of the accompanying Notice, accordingly, seeks members’ approval for re-appointment of Nayantara Bali as an ID on the Board of the Company.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item no. 6 of the Notice.

This Explanatory Statement may also be regarded as a disclosure under applicable provisions of the Listing Regulations.

The Board commends this resolution for your approval.

Item No. 7

The Company has been pursuing, both organic process and inorganic opportunities, for its growth. Further, there is ongoing requirement of working capital and capex for upgradation / expansion of Company's existing manufacturing facilities and ongoing projects. The generation of internal funds may not be adequate to meet all the requirements of the Company’s growth plans. It would be therefore, prudent for the Company to have the requisite enabling approvals in place for meeting the fund requirements of its organic and inorganic growth, capital expenditure, long term working capital, refinancing the existing borrowings and also such other corporate purposes as may be permitted under the applicable laws and as may be specified in the appropriate approvals. This would also help the Company to take quick and effective action to capitalize on the opportunities, primarily those relating to inorganic growth, as and when available.

The requirement of funds is proposed to be met from both equity and debt from issuance of appropriate securities and from both domestic and international markets. Prudence would require the funding to be structured with an appropriate mix of equity and debt to meet with the objective of optimization of the cost as well as conservative financial management.

Purpose / objects of the fund raise: In order to meet the additional fund requirements of the Company for the aforesaid purposes and pursuant to Section 62(1)(c) of the Companies Act, 2013 (“the Act”) and rules made thereunder, as amended in case the Company proposes to issue equity shares to any persons other than existing shareholders, whether or not such persons are shareholders, approval of shareholders through a special resolution is required.

Basis or Justification of Price in case of issue of Qualified Institutions Placement (“QIP”): The pricing of the Securities shall be determined by the Board in accordance with the regulations on pricing of securities prescribed under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”). The “Relevant Date” for this purpose, will be the date when the Board or a duly authorized Committee thereof decides to open the issue, if Equity Shares are issued, or, in case of issuance of convertible securities, the date of the meeting in which the Board decides to open the issue of the convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares as provided under Chapter VI of the SEBI Regulations. The resolution enables the Board to offer such discount not exceeding 5% on the price calculated for the QIP or such other discount as may be permitted under applicable law on the price determined pursuant to the SEBI Regulations.

The Board of Directors, accordingly, at their meeting held on 18th May, 2021 has recommended to the Members to give their consent through special resolution to the Board of Directors or any Committee of the Board to raise funds through issuance of Equity Shares and / or Global Depository Receipts (“GDRs”) and / or American Depository Receipts (“ADRs”) and / or Foreign Currency Convertible Bonds (“FCCBs”) and / or Convertible Bonds / Debentures or any equity linked instrument/s (“Securities”) as may be appropriate to persons who may or may not be the existing shareholders through private placement and / or Qualified Institutional Placement and / or any other permitted modes at a price to be determined as per the SEBI Regulations or as per other applicable rules and regulations, upto an amount not exceeding ₹5000 crores (Rupees Five Thousand Crores) in Indian Rupees and / or an equivalent amount in any foreign currency under Section 62 read with Section 179 of the Act, as amended or other applicable laws. While no specific instrument or instruments of Securities has been identified at this stage, the Board may opt for an appropriate instrument in the best interest of the Company. Such issue shall be subject to the provisions of the Act, as amended and rules made there under from time to time, Articles of Association of the Company, SEBI Regulations and other applicable laws.

Pursuant to Sections 42 and 62 of the Act, as amended read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, a company offering or making an invitation to subscribe aforesaid Securities is required to obtain prior approval of the Members by way of the special resolution. If approved by Members, QIP issue shall be completed within 365 days from the date of passing of special resolution and in case of issue by way other than QIP, provisions as applicable to the proposed issue shall be applicable. Equity Shares, proposed to be issued, shall in all respects rank pari passu with the existing equity shares of the Company.

In view of the above, it is proposed to seek approval from the Members of the Company to offer, create, issue and allot above Securities, in one or more tranches, to investors inter alia through QIP by way of private placement or otherwise and to authorise the Board of Directors (including any Committee thereof authorised for the purpose) to do all such acts, deeds and things on the matter. The Board may offer a discount of not more than 5% on the price calculated for the QIP or such other discount as may be permitted under said SEBI Regulations.

The resolution contained in Item no. 7 of the accompanying Notice, accordingly, seek members' approval through special resolution for raising funds as above through issue of Securities in one or more tranches and authorizing the Board of Directors (including any Committee thereof authorised for the purpose) of the Company to complete all the formalities in connection with the issue of Securities.

The Company has not allotted any securities on a preferential basis in the previous year.

Directors or key managerial personnel of the Company or their relatives may be deemed to be concerned or interested in the Resolution to the extent of their shareholding in the Company.

The Board commends this resolution for your approval.

Item No. 8

Sudhir Mehta, Chairman Emeritus of the Company is associated with the Company since 1982. As a permanent member of the Board, he continues to provide his counsel and advice on key business and strategic matters emanating from his vast experience and his enviable qualities like strategic vision and innovative approach.

The Board had in its meeting held on 18th May, 2021, based on the recommendation of Nomination and Remuneration Committee, has approved the payment of commission of ₹5.00 Crores to him for 2020-21 subject to the approval of the members of the Company.

Since the commission payable to Sudhir Mehta exceeds fifty percent of the total commission payable to all non-executive directors of the Company, in terms of the provisions of the Regulation17 (6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to take approval of Members by way of this Special resolution.

Except Sudhir Mehta himself, Samir Mehta, relative of Sudhir Mehta and their relatives, none of the other Directors / Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the special resolution set out at Item No. 8 of the Notice.

The Board commends this resolution for your approval.

Item No. 9

Aman Mehta, relative of Samir Mehta, Executive Chairman and Sudhir Mehta, Chairman Emeritus was appointed to an office or place of profit in the Company, vide members' resolution passed in the 45th Annual General Meeting of the Company held on 2nd August, 2018.

Subject to approval of the members, the Board had on the recommendation of the Nomination and Remuneration Committee ("NRC") in its meeting held on 18th May, 2021, approved the revision in the remuneration of Aman Mehta, on terms and conditions as mentioned in the resolution at Item no. 9 of the Notice. The transaction requires the prior approval of members by an ordinary resolution under Section 188 of the Companies Act, 2013, ("the Act") since he is related to Samir Mehta and Sudhir Mehta, and hence is a 'related party' within the meaning of Section 2(76) of the Act.

The Audit Committee also considered and approved the revision in his remuneration from perspective of related party.

Information in compliance with Section 188 of the Act, and Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 is as stated below:

1. **Name of the related party:** Aman Mehta
2. **Name of the Director or Key Managerial Personnel who are related:**
   i. Samir Mehta, Executive Chairman
   ii. Sudhir Mehta, Chairman Emeritus
3. **Nature of relationship:** Aman is son of Samir Mehta, Executive Chairman and a member of HUF in which Sudhir Mehta, Chairman Emeritus is also a member.

4. **Nature, material terms, monetary value and particulars of the contract or Arrangement:**

   Earlier the members had approved the salary within a range up to ₹7,20,000 pm with other benefits as stated in the terms of his remuneration. It is proposed to increase the range up to ₹24,24,000 pm within which the remuneration may be revised through appraisal process with increments as may be recommended by NRC and approved by the Board. The particulars of terms and conditions for the appointment are mentioned in the resolution at Item No. 9 of the Notice.

5. **Any other information relevant or important for the members to take a decision on the proposed resolution:**

   Aman Mehta, 29 years, has done his graduation in B.A. Economics from Boston University, Boston MA. He has done MBA from Columbia Business School, USA.

   He was earlier an intern with the Torrent Power Limited in Renewal Energy Department during summer 2010. He had worked with Torrent Power Limited from 21st October, 2013 to 29th October, 2016 in various capacities in Generation and Distribution business and made noteworthy contribution in area of customer services, administration, commercial, financial, human resources etc.

   Currently, Aman is the Chief Marketing Officer of India business, which contributes 45% of the overall Company revenues. He has been in the forefront of the Unichem integration process and has contributed immensely to ensure a successful integration and create value for the Company. His involvement, support and leadership has been noteworthy throughout the past few years, with the Company navigating through the change processes.

   None of the Directors / Key Managerial Personnel of the Company / their relatives, except Samir Mehta and Sudhir Mehta and their relatives, are in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out at Item No. 9 of the Notice.

   The Board commends this resolution for your approval.

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(CIN: L24230GJ1972PLC002126)
Phone: + 91 79 26599000
Fax: + 91 79 26582100
Website: **www.torrentpharma.com**
Email Id: **investorservices@torrentpharma.com**

By Order of the Board of Directors
For Torrent Pharmaceuticals Limited

Mahesh Agrawal
VP (Legal) & Company Secretary

Ahmedabad
18th May, 2021

ANNEXURE TO THE NOTICE:

INFORMATION ON DIRECTORS RECOMMENDED FOR RE-APPOINTMENT

Samir Mehta

Mr. Samir Mehta, 57, is the Chairman of Torrent Group having Enterprise value of more than ₹74,000 Crores on 31st March, 2021.

Under his leadership, Torrent Pharma took several strategic initiatives, including forays into new therapies and geographies, large investments in product development infrastructure and capabilities, building state-of-the-art manufacturing facilities and acquisitions, thus establishing Torrent as one of India's fast growing and well respected Pharma majors. His emphasis on professional organisational design, precise execution and operational efficiencies has built a strong and globally competitive generic business platform in Torrent Pharma.

Mr. Mehta has also guided the Group's entry and growth in the Power sector. Torrent Power has systematically improved its performance on all efficiency parameters and ranks amongst the best run power utilities in the country. His emphasis on efficiency and reliability has led the Company to demonstrate exemplary operational capabilities and high customer orientation thus, setting new benchmarks in the sector and attracting many accolades.

In a move to expand its business presence, Mr. Mehta mentored the Group's entry in the emerging City Gas Distribution sector by participating in bidding rounds for new areas and acquiring existing CGD entities. In a short span, Torrent has established an investment plan of ₹10,000 crores and started rolling out its network across 16 geographical areas in India.

Much before the current emphasis on CSR, Mr. Mehta always conducted the businesses in a socially responsible way, giving a new dimension to the traditional meaning of CSR. He has emphasized environmental responsibility in industrial operations and creation of local livelihoods in the influence areas of Torrent establishments. His belief that improving community health and school education of the underprivileged class are powerful instruments for social empowerment and upliftment, has driven much of the Group's investments in CSR activities.

A fine blend of business acumen and cautious entrepreneurial optimism, Mr. Mehta has positively influenced all aspects of the Group culture with his contemporary outlook and innovative ideas. Torrent Group has established a reputation for being employee-centric, and above all fair and humane in all its dealings.

Companies (other than Torrent Pharmaceuticals Limited) in which Mr. Mehta holds directorship and committee membership:

Sr. No.	Directorship in Companies	Name of Committees
1.	Torrent Power Ltd	Committee of Directors – Chairman
		Stakeholder's Relationship Committee - Member
2.	Torrent Investments Private Ltd	CSR Committee – Chairman
3.	Tornascent Care Institute	-

Mr. Mehta holds 200 Equity Shares (including 100 shares held in the name of Samir Mehta HUF) of your Company. Mr. Mehta, a B-School graduate, is on the Board of your Company from 20th August, 1986. He has attended all 5 (five) Board meetings held during the year. Samir Mehta is the brother of Sudhir Mehta, Chairman Emeritus. He will be paid the remuneration in accordance with the Resolution no. 2 of the Postal Ballot notice dated 27th January, 2020.

Ameera Shah

Ms. Ameera Shah is associated with the Company since 2nd August, 2018 as an Independent Director. She has also been performing active role in functioning of various committees of the Company as member and chairperson of such committees.

Ameera Shah, 41 is the Promoter & Managing Director of Metropolis Healthcare Ltd., a leading chain of pathology labs with a large network in India and Africa.

A finance graduate from the University of Texas, she is also an alumnus of the Harvard Business School, (OPM Program). For the last 20 years, she has built Metropolis into a leading and reputed chain of laboratories with a wide network of over 2900 laboratories and patient service centers. Under her leadership, Metropolis had a successful listing at the Stock Exchanges in April 2019.

She has played an instrumental role in changing the pathology industry landscape in the country, from being a doctor-led practice to a professionally led industry in an extremely unregulated, competitive, and fragmented market. Ms. Shah has been named amongst the *Most Powerful Women in Business* by Fortune India (2017, 2018, 2019, 2020) and by Business Today (2018, 2019). Recently, Ms. Shah also won the *Entrepreneur of the Year Award* by E&Y in the Healthcare & Science category for leading the company from the frontlines during the pandemic. She launched Empoweress in October 2017, which is a peer-to-peer mentoring and networking ecosystem for women entrepreneurs.

Companies (other than Torrent Pharmaceuticals Limited) in which Ms. Shah holds directorship and committee membership:

Sr. No.	Directorship in Companies	Name of Committees
1.	Metropolis Healthcare Limited	Corporate Social Responsibility Committee – Member
		Stakeholder Relationship Committee – Member
		Risk Management Committee – Chairperson
2.	Desai Metropolis Health Services Private Limited	Corporate Social Responsibility Committee – Chairperson
3.	Micron Metropolis Healthcare Private Limited	--
4.	Sudharma Metropolis Health Services Private Limited	Corporate Social Responsibility Committee – Chairperson
5.	Bokil Golwilkar Metropolis Healthcare Private Limited	--
6.	R.V. Metropolis Diagnostic & Health Care Center Private Limited	Corporate Social Responsibility Committee – Chairperson
7.	Metropolis Histoxpert Digital Services Private Limited	Audit Committee – Chairperson
8.	Kaya Limited	Audit Committee – Member
9.	Shoppers Stop Limited	Audit Committee – Member
		Nomination and Remuneration Committee – Member
		Risk Management Committee – Member

Apart from the above, Ms. Shah is also the director in various foreign companies viz. Metropolis Healthcare (Mauritius) Limited, Metropolis Star Lab Kenya Limited, Metropolis Healthcare Lanka (Pvt) Limited, Metropolis Bramser Lab Services (Mtius) Ltd, Metropolis Healthcare Ghana Ltd, Metropolis Healthcare Uganda Ltd, Metropolis Healthcare (Zambia) Limited and Star Metropolis Health Services Middle East LLC.

Ms. Shah does not hold any shares of your Company. She is not related to any other Directors and Key Managerial personnel of the Company.

She has attended all 5 (five) board meetings held during the year. She has drawn the remuneration of ₹41.50 Lakhs during the 2020-21. She will be paid the remuneration in accordance with the resolution no. 7 of the Notice of the Annual General Meeting held on 23rd July, 2019 read with the explanatory statement or such other resolution as may be passed by the members from time to time.

Nayantara Bali

Nayantara Bali is associated with the Company since 7th March, 2019 as an Independent Director. She has also been performing active role in functioning of various committees of the Company as member of such committees.

Nayantara Bali, 54, has a Bachelors' degree of Arts in Economics from Stella Maris College, Chennai, India and has done Post Graduate Diploma in Business Management from Indian Institute of Management, Ahmedabad.

She currently serves as the Director with ANV Consulting Pte. Ltd, Singapore (a boutique Management Consultancy that specializes in data analytics), wherein she specializes in P&L business management, strategy, brand management and diversity.

She is a senior business leader with more than three decades of experience. She was associated with Procter & Gamble for over 28 years where she handled various General Management assignments both in India and Overseas. She is known for understanding complex situations and applying sharp strategic thinking, intuition and insight to actions that drive results. She led the diversity program in Asia for Procter & Gamble. She had also served as a director on the Boards of Procter & Gamble Gillette India and Procter & Gamble Health & Hygiene India.

Companies (other than Torrent Pharmaceuticals Limited) in which Ms. Bali holds directorship and committee membership:

Sr. No.	Directorship in Companies	Name of Committees
1.	Starhub Ltd., Singapore	Strategy Committee – Member
		Risk Committee - Member
2.	ANV Consulting Pte. Ltd, Singapore	-

Ms. Bali does not hold any shares of your Company. She is not related to any other Directors and Key Managerial personnel of the Company.

She has attended all 5 (five) board meetings held during the year. She has drawn the remuneration of ₹40.50 Lakhs during the 2020-21. She will be paid the remuneration in accordance with the resolution no. 7 of the Notice of the Annual General Meeting held on 23rd July, 2019 read with the explanatory statement or such other resolution as may be passed by the members from time to time.

Corporate Information

BOARD OF DIRECTORS

1. Sudhir Mehta
   Chairman Emeritus
2. Samir Mehta
   Executive Chairman
3. Shailesh Haribhakti
4. Haigreve Khaitan
5. Ameera Shah
6. Nayantara Bali
7. Jinesh Shah
   Director (Operations)

AUDIT COMMITTEE

1. Shailesh Haribhakti
   Chairman
2. Haigreve Khaitan
3. Ameera Shah
4. Nayantara Bali

SECURITIES TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

1. Haigreve Khaitan
   Chairman
2. Shailesh Haribhakti
3. Ameera Shah

NOMINATION AND REMUNERATION COMMITTEE

1. Shailesh Haribhakti
   Chairman
2. Haigreve Khaitan
3. Nayantara Bali

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

1. Ameera Shah
   Chairperson
2. Nayantara Bali
3. Jinesh Shah
4. Shailesh Haribhakti

RISK MANAGEMENT COMMITTEE

1. Haigreve Khaitan
   Chairman
2. Shailesh Haribhakti
3. Sudhir Menon

EXECUTIVE DIRECTOR (FINANCE) & CFO

Sudhir Menon

VP (LEGAL) & COMPANY SECRETARY

Mahesh Agrawal

STATUTORY AUDITORS

B S R & Co. LLP
Chartered Accountants

REGISTERED OFFICE

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CORPORATE IDENTITY NUMBER

L24230GJ1972PLC002126

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REGISTRAR & TRANSFER AGENT

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