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REPORT ON VALUATION OF IDENTIFIED BRANDS OF TORRENT PHARMACEUTICALS LIMITED

1. BACKGROUND

1.1 TORRENT PHARMACEUTICALS LIMITED

Torrent Pharmaceuticals Limited ('TPL' or the 'Company'), one of the leading pharmaceutical companies operates in therapeutic segments of Cardiovascular, Central Nervous System, Gastro-Intestinal, Women Healthcare, Vitamins Minerals & Nutrients, Cosmo-Dermatology, and has significant presence in other therapeutic segments. The equity shares of the Company are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').

As per the audited consolidated financial statements of the Company for the financial year ('FY') 2024-25, the issued, subscribed and paid-up equity share capital of the Company as on March 31, 2025 is INR 169.23 crores and revenue from operations of the Company for FY 2024-25 is INR 11,516.09 crores.

1.2 IDENTIFIED BRANDS OF TPL

1.2.1 NEXPRO

Nexpro is a proton pump inhibitor (PPI) brand containing Esomeprazole, used to reduce gastric acid secretion. It is indicated for treatment of Gastroesophageal Reflux Diseases (GERD) (including erosive esophagitis), peptic ulcers, Zollinger-Ellison syndrome and for the prevention of NSAID-associated gastric ulcers.

1.2.2 CHYMORAL

Chymoral is a proteolytic enzyme formulation containing Trypsin and Chymotrypsin, used peri-operatively to manage inflammation and accelerate healing. It enhances fibrinolysis, reduces early acute inflammatory response of the body and shortens post-operative recovery time by nearly 50%, and is prescribed across multiple specialties including Orthopedics, Surgery, Gynecology, Dental and ENT.

1.2.3 ROZUCOR

Rozucor contains Rosuvastatin as its active pharmaceutical ingredient, an HMG-CoA reductase inhibitor belonging to the statin class of medications. It is used alongside diet, exercise, and weight loss and it helps in lowering lipid levels by reducing cholesterol production in the liver. Rozucor also helps decrease the risk of cardiovascular diseases such as myocardial infarction and stroke.

1.2.4 VELOZ

Veloz contains Rabeprazole, a proton pump inhibitor used for the treatment of GERD, duodenal ulcers, and Zollinger–Ellison syndrome. It rapidly suppresses gastric acid secretion by inhibiting the H^+/K^+-ATPase enzyme, providing effective dose-dependent acid control.

('Nexpro', 'Chymoral', 'Rozucor' and 'Veloz' are hereinafter collectively referred to as 'Identified Brands')

1.3 IDBI TRUSTEESHIP SERVICES LIMITED

IDBI Trusteeship Services Limited ('ITSL' or 'Client' or 'Debenture Trustee'), incorporated on March 08, 2001, is a leading Indian firm providing comprehensive trusteeship and agency services, including debenture, securitization and escrow services. ITSL is jointly promoted by IDBI Bank, LIC of India, and GIC. ITSL, registered with the Securities Exchange Board of India as a debenture trustee under the Securities

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER and Exchange Board of India (Debenture Trustees) Regulations, 1993, is appointed as "**Debenture Trustee"** by TPL.

Debenture Trustee shall act for the benefit of the Debenture Holders and for purposes related thereto in accordance with the provisions of the Debenture Documents, including for holding and monitoring the Security i.e the Identified Brands to be created by the Company in favour of the Debenture Trustee.

2. SCOPE AND PURPOSE OF THIS REPORT

2.1 We have been informed by the management of ITSL that the Company is considering a proposal to hypothecate the Identified Brands for raising funds through fresh issuance of non-convertible debentures (hereinafter referred to as the 'Proposed Transaction').

2.2 In this connection, the management of ITSL has requested SSPA & Co., Chartered Accountants (hereinafter referred to as 'SSPA' or 'Registered Valuer' or 'We') vide empanelment letter dated August 29, 2025 and subsequent email dated September 02, 2025 to ascertain the fair value of Identified Brands as on November 30, 2025 ('Valuation Date') for the purpose of their internal assessment.

2.3 For the purpose of this valuation, the bases of value is 'fair value' and the valuation is based on 'going concern' premise.

3. REGISTERED VALUER – SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, 'Arjun', Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing valuation and various other corporate consultancy services. We are a firm of practising Chartered Accountants registered with The Institute of Chartered Accountants of India ('ICAI'). We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

4. SOURCES OF INFORMATION

For the purpose of this valuation exercise, we have relied upon the following information as provided to us by the management of the Company (hereinafter referred to as 'Management') and information available in public domain:

- Management certified provisional statement of profit & loss for the Identified Brands for FY 2024-25 and for six months period ended September 30, 2025 ('6ME Sept25').
- Statement of working capital attributable to the Identified Brands as at September 30, 2025.
- Financial projections of the Identified Brands comprising statement of profit & loss, statement of working capital requirements for 6 months period ending March 31, 2026 ('6ME Mar26') and from FY 2026-27 to FY 2030-31.
- Statement of capital expenditure to be incurred (plant-wise) by the Company from FY 2025-26 to FY 2030-31 relevant to the Identified Brands.
- Discussions with the Management and such other information and explanations as required by us and which have been provided by the Management including management representation.

5. PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this engagement, we have adopted the following procedures to carry out the valuation of the Identified Brands:

- Obtained financial and qualitative information from the Management.
- Used data available in public domain related to the Identified Brands and their peers.
- Discussions with the Management to understand the business and fundamental factors that affect

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the Identified Brands' earning-generating capability including its historical financial performance and future outlook.

- Analysis of comparable companies/comparable transactions using information available in public domain and/or proprietary database subscribed by us.
- Selection of well accepted valuation methodology as considered appropriate by us.
- Arriving at the recommendation.

6. VALUATION OF IDENTIFIED BRANDS

There are several commonly used and accepted valuation approaches for determining the value of Identified Brands, to the extent relevant and applicable, such as:

- Cost Approach
- Market Approach
- Income Approach

6.1 COST APPROACH

The Cost Approach reflects the amount that would be required currently to replace the service capacity of an intangible asset; often referred to as current replacement cost. This approach is generally appropriate for valuing intangible asset that do not directly generate cash flows. Further, this approach does not consider future economic value that can be derived by exploiting such intangible asset over its economic life. Therefore, we have thought fit not to use the Cost Approach for the present valuation exercise.

6.2 MARKET APPROACH

The Market Approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business. In the present case, the Identified Brands, which are the subject matter of valuation, are unique and typically such intangible assets do not trade in active markets. Further there are no instances of orderly transactions of intangible assets that are comparable to the Identified Brands. Therefore, we have thought fit not to consider Market Approach for the present valuation exercise.

6.3 INCOME APPROACH

Under the Income Approach, future monetary benefits (for example, cash flows or earnings) are converted to a single present value over the economic life of the intangible asset. The value of intangible asset under this approach is determined by reference to the present value of income, cash flows or cost savings attributable to the intangible asset over its economic life.
In the present case, sufficient information is available with respect to the cash flows attributable to the Identified Brands therefore, we have thought fit to use Multi Period Excess Earnings Method ('MEEM') under Income Approach for the valuation of the Identified Brands.

6.3.1 MULTI PERIOD EXCESS EARNINGS METHOD

Under MEEM, the net earnings attributable to the intangible asset over its economic life are considered. The fair value of an intangible asset is equal to the present value of the incremental after-tax cash flows ('excess earnings') attributable solely to the intangible asset over its economic life. For arriving at the excess earnings attributable to an intangible asset, 'Contributory Asset Charges' ('CAC') are deducted from the net after-tax cash flows projected for an intangible asset. The CAC represent the charges for the use of an asset or group of assets (e.g. working capital, fixed assets, assembled workforce) and needs to be

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applied for all assets that contribute to the realization of cash flows for a particular intangible asset.

6.4 **VALUATION OF IDENTIFIED BRANDS AS PER MULTI PERIOD EXCESS EARNINGS METHOD**

6.4.1 Based on the discussions, we have been represented by the Management that the Identified Brands are expected to have a perpetual life. Accordingly, for the purpose of present valuation exercise, the economic useful life of the Identified Brands has been considered as perpetual.

6.4.2 The value of the Identified Brands under MEEM Method has been arrived at as follows:

- Valuation under MEEM is based on the projected cash flows attributable to each of the Identified Brands for 6ME Mar26 and from FY 2026-27 to FY 2030-31 ('Explicit Period'), as provided to us by the Management.
- For the Explicit Period, the excess earnings attributable to each of the Identified Brands have been arrived at as follows:
  - Earnings before Interest, Tax, Depreciation and Amortization ('EBITDA') as per the projections has been considered.
  - Estimated tax liability has been reduced to arrive at the post tax earnings.
  - CAC towards fixed assets, net working capital and assembled workforce are reduced from the post-tax earnings to arrive at the excess earnings attributable to the Identified Brands.
- The excess earnings attributable to each of the Identified Brands as arrived above needs to be discounted at an appropriate discount rate to arrive at the present value. The discount rate represents the returns expected by the investors of both debt and equity, weighted for their relative funding in the entity. This is commonly referred to as the Weighted Average Cost of Capital ('WACC'). WACC is considered as the most appropriate discount rate, since it reflects both the business and the financial risk.
- After the explicit period, the Identified Brands will continue to generate cash. In MEEM Method, therefore, perpetuity value is also considered to arrive at the fair value of the Identified Brands. For arriving at the perpetuity value, we have considered an appropriate growth rate.
- The excess earnings attributable to each of the Identified Brands for perpetuity have been arrived at after considering the corporate taxes, CAC towards fixed assets, net working capital and assembled workforce.
- The discounted perpetuity value is added to the discounted excess earnings for the explicit period to arrive at the fair value of the Identified Brands.

6.4.3 **Based on the above, the total fair value of the Identified Brands as per MEEM Method under Income Approach (including tax amortization benefit) works out to INR 16,374.09 crores as on the Valuation Date.**

7. **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

7.1 Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. Further, our valuation is in accordance with ICAI Valuation Standards 2018 issued by The Institute of Chartered Accountants of India.

7.2 Valuation is not a precise science and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of value by applying certain formulae which are based on the information available, others may place a different value.

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7.3 The report assumes that the Company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the Company / its business will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws and litigations and other contingent liabilities that are not recorded/reflected in the information provided to us.

7.4 The draft of the present report was circulated to the management of ITSL for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous.

7.5 Valuation analysis and results are specific to the purpose of valuation and the Valuation Date mentioned in the report and is as per agreed terms of our engagement.

7.6 For the purpose of this exercise, we were provided with both written and verbal information including information detailed hereinabove in para 'Sources of Information'. Further, the responsibility for the accuracy and completeness of the information provided to us by the Management and/or auditors/consultants of the Company is that of the Management. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Company / Identified Brands. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/conclusions.

7.7 Our work does not constitute an audit, due diligence or certification of this information referred to in this report including information sourced from public domain. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report and consequential impact on the present exercise. However, we have evaluated the information provided to us by the Management through broad inquiry, analysis and review. However, nothing has come to our attention to indicate that the information provided / obtained was materially misstated / incorrect or would not afford reasonable grounds upon which to base the report.

7.8 Our valuation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to commercial and financial aspects of the Company / Identified Brands and the industry in which the Company operates and taking into account the current economic scenario. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.

7.9 We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

7.10 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company/ Identified Brands and any other matter, which may have an impact on our opinion, on the value of the Identified Brands including any significant changes that have taken place or are likely to take place in the financial position of the Company / Identified Brands. Events and transactions occurring after the date of this report may affect the report and assumptions used in

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preparing it and we do not assume any obligation to update, revise or reaffirm this report.

7.11 We are independent of ITSL /TPL and have no current or expected interest in ITSL/TPL or their assets. The fee paid for our services in no way influenced the results of our analysis.

7.12 Our report is not, nor should it be construed as our opining or certifying the compliance with the provisions of any law including companies, competition, taxation and capital market related laws or as regards any legal implications or issues arising in India or abroad from the Proposed Transaction.

7.13 Any person/party intending to provide finance/divest/invest in Identified Brands or the business/ shares/intangible asset of TPL shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

7.14 The decision to carry out the Proposed Transaction (including consideration thereof) lies entirely with the parties concerned and our work and our finding shall not constitute a recommendation as to whether or not the parties should carry out the Proposed Transaction.

7.15 Our Report is meant for the purpose mentioned in Para 2 only and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared. In no event, regardless of whether consent has been provided, shall SSPA assume any responsibility to any third party to whom the report is disclosed or otherwise made available.

7.16 SSPA nor its partners, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. We owe responsibility only to the Client that has appointed us under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client including its directors, employees or agents.

For SSPA & CO.
Chartered Accountants
Firm Registration number: 128851W
IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126

Parag S. Ved

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Parag Ved
Partner
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UDIN: 25102432BWVDHB9154
Place: Mumbai
Date: December 23, 2025