

C.02 Audit Report

Interoffice Audit Report on Financial Information Prepared for Consolidation Purposes

B S R & Co LLP

Chartered Accountants


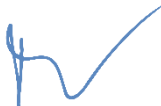
Ahmedabad

India

We have audited the financial information prepared for consolidation purposes of Torrent Pharma GmbH (“the Company”), of the accompanying financial reporting package (including supplementary financial information). We conducted our audit in accordance with the International Standards on Auditing.

In our opinion, the financial information prepared for consolidation purposes as of and for the year ended 31 March 2018 has been prepared, in all material respects, in conformity with German GAAP (which is the GAAP accepted by Torrent Pharmaceuticals Limited for the reporting packages).

This report is intended solely for use by B S R & Co. LLP, Chartered Accountants in connection with its audit of Torrent Pharmaceuticals Limited’s consolidated financial statements as at (as of) and for the year ended 31 March 2018 and should not be used for any other purpose.

	
Holger Kelle (Engagement Partner)	Martin Fischer (Engagement Manager)
<i>KPMG AG Wirtschaftspruefungsgesellschaft</i>	
<i>May 2, 2018</i>	

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Torrent Pharma GmbH
Balance Sheet

	Notes	As at 31-Mar-2018 EUR	As at 31-Mar-2018 INR	As at 31-Mar-2017 EUR	Amt. in Lacs As at 31-Mar-2017 INR
ASSETS					
Non-current assets					
Financial assets					
Investments	1	58.60	4,724.46	58.60	4,057.91
Deferred tax assets (net)		13.50	1,088.40	-	-
		<u>72.10</u>	<u>5,812.86</u>	<u>58.60</u>	<u>4,057.91</u>
Current assets					
Inventories	4	0.32	25.80	-	-
Financial assets					
Trade receivables	5	6.38	514.37	13.44	930.69
Cash and cash equivalents	6	111.80	9,013.56	0.93	64.40
Other financial assets	2	1.00	80.62	0.92	63.71
Other current assets	3	2.74	220.90	2.46	170.35
		<u>122.24</u>	<u>9,855.25</u>	<u>17.75</u>	<u>1,229.15</u>
TOTAL		<u>194.34</u>	<u>15,668.11</u>	<u>76.35</u>	<u>5,287.06</u>
EQUITY AND LIABILITIES					
Equity					
Equity share capital	7	44.67	3,601.39	44.67	3,093.29
Other equity	8	(13.52)	(1,090.01)	(44.57)	(3,086.37)
		<u>31.15</u>	<u>2,511.38</u>	<u>0.10</u>	<u>6.92</u>
Current liabilities					
Financial liabilities					
Borrowings	9	146.00	11,770.84	43.31	2,999.11
Trade payables		2.10	169.30	20.65	1,429.98
		<u>148.10</u>	<u>11,940.14</u>	<u>63.96</u>	<u>4,429.09</u>
Other current liabilities	10	0.17	13.71	0.02	1.38
Liabilities for current tax (net)		14.92	1,202.88	12.27	849.67
		<u>163.19</u>	<u>13,156.73</u>	<u>76.25</u>	<u>5,280.14</u>
TOTAL		<u>194.34</u>	<u>15,668.11</u>	<u>76.35</u>	<u>5,287.06</u>

All monetary and non-monetary items in the balance sheet have been translated at closing rate of 1 Euro = Rs. 80.6222 (69.2476)

Torrent Pharma GmbH
Statement of Profit and Loss

		Year Ended	Year Ended	Year Ended	Amt. in Lacs
	Notes	31-Mar-2018	31-Mar-2018	31-Mar-2017	Year Ended
		EUR	INR	EUR	31-Mar-2017
					INR
REVENUE					
Revenue from operations	11	10.87	876.36	22.51	1,569.49
Other income	12	40.04	3,228.11	-	-
Total Revenue		50.91	4,104.47	22.51	1,569.49
EXPENSES					
Purchases of stock-in-trade		0.32	25.80	0.13	9.00
Changes in inventories of finished goods, work-in-progress and stock-in-trade	13	(0.32)	(25.80)	1.91	140.04
Employee benefits expense	14	0.59	47.57	0.02	1.38
Finance costs	15	0.85	68.53	0.67	46.40
Other expenses	16	9.88	796.55	19.01	1,316.91
Total Expenses		11.32	912.65	21.74	1,513.73
PROFIT BEFORE TAX		39.59	3,191.82	0.77	55.76
TAX EXPENSE					
Current tax		26.75	2,156.64	21.42	1,483.28
Deferred tax charge / (credit)		(13.50)	(1,088.40)	-	-
Short / (excess) provision for tax of earlier years		(4.71)	(379.73)	4.27	295.69
		8.54	688.51	25.69	1,778.97
NET PROFIT FOR THE YEAR		31.05	2,503.31	(24.92)	(1,723.21)
OTHER COMPREHENSIVE INCOME					
		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		31.05	2,503.31	(24.92)	(1,723.21)

Torrent Pharma GmbH

	As at 31-Mar-2018 EUR	As at 31-Mar-2018 INR	As at 31-Mar-2017 EUR	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 1 : INVESTMENTS				
Non-current				
At cost				
Investment in subsidiaries	58.60	4,724.46	58.60	4,057.91
	<u>58.60</u>	<u>4,724.46</u>	<u>58.60</u>	<u>4,057.91</u>
NOTE - 2 : OTHER FINANCIAL ASSETS				
Current				
Other receivables	1.00	80.62	0.92	63.71
	<u>1.00</u>	<u>80.62</u>	<u>0.92</u>	<u>63.71</u>
NOTE - 3 : OTHER ASSETS				
Current				
Claims receivable : indirect tax				
Considered good	0.44	35.47	0.91	63.02
Prepaid expenses	2.30	185.43	1.55	107.33
	<u>2.74</u>	<u>220.90</u>	<u>2.46</u>	<u>170.35</u>
NOTE - 4 : INVENTORIES				
[At lower of cost and net realisable value]				
Finished goods	0.32	25.80	-	-
	<u>0.32</u>	<u>25.80</u>	<u>-</u>	<u>-</u>
NOTE - 5 : TRADE RECEIVABLES				
Considered good	6.38	514.37	13.44	930.69
Considered doubtful	1.74	140.28	1.74	120.49
Less : Allowance for doubtful trade receivables	1.74	140.28	1.74	120.49
	<u>6.38</u>	<u>514.37</u>	<u>13.44</u>	<u>930.69</u>
NOTE - 6 : CASH AND CASH EQUIVALENTS				
Balances with banks	111.80	9,013.56	0.93	64.40
	<u>111.80</u>	<u>9,013.56</u>	<u>0.93</u>	<u>64.40</u>
NOTE - 7 : SHARE CAPITAL				
Subscribed and paid-up	44.67	3,601.39	44.67	3,093.29
	<u>44.67</u>	<u>3,601.39</u>	<u>44.67</u>	<u>3,093.29</u>
NOTE - 8 : OTHER EQUITY				
Retained earnings	(13.52)	(1,090.01)	(44.57)	(3,086.37)
	<u>(13.52)</u>	<u>(1,090.01)</u>	<u>(44.57)</u>	<u>(3,086.37)</u>

Torrent Pharma GmbH

	As at 31-Mar-2018 EUR	As at 31-Mar-2018 INR	As at 31-Mar-2017 EUR	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 9 : BORROWINGS				
Unsecured loans	146.00	11,770.84	43.31	2,999.11
	<u>146.00</u>	<u>11,770.84</u>	<u>43.31</u>	<u>2,999.11</u>
NOTE - 10 : OTHER LIABILITIES				
Current				
Trade advances	-	-	0.02	1.38
Payables to statutory and other authorities	0.17	13.71	-	-
	<u>0.17</u>	<u>13.71</u>	<u>0.02</u>	<u>1.38</u>
	Year Ended 31-Mar-2018 EUR	Year Ended 31-Mar-2018 INR	Year Ended 31-Mar-2017 EUR	Amt. in Lacs Year Ended 31-Mar-2017 INR
NOTE - 11 : REVENUE FROM OPERATIONS				
Sales				
Sales outside India	-	-	1.73	128.54
	-	-	1.73	128.54
Operating Income				
Income from product registration dossiers	-	-	0.64	46.30
Other operating income	10.87	876.36	20.14	1,394.65
	<u>10.87</u>	<u>876.36</u>	<u>22.51</u>	<u>1,569.49</u>
NOTE - 12 : OTHER INCOME				
Net foreign exchange gain	0.04	3.22	-	-
Dividend income	40.00	3,224.89	-	-
	<u>40.04</u>	<u>3,228.11</u>	<u>-</u>	<u>-</u>
NOTE - 13 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Opening inventories				
Finished goods	-	-	1.91	140.04
Less : Closing inventories				
Finished goods	0.32	25.80	-	-
Net (increase) / decrease in inventories	<u>(0.32)</u>	<u>(25.80)</u>	<u>1.91</u>	<u>140.04</u>
NOTE - 14 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus	0.51	41.12	-	-
Contribution to provident and other funds	0.06	4.84	-	-
Staff welfare expenses	0.02	1.61	0.02	1.38
	<u>0.59</u>	<u>47.57</u>	<u>0.02</u>	<u>1.38</u>
NOTE - 15 : FINANCE COSTS				
Interest expense	0.85	68.53	0.67	46.40
	<u>0.85</u>	<u>68.53</u>	<u>0.67</u>	<u>46.40</u>
NOTE - 16 : OTHER EXPENSES				
Selling, publicity and medical literature expense	0.04	3.22	0.05	3.46
Allowance for doubtful debts	0.01	0.81	0.41	28.39
Travelling, conveyance and vehicle expenses	0.01	0.81	-	-
Registration expenses	2.82	227.35	3.90	270.07
Rent	0.06	4.84	-	-
Professional and legal fees	0.48	38.70	4.23	292.92
Net foreign exchange Loss	-	-	0.16	11.59
Auditors remuneration and expenses	0.27	21.77	0.19	13.16
General charges	6.19	499.05	10.07	697.32
	<u>9.88</u>	<u>796.55</u>	<u>19.01</u>	<u>1,316.91</u>