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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Torrent Pharma Philippines, Inc.
Unit 3 & 4, 34th Floor Zuellig Building
Makati Avenue corner Paseo de Roxas
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Torrent Pharma Philippines, Inc. (the "Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, 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.



Other Matter

The financial statements of the Company as at and for the year ended March 31, 2017, were audited by other auditor whose report thereon dated April 28, 2017 expressed an unqualified opinion on those financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.



Virnilo G. Yu
Partner

CPA License No. 108798

SEC Accreditation No. 1574-A, Group A, valid until August 11, 2019

Tax Identification No. 225-454-652

BIR Accreditation No. 08-001987-35-2015

Issued December 28, 2015; valid until December 27, 2018

PTR No. 6615159MD

Issued January 3, 2018 at Makati City

April 25, 2018
Makati City, Metro Manila

Torrent Pharma Philippines, Inc.
Balance Sheet

	Notes	As at 31-Mar-2018 PHP	As at 31-Mar-2018 INR	As at 31-Mar-2017 PHP	Amt. in Lacs As at 31-Mar-2017 INR
ASSETS					
Non-current assets					
Property, plant and equipment	1	59.10	73.63	76.96	99.42
Financial assets					
Other financial assets	2	4.74	5.91	4.74	6.12
Deferred tax assets (net)		718.08	894.66	713.12	921.21
		<u>781.92</u>	<u>974.20</u>	<u>794.82</u>	<u>1,026.75</u>
Current assets					
Inventories	4	1,496.14	1,864.04	1,468.32	1,896.78
Financial assets					
Trade receivables	5	3,293.06	4,102.82	2,942.31	3,800.88
Cash and cash equivalents	6	533.78	665.04	1,375.82	1,777.28
Other financial assets	2	25.35	31.58	24.01	31.02
Other current assets	3	175.42	218.56	211.26	272.91
		<u>5,523.75</u>	<u>6,882.04</u>	<u>6,021.72</u>	<u>7,778.87</u>
TOTAL		<u><u>6,305.67</u></u>	<u><u>7,856.24</u></u>	<u><u>6,816.54</u></u>	<u><u>8,805.62</u></u>
EQUITY AND LIABILITIES					
Equity					
Equity share capital	7	385.46	480.24	385.46	497.94
Other equity	8	1,931.18	2,406.06	1,381.28	1,784.34
		<u>2,316.64</u>	<u>2,886.30</u>	<u>1,766.74</u>	<u>2,282.28</u>
Non-current liabilities					
Provisions	10	363.96	453.46	341.90	441.67
		<u>363.96</u>	<u>453.46</u>	<u>341.90</u>	<u>441.67</u>
Current liabilities					
Financial liabilities					
Trade payables		2,971.30	3,701.95	3,767.25	4,866.54
Other financial liabilities	9	65.04	81.03	78.85	101.86
		<u>3,036.34</u>	<u>3,782.98</u>	<u>3,846.10</u>	<u>4,968.40</u>
Other current liabilities	11	113.21	141.05	119.23	154.02
Provisions	10	364.77	454.47	352.06	454.79
Liabilities for current tax (net)		110.75	137.98	390.51	504.46
		<u>3,625.07</u>	<u>4,516.48</u>	<u>4,707.90</u>	<u>6,081.67</u>
TOTAL		<u><u>6,305.67</u></u>	<u><u>7,856.24</u></u>	<u><u>6,816.54</u></u>	<u><u>8,805.62</u></u>

All monetary and non-monetary items in the balance sheet have been translated at closing rate of 1 Pesos = Rs. 1.2459 (1.2918)

Torrent Pharma Philippines, Inc.
Statement of Profit and Loss

	Notes	Year Ended 31-Mar-2018 PHP	Year Ended 31-Mar-2018 INR	Year Ended 31-Mar-2017 PHP	Amt. in Lacs Year Ended 31-Mar-2017 INR
REVENUE					
Revenue from operations	12	8,464.04	10,545.35	7,647.08	9,878.50
Other income	13	2.12	2.64	1.59	2.05
Total Revenue		8,466.16	10,547.99	7,648.67	9,880.55
EXPENSES					
Purchases of stock-in-trade		3,965.84	4,941.04	3,554.13	4,591.23
Changes in inventories of finished goods, work-in-progress and stock-in-trade	14	(27.82)	(34.66)	(655.17)	(846.35)
Employee benefits expense	15	1,173.05	1,461.50	1,089.15	1,406.96
Finance costs	16	22.96	28.61	21.78	28.14
Depreciation and amortisation expense		17.86	22.25	16.89	21.82
Other expenses	17	2,566.74	3,197.90	2,330.33	3,010.32
Total Expenses		7,718.63	9,616.64	6,357.11	8,212.12
PROFIT BEFORE TAX		747.53	931.35	1,291.56	1,668.43
TAX EXPENSE					
Current tax		243.43	303.29	777.04	1,003.78
Deferred tax charge / (credit)		(17.21)	(21.44)	(380.06)	(490.96)
		226.22	281.85	396.98	512.82
NET PROFIT FOR THE YEAR		521.31	649.50	894.58	1,155.61
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Remeasurement of the defined benefit plans		40.85	50.90	(0.74)	(0.96)
Income tax relating to items that will not be reclassified to profit or loss					
Remeasurement of the defined benefit plans		(12.26)	(15.27)	0.22	0.28
Total		28.59	35.63	(0.52)	(0.68)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		549.90	685.13	894.06	1,154.93

Torrent Pharma Philippines, Inc.
Notes annexed to and forming part of the Financial Statements

	As at 31-Mar-2018 PHP	As at 31-Mar-2018 INR	As at 31-Mar-2017 PHP	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 2 : OTHER FINANCIAL ASSETS				
Non-current				
Security deposits	4.74	5.91	4.74	6.12
Current				
Security deposits	16.35	20.37	16.35	21.12
Derivative financial instruments	0.12	0.15	-	-
Other Receivables	8.88	11.06	7.66	9.90
	<u>25.35</u>	<u>31.58</u>	<u>24.01</u>	<u>31.02</u>
	<u>30.09</u>	<u>37.49</u>	<u>28.75</u>	<u>37.14</u>
NOTE - 3 : OTHER ASSETS				
Current				
Claims receivable : Indirect tax				
Considered good	31.76	39.57	67.58	87.30
Employees advances	30.62	38.15	20.26	26.17
Prepaid expenses	113.04	140.84	123.42	159.43
	<u>175.42</u>	<u>218.56</u>	<u>211.26</u>	<u>272.90</u>
NOTE - 4 : INVENTORIES				
[At lower of cost and net realisable value]				
Finished goods	1,496.14	1,864.04	1,468.32	1,896.78
	<u>1,496.14</u>	<u>1,864.04</u>	<u>1,468.32</u>	<u>1,896.78</u>
NOTE - 5 : TRADE RECEIVABLES				
Considered good	3,293.06	4,102.82	2,942.31	3,800.88
	<u>3,293.06</u>	<u>4,102.82</u>	<u>2,942.31</u>	<u>3,800.88</u>
NOTE - 6 : CASH AND CASH EQUIVALENTS				
Cash on hand	10.74	13.38	6.02	7.78
Balances with banks	523.04	651.66	1,369.80	1,769.51
	<u>533.78</u>	<u>665.04</u>	<u>1,375.82</u>	<u>1,777.29</u>
NOTE - 7 : SHARE CAPITAL				
Subscribed and paid-up	385.46	480.24	385.46	497.94
	<u>385.46</u>	<u>480.24</u>	<u>385.46</u>	<u>497.94</u>
NOTE - 8 : OTHER EQUITY				
Retained earnings	1,931.18	2,406.06	1,381.28	1,784.34
	<u>1,931.18</u>	<u>2,406.06</u>	<u>1,381.28</u>	<u>1,784.34</u>

Torrent Pharma Philippines, Inc.

	As at 31-Mar-2018 PHP	As at 31-Mar-2018 INR	As at 31-Mar-2017 PHP	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 9 : OTHER FINANCIAL LIABILITIES				
Current				
Creditors for capital goods	-	-	0.83	1.07
Payables for employee benefits	52.78	65.76	52.32	67.59
Derivative financial instruments	-	-	0.18	0.23
Other payables	12.26	15.27	25.52	32.97
	<u>65.04</u>	<u>81.03</u>	<u>78.85</u>	<u>101.86</u>
NOTE - 10 : PROVISIONS				
Non-current				
Provision for employee benefits	202.63	252.46	193.36	249.78
Provision for sales returns	161.33	201.00	148.54	191.88
	<u>363.96</u>	<u>453.46</u>	<u>341.90</u>	<u>441.66</u>
Current				
Provision for sales returns	364.77	454.47	352.06	454.79
	<u>728.73</u>	<u>907.93</u>	<u>693.96</u>	<u>896.45</u>
NOTE - 11 : OTHER LIABILITIES				
Current				
Payables to statutory and other authorities	113.21	141.05	119.23	154.02
	<u>113.21</u>	<u>141.05</u>	<u>119.23</u>	<u>154.02</u>
NOTE - 12 : REVENUE FROM OPERATIONS				
Sales				
Sales outside India	8,464.04	10,545.35	7,647.08	9,878.50
	<u>8,464.04</u>	<u>10,545.35</u>	<u>7,647.08</u>	<u>9,878.50</u>
NOTE - 13 : OTHER INCOME				
Interest income	2.12	2.64	1.59	2.05
	<u>2.12</u>	<u>2.64</u>	<u>1.59</u>	<u>2.05</u>
NOTE - 14 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Opening inventories				
Finished goods	1,468.32	1,829.38	813.15	1,050.43
Less : Closing inventories				
Finished goods	1,496.14	1,864.04	1,468.32	1,896.78
Net (increase) / decrease in inventories	<u>(27.82)</u>	<u>(34.66)</u>	<u>(655.17)</u>	<u>(846.35)</u>

Torrent Pharma Philippines, Inc.

	Year Ended 31-Mar-2018	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017	Amt. in Lacs Year Ended 31-Mar-2017
	PHP	INR	PHP	INR
NOTE - 15 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus	1,036.79	1,291.74	968.61	1,251.25
Contribution to provident and other funds	39.92	49.74	37.65	48.64
Defined benefit retirement plan cost	50.11	62.43	39.78	51.39
Staff welfare expenses	46.23	57.60	43.11	55.69
	<u>1,173.05</u>	<u>1,461.51</u>	<u>1,089.15</u>	<u>1,406.97</u>
NOTE - 16 : FINANCE COSTS				
Other borrowing cost	22.96	28.61	21.78	28.14
	<u>22.96</u>	<u>28.61</u>	<u>21.78</u>	<u>28.14</u>
NOTE - 17 : OTHER EXPENSES				
Power and fuel	3.82	4.76	4.02	5.19
Laboratory goods and testing expense	20.10	25.04	22.80	29.45
Repairs and maintenance	1.30	1.62	0.27	0.35
Selling, publicity and medical literature expense	1,889.40	2,354.00	1,685.10	2,176.81
Travelling, conveyance and vehicle expenses	189.80	236.47	141.85	183.24
Registration expenses	11.69	14.56	9.17	11.85
Rent	107.08	133.41	103.68	133.93
Rates and taxes	57.27	71.35	49.89	64.45
Professional and legal fees	29.72	37.03	13.00	16.79
Communication expenses	73.87	92.03	80.63	104.16
Printing and stationery expenses	6.28	7.82	7.91	10.22
Insurance	3.47	4.32	2.88	3.72
Net foreign exchange Loss	83.80	104.41	95.20	122.98
Auditors remuneration and expenses	3.90	4.86	7.28	9.40
General charges	85.24	106.20	106.65	137.77
	<u>2,566.74</u>	<u>3,197.88</u>	<u>2,330.33</u>	<u>3,010.31</u>

Torrent Pharma Philippines, Inc.

Note -1 : Property,Plant and Equipment Schedule(LC)

Amt. in lacs

Particulars	Gross Block (At Cost)				Depreciation and amortisation				Net Block
	As at 01-Apr-17	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-18	As at 01-Apr-17	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-18	As at 31-Mar-18
PROPERTY,PLANT AND EQUIPMENT									
Furniture & Fixtures	82.32	-	-	82.32	14.46	13.62	-	28.08	54.24
Office Equipments	30.41	-	-	30.41	21.31	4.24	-	25.55	4.86
Total	112.73	-	-	112.73	35.77	17.86	-	53.63	59.10
Previous Year	93.29	19.44	-	112.73	18.88	16.89	-	35.77	76.96

Property,Plant and Equipment Schedule(INR)

Particulars	Gross Block (At Cost)				Depreciation and amortisation				Net Block
	As at 01-Apr-17	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-18	As at 01-Apr-17	Additions during the year	Deductions/ Adjustments during the year	As at 31-Mar-18	As at 31-Mar-18
PROPERTY,PLANT AND EQUIPMENT									
Furniture & Fixtures	102.56	-	-	102.56	18.02	16.97	-	34.99	67.57
Office Equipments	37.89	-	-	37.89	26.55	5.28	-	31.83	6.05
Total	140.45	-	-	140.45	44.56	22.25	-	66.82	73.63
Previous Year	120.52	25.11	-	145.63	24.39	21.82	-	46.21	99.42