

## INDEPENDENT AUDITOR'S REPORT

To the Associates,  
Torrent Pharma S.R.L.  
Bucharest, Romania

### Opinion

1. We have audited the reporting package (referred to below as "special purpose financial information") of Torrent Pharma S.R.L. (the 'Company'), which comprise the balance sheet as at March 31, 2020, and the income statement for the year then ended and statement of cash flows for the year then ended, and related disclosures, including a summary of significant accounting policies, prepared in accordance with Torrent Pharmaceuticals Group Accounting Policies.
2. In our opinion, the accompanying special purpose financial information of the Company for the year ended March 31, 2020 are prepared, in all material respects, in accordance with Torrent Pharmaceuticals Group Accounting Policies.

### Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Financial Information section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the special purpose financial information in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

4. We draw attention to Note A.1. General Information, part of the special purpose financial information, which indicates that the Company incurred net accumulated losses of RON 12,544,443 as of March 31, 2020 and the Company's current liabilities exceeded its total assets by RON 12,546,166. These events or conditions, along with our understanding of the associates' intentions to terminate the Company's operations in the foreseeable future, indicate that the Company will not continue as a going concern. The accompanying special purpose financial information were prepared on the assumption that the Company would not continue as a going concern; therefore, the Company's assets were reported in their expected net realizable values and liabilities were reported in their expected settlement values. Our opinion is not modified in respect of this matter.

### Other Matter – Basis of Accounting and Restriction on Distribution and Use

5. The special purpose financial information has been prepared for purposes of providing information to Torrent Pharmaceuticals Group to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Torrent Pharma S.R.L. in accordance with Generally Accepted Accounting Principles (GAAP) in India and is not intended to give a true and fair view of the financial position of Torrent Pharma S.R.L. as of March 31, 2020 and of its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) in India. The financial information may, therefore, not be suitable for any other purpose. This report is intended solely for the information and use of Torrent Pharmaceuticals Limited (Parent Company) for purposes of audit of the consolidated financial statements of Torrent Pharmaceuticals Group as of and for the year ended March 31, 2020. It should not be distributed to anyone other than these specified parties. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Information

6. Management is responsible for the preparation of the special purpose financial information in accordance with Torrent Pharmaceuticals Group Accounting Policies and for such internal control as management determines is necessary to enable the preparation of the special purpose financial information that are free from material misstatement, whether due to fraud or error.

7. In preparing the special purpose financial information, 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.
8. Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Special Purpose Financial Information**

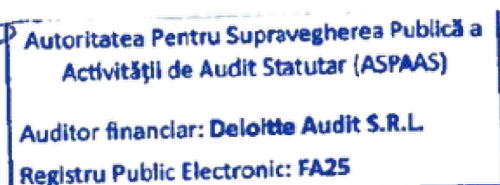
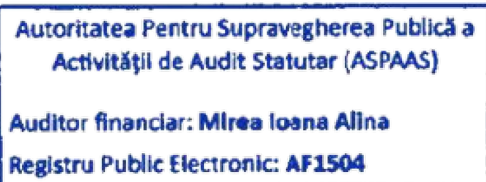
9. Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 special purpose financial information.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the special purpose financial information, 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 special purpose financial information 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.
11. 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.

On behalf of:  
Deloitte Audit SRL

Alina Mirea



Bucharest, Romania  
April 24, 2020



**Torrent Pharma S.R.L.**  
**Balance Sheet**

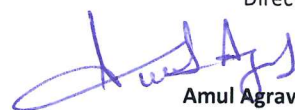
	Notes	As at 31-Mar-2020 RON	As at 31-Mar-2019 RON
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1	1,722.86	5,090.17
Other intangible assets	1	0.01	199.89
Financial assets			
Other financial assets	2	-	22,366.50
		<b>1,722.87</b>	27,656.56
<b>Current assets</b>			
Financial assets			
Trade receivables	5	-	19,775.14
Cash and cash equivalents	6	219,325.30	1,518,662.21
Other financial assets	2	-	-
Other current assets	3	193,932.66	375,627.31
		<b>413,257.96</b>	1,914,064.66
<b>TOTAL</b>		<b>414,980.83</b>	1,941,721.22
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	7	4,145,780.00	4,145,780.00
Other equity	8	(16,690,223.32)	(16,547,137.83)
		<b>(12,544,443.32)</b>	(12,401,357.83)
<b>Current liabilities</b>			
Financial liabilities			
Trade payables		12,940,636.15	12,799,336.05
Other financial liabilities	9	-	24,931.00
		<b>12,940,636.15</b>	12,824,267.05
Other current liabilities	11	18,788.00	18,919.00
Liabilities for current tax (net)		-	1,499,893.00
		<b>12,959,424.15</b>	14,343,079.05
<b>TOTAL</b>		<b>414,980.83</b>	1,941,721.22

**Note :**

- (i) The financial statements are prepared using uniform accounting policies as adopted by the parent company.

Signatures to the Balance Sheet  
For, Balance Sheet as at March 31, 2020

Director

  
**Amul Agrawal**  
Romania


Date: 24th April 2020

**Torrent Pharma S.R.L.**  
**Statement of Profit and Loss**

	Notes	Year Ended 31-Mar-2020 RON	Year Ended 31-Mar-2019 RON
<b>REVENUE</b>			
Revenue from operations	12	-	3,708,736.03
Other income	13	<b>2,234.60</b>	39,898,161.15
<b>Total Revenue</b>		<b>2,234.60</b>	<b>43,606,897.18</b>
<b>EXPENSES</b>			
Purchases of stock-in-trade		-	-
Employee benefits expense	15	<b>548,524.38</b>	573,503.50
Finance costs	16	-	-
Depreciation and amortisation expense		<b>3,567.20</b>	28,409.89
Other expenses	17	<b>261,537.51</b>	4,001,672.56
<b>Total Expenses</b>		<b>813,629.09</b>	<b>4,603,585.95</b>
Exceptional items (net)		-	-
<b>PROFIT BEFORE TAX</b>		<b>(811,394.49)</b>	<b>39,003,311.23</b>
<b>TAX EXPENSE</b>			
Current tax		-	1,499,893.00
Deferred tax charge / (credit)		-	-
Short / (excess) provision for tax of earlier years		<b>(668,309.00)</b>	-
		<b>(668,309.00)</b>	<b>1,499,893.00</b>
<b>NET PROFIT FOR THE YEAR</b>		<b>(143,085.49)</b>	<b>37,503,418.23</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
		-	-
<b>Total</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(143,085.49)</b>	<b>37,503,418.23</b>

Significant Accounting Policies  
Notes forming part of the Financial Statements

Signatures to the Balance Sheet  
For, Balance Sheet as at March 31, 2020

Director  
  
**Amul Agrawal**  
Romania

Date: 24th April 2020

**Torrent Pharma S.R.L.**

**Notes annexed to and forming part of the Financial Statements**

	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 2 : OTHER FINANCIAL ASSETS</b>		
<b>Non-current</b>		
Security deposits	-	22,366.50
	-	22,366.50
<b>Current</b>		
Other Receivables	-	-
	-	-
	-	22,366.50

	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 3 : OTHER ASSETS</b>		
<b>Current</b>		
Indirect Taxes Recoverable	186,052.44	364,706.10
Employees advances	491.68	1,000.00
Prepaid expenses	7,388.54	9,921.21
	193,932.66	375,627.31

	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 5 : TRADE RECEIVABLES</b>		
Considered good	-	19,775.14
Considered doubtful	2,897,860.70	2,897,860.70
Less : Allowance for doubtful trade receivables	2,897,860.70	2,897,860.70
	-	19,775.14

	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 6 : CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalent		
Balances with banks	219,325.30	1,518,662.21
	219,325.30	1,518,662.21

	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 7 : SHARE CAPITAL</b>		
Subscribed and paid-up	4,145,780.00	4,145,780.00
	4,145,780.00	4,145,780.00

**Torrent Pharma S.R.L.**

	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 8 : OTHER EQUITY</b>		
Reserves and surplus		
Retained earnings		
Balance as per last balance sheet	(16,547,137.83)	(54,050,556.06)
Add: Net profit for the current year	(143,085.49)	37,503,418.23
Closing balance	(16,690,223.32)	(16,547,137.83)
	<u>(16,690,223.32)</u>	<u>(16,547,137.83)</u>
	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 9 : OTHER FINANCIAL LIABILITIES</b>		
<b>Current</b>		
Payables for employee benefits	-	24,931.00
	<u>-</u>	<u>24,931.00</u>
	As at 31-Mar-2020	As at 31-Mar-2019
	RON	RON
<b>NOTE - 11 : OTHER LIABILITIES</b>		
<b>Current</b>		
Payables to statutory and other authorities	18,788.00	18,919.00
	<u>18,788.00</u>	<u>18,919.00</u>
	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RON	RON
<b>NOTE - 12 : REVENUE FROM OPERATIONS</b>		
<b>Sales</b>		
Sales outside India	-	2,835,878.03
<b>Operating Income</b>		
Other operating income	-	872,858.00
	<u>-</u>	<u>3,708,736.03</u>

**Torrent Pharma S.R.L.**

	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RON	RON
<b>NOTE - 13 : OTHER INCOME</b>		
Other non-operating income	2,234.60	39,898,161.15
	<b>2,234.60</b>	<b>39,898,161.15</b>
	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RON	RON
<b>NOTE - 15 : EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	534,950.13	558,796.55
Contribution to provident and other funds	13,574.25	14,706.95
	<b>548,524.38</b>	<b>573,503.50</b>
	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RON	RON
<b>NOTE - 16 : FINANCE COSTS</b>		
Other borrowing cost	-	-
	<b>-</b>	<b>-</b>
	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
	RON	RON
<b>NOTE - 17 : OTHER EXPENSES</b>		
Repairs and maintenance	1,554.53	4,529.01
Selling, publicity and medical literature expense	3,593.02	81,543.88
Sales and turnover taxes	8,676.50	1,185,176.91
Allowance for doubtful debts	-	-
Travelling, conveyance and vehicle expenses	-	2,274.10
Registration expenses	-	95,596.01
Rent	104,752.39	618,847.64
Professional and legal fees	-	876,245.76
Communication expenses	7,066.55	32,589.33
Printing and stationery expenses	-	2,118.50
Insurance	-	-
Net foreign exchange Loss	112,445.08	1,067,164.31
Auditors remuneration and expenses	14,801.90	14,824.33
General charges	8,647.54	20,762.78
	<b>261,537.51</b>	<b>4,001,672.56</b>