

# Independent auditor's report

To Heunet Pharma GmbH, Nuremberg

## **Opinion**

We have audited the enclosed balance sheet of Heunet Pharma GmbH, Nuremberg, (the Company) as of March 31, 2022, the enclosed income statement for the year then ended and the enclosed relevant notes including a summary of the accounting policies (together "the financial statements").

In our opinion, the financial statements of the Company for the year ended March 31, 2022 are prepared, in all material respects, in accordance with the accounting policies.

## **Basis for the Opinion**

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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Germany, 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.

## **Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with the accounting policies, 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 relating 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.

## **Auditor's 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 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 this financial statement.

This report was issued for information purposes to Heunet Pharma GmbH and must not be used in any other context than to inform its ultimate shareholder Torrent Pharmaceuticals Ltd. and to support the ultimate shareholder in fulfilling its filing requirements under the Indian Companies Act. This report must not, in particular, be handed out to third parties or included in sales prospectuses or similar public documents or media. "Third parties" in these regulations are not Torrent Pharmaceuticals Ltd., Ahmedabad, India, and the Indian Registrar of Companies.

We have provided the services described above on behalf of Heunet Pharma GmbH. We have carried out our engagement on the basis of the General Engagement Terms included in our engagement agreement dated as of January 1, 2017 (Appendix 2). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Nuremberg, April 28, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Signiert von  
Holger Kelle  
am 28.04.2022

Dr. Kelle  
Wirtschaftsprüfer  
[German Public Auditor]

Signiert von  
Andreas Arndt  
am 28.04.2022

Arndt  
Wirtschaftsprüfer  
[German Public Auditor]

## Appendices

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Appendix 1  
Annual financial  
statements  
as of March 31, 2022

**1.1 Balance sheet**

**1.2 Income statement**

**1.3 Notes to financial statements**

# Heunet Pharma GmbH, Nuremberg

Nuremberg Local court No. HRA 25678

## Balance sheet as of March 31, 2022

### Assets

	Mar. 31, 2022		Mar. 31, 2021	
	EUR	EUR	EUR	EUR
<b>A. Current financial assets</b>				
<b>I. Inventories</b>				
1. Goods	9,121,185.21		12,798,988.34	
2. Prepayments	3,251,671.73	12,372,856.94	4,199,807.34	16,998,795.68
– thereof against affiliated companies				
EUR 3.251.671,73 (prior year EUR 4,199,807.34) –				
<b>II. Receivables and other assets</b>				
1. Trade Receivables	8,393,922.73		14,955,103.86	
2. Receivables from affiliates	30,000,000.00		30,176,705.50	
3. Other assets	9,098,898.44	47,492,821.17	4,174,564.77	49,306,374.13
<b>III. Cash at banks</b>		8,175,025.26		21,033,490.48
		<b>68,040,703.37</b>		<b>87,338,660.29</b>
<b>B. Prepaid expenses</b>		<b>0.00</b>		<b>17.42</b>
<b>C. Deferred tax</b>		<b>1,028,618.35</b>		<b>934,239.29</b>
		<b>69,069,321.72</b>		<b>88,272,917.00</b>

## Equity and liabilities

	Mar. 31, 2022	Mar. 31, 2021
	EUR	EUR
<b>A. Equity</b>		
I. Subscribed capital	25,000.00	25,000.00
II. Profit carryforward	6,306,987.98	0.00
III. Net income for the year	4,553,872.61	0.00
IV. Profit as shown in the balance	0.00	6,306,987.98
	<b>10,885,860.59</b>	<b>6,331,987.98</b>
<b>B. Provisions</b>		
1. Tax provisions	10,230,935.39	4,952,019.48
2. Other provisions	38,800,348.96	66,034,100.23
	<b>49,031,284.35</b>	<b>70,986,119.71</b>
<b>C. Liabilities</b>		
1. Trade payables	298,623.52	259,933.92
2. Liabilities to affiliates	8,713,857.60	10,596,961.52
3. Other liabilities	139,695.66	97,913.87
	<b>9,152,176.78</b>	<b>10,954,809.31</b>
	<b>69,069,321.72</b>	<b>88,272,917.00</b>

# Heunet Pharma GmbH, Nuremberg

## Income statement for the period from April 1, 2021 to March 31, 2022

	2021/2022		2020/2021	
	EUR	EUR	EUR	EUR
1. Revenues		28,776,144.26		35,001,882.56
2. Other operating income		3,379,965.64		1,267,233.97
3. Cost of raw materials, consumables and supplies and of purchased merchandise		-15,035,986.08		-19,586,260.21
4. Personnel expenses				
a) Wages and salaries	0.00		-15,645.00	
b) Social security, pension and other benefit costs	0.00	0.00	-3,139.38	-18,784.38
5. Other operating expenses		-9,224,668.05		-7,478,502.75
6. Other interest and similar income		511,320.81		331,736.34
– thereof from affiliates EUR 281,640.81 (prior year EUR 329,568.34) –				
7. Interest and similar expenses		-110,654.00		0.00
8. Income taxes		-3,755,017.08		-3,061,707.60
<b>9. Profit after income tax</b>		<b>4,541,105.50</b>		<b>6,455,597.93</b>
10. Other taxes		12,767.11		0.00
<b>11. Net income for the year</b>		<b>4,553,872.61</b>		<b>6,455,597.93</b>
12. Profit carryforward		6,306,987.98		7,351,390.05
13. Dividend payment		0.00		-7,500,000.00
– thereof advanced dividend EUR 0.00 (prior year EUR 7,500,000.00) –				
<b>14. Profit as shown in the balance</b>		<b>10,860,860.59</b>		<b>6,306,987.98</b>



## **Heunet Pharma GmbH**

NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED MARCH 31, 2022

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis for Preparation**

The financial statements are prepared and presented using acquisition costs and on accrual basis of accounting in accordance with the generally accepted German accounting principles (GAAP/HGB). Except as otherwise stated, accounting policies are consistently applied.

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP/HGB requires management to make assumptions and estimates, which it believes are reasonable under the circumstances that affect the reported amounts of assets, liabilities and contingent liabilities, if any, on the date of financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

#### **Inventories**

Inventories consist of finished goods and traded goods.

Costs of inventories are initially determined on a moving average basis, these costs are adjusted to reflect the lower of cost, net realizable value or lower purchase price. Provision for impairment is made when there is high uncertainty in salability of a product.

#### **Trade Receivables**

Trade receivables are stated at the net realizable amount which the management expects to collect from outstanding balances. Provision for doubtful accounts is determined and is provided by the management through a charge to earnings and an increase to a valuation allowance based on its assessment of the current status of individual accounts.

#### **Revenue Recognition**

- (a) Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of goods are transferred to customers. Provision/accrual for sales returns, discounts, rebates to the healthcare companies are estimated and provided for in the year of sales and are recorded as reduction from revenue. The exact methodology and assumptions used to estimate rebates, discounts and returns are monitored and adjusted regularly to reflect the actual current situation and contracts.
- (b) Revenue from other income is recognized when reasonable certainty as to its realization exists.
- (c) Interest Income from deposit is recognized at the completion of deposit term.
- (d) As per German GAAP/HGB, income/expense from previous years are recognized as other operating income/expense previous year.

**Taxes**

Corporate tax and trade tax is accounted on the basis of estimated taxable income for the current accounting year and in accordance with the local tax laws. Deferred tax resulting from the timing differences between accounting and taxable profit for the period is accounted by using tax rates and laws that have been enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that these assets can be realized in the future.

**Provisions, Contingent Liabilities and Contingent Asset and Liabilities**

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, and it is probable that there will be an outflow of resources. Liabilities which are of a contingent nature if any are not provided for but are disclosed at their estimated amount in the notes forming part of accounts.

**Interest and similar expense**

Interest and similar expense include interest expense for taxes.