

C.02 Audit Report

Interoffice Audit Report on Financial Information Prepared for Consolidation Purposes

B S R & Co LLP

Chartered Accountants


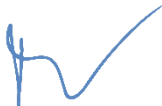
Ahmedabad

India

We have audited the financial information prepared for consolidation purposes of Heunet 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>April 27, 2018</i>	

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Heunet 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					
Non-current tax assets (net)		-	-	4.67	323.39
Deferred tax assets (net)		16.70	1,346.39	10.60	734.02
		16.70	1,346.39	15.27	1,057.41
Current assets					
Inventories	4	106.99	8,625.77	53.48	3,703.36
Financial assets					
Trade receivables	5	89.65	7,227.78	97.63	6,760.64
Cash and cash equivalents	6	0.94	75.78	80.15	5,550.20
Bank balances other than cash and cash equivalent		200.70	16,180.88	311.98	21,603.87
Loans	1	26.18	2,110.69	8.00	553.98
Other financial assets	2	0.54	43.54	0.48	33.24
Other current assets	3	22.61	1,822.87	0.77	53.32
		447.61	36,087.31	552.49	38,258.61
TOTAL		464.31	37,433.70	567.76	39,316.02
EQUITY AND LIABILITIES					
Equity					
Equity share capital	7	0.25	20.16	0.25	17.31
Other equity	8	16.53	1,332.68	13.55	938.30
		16.78	1,352.84	13.80	955.61
Current liabilities					
Financial liabilities					
Trade payables		389.95	31,438.63	518.74	35,921.23
Other financial liabilities	9	0.26	20.96	0.24	16.62
		390.21	31,459.59	518.98	35,937.85
Other current liabilities	11	0.01	0.81	-	-
Provisions	10	54.10	4,361.66	34.98	2,422.56
Liabilities for current tax (net)		3.21	258.80	-	-
		447.53	36,080.86	553.96	38,360.41
TOTAL		464.31	37,433.70	567.76	39,316.02

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

Heunet Pharma GmbH
Statement of Profit and Loss

		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	12	255.21	20,575.59	243.90	16,889.49
Other income	13	0.37	29.83	0.39	27.00
Total Revenue		<u>255.58</u>	<u>20,605.42</u>	<u>244.29</u>	<u>16,916.49</u>
EXPENSES					
Cost of materials consumed	14	0.19	15.32	0.54	37.39
Purchases of stock-in-trade		179.47	14,469.27	151.09	10,462.62
Changes in inventories of finished goods, work-in-progress and stock-in-trade	15	(53.72)	(4,331.02)	5.24	362.86
Employee benefits expense	16	0.21	16.93	0.84	58.17
Other expenses	17	121.29	9,778.67	77.88	5,393.00
Total Expenses		<u>247.44</u>	<u>19,949.17</u>	<u>235.59</u>	<u>16,314.04</u>
PROFIT BEFORE TAX		8.14	656.25	8.70	602.45
TAX EXPENSE					
Current tax		8.80	709.48	(3.82)	(264.53)
Deferred tax charge / (credit)		(6.10)	(491.80)	2.87	198.74
Short / (excess) provision for tax of earlier years		2.46	198.33	-	-
		<u>5.16</u>	<u>416.01</u>	<u>(0.95)</u>	<u>(65.79)</u>
NET PROFIT FOR THE YEAR		<u>2.98</u>	<u>240.24</u>	<u>9.65</u>	<u>668.24</u>
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2.98</u>	<u>240.24</u>	<u>9.65</u>	<u>668.24</u>

Heunet Pharma GmbH
Notes annexed to and forming part of the Financial Statements

	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 : LOANS				
[Unsecured and considered good, unless otherwise stated]				
Current				
Loans to related parties	26.18	2,110.69	8.00	553.98
	<u>26.18</u>	<u>2,110.69</u>	<u>8.00</u>	<u>553.98</u>
NOTE - 2 : OTHER FINANCIAL ASSETS				
Current				
Others	0.54	43.54	0.48	33.24
	<u>0.54</u>	<u>43.54</u>	<u>0.48</u>	<u>33.24</u>
NOTE - 3 : OTHER ASSETS				
Current				
Claims receivable : Indirect tax / insurance				
Considered good	22.58	1,820.45	0.70	48.47
Prepaid expenses	0.03	2.42	0.07	4.85
	<u>22.61</u>	<u>1,822.87</u>	<u>0.77</u>	<u>53.32</u>
NOTE - 4 : INVENTORIES				
[At lower of cost and net realisable value]				
Raw materials	-	-	0.21	14.54
Finished goods	29.06	2,342.88	19.80	1,371.10
Stock-in-trade	77.93	6,282.89	33.47	2,317.72
	<u>106.99</u>	<u>8,625.77</u>	<u>53.48</u>	<u>3,703.36</u>
NOTE - 5 : TRADE RECEIVABLES				
Considered good	89.65	7,227.78	97.63	6,760.64
Considered doubtful	-	-	0.03	2.08
Less : Allowance for doubtful trade receivables	-	-	0.03	2.08
	<u>89.65</u>	<u>7,227.78</u>	<u>97.63</u>	<u>6,760.64</u>
NOTE - 6 : CASH AND CASH EQUIVALENTS				
Balances with banks	0.94	75.78	80.15	5,550.20
	<u>0.94</u>	<u>75.78</u>	<u>80.15</u>	<u>5,550.20</u>
NOTE - 7 : SHARE CAPITAL				
Subscribed and paid-up	0.25	20.16	0.25	17.31
	<u>0.25</u>	<u>20.16</u>	<u>0.25</u>	<u>17.31</u>
NOTE - 8 : OTHER EQUITY				
Retained earnings	16.53	1,332.68	13.55	938.30
	<u>16.53</u>	<u>1,332.68</u>	<u>13.55</u>	<u>938.30</u>

Heunet 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 : OTHER FINANCIAL LIABILITIES				
Current				
Other payables	0.26	20.96	0.24	16.62
	<u>0.26</u>	<u>20.96</u>	<u>0.24</u>	<u>16.62</u>
NOTE - 10 : PROVISIONS				
Current				
Provision for sales returns	1.14	91.91	1.33	92.10
Provision for failure to supply	52.96	4,269.75	33.65	2,330.46
	<u>54.10</u>	<u>4,361.66</u>	<u>34.98</u>	<u>2,422.56</u>
NOTE - 11 : OTHER LIABILITIES				
Current				
Payables to statutory and other authorities	0.01	0.81	-	-
	<u>0.01</u>	<u>0.81</u>	<u>-</u>	<u>-</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 - 12 : REVENUE FROM OPERATIONS				
Sales				
Sales outside India	234.44	18,901.07	242.28	16,777.31
Operating Income				
Other operating income	20.77	1,674.52	1.62	112.18
	<u>255.21</u>	<u>20,575.59</u>	<u>243.90</u>	<u>16,889.49</u>
NOTE - 13 : OTHER INCOME				
Interest income	0.37	29.83	0.39	27.00
	<u>0.37</u>	<u>29.83</u>	<u>0.39</u>	<u>27.00</u>
NOTE - 14 : COST OF MATERIALS CONSUMED				
Raw materials	0.19	15.32	0.54	37.39
	<u>0.19</u>	<u>15.32</u>	<u>0.54</u>	<u>37.39</u>
NOTE - 15 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Opening inventories				
Finished goods	19.80	1,596.32	13.05	903.68
Stock-in-trade	33.47	2,698.43	45.46	3,148.00
	<u>53.27</u>	<u>4,294.75</u>	<u>58.51</u>	<u>4,051.68</u>
Less : Closing inventories				
Finished goods	29.06	2,342.88	19.80	1,371.10
Stock-in-trade	77.93	6,282.89	33.47	2,317.72
	<u>106.99</u>	<u>8,625.77</u>	<u>53.27</u>	<u>3,688.82</u>
Net (increase) / decrease in inventories	<u>(53.72)</u>	<u>(4,331.02)</u>	<u>5.24</u>	<u>362.86</u>
NOTE - 16 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus	0.19	15.32	0.71	49.17
Contribution to provident and other funds	0.02	1.61	0.13	9.00
	<u>0.21</u>	<u>16.93</u>	<u>0.84</u>	<u>58.17</u>

Heunet Pharma GmbH

	Year Ended 31-Mar-2018	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017	Amt. in Lacs Year Ended 31-Mar-2017
	EUR	INR	EUR	INR
NOTE - 17 : OTHER EXPENSES				
Selling, publicity and medical literature expense	6.13	494.21	7.54	522.13
Compensation expense	19.30	1,556.01	(9.13)	(632.23)
Rent	4.74	382.15	5.10	353.16
Professional and legal fees	0.18	14.51	0.08	5.54
Communication expenses	0.01	0.81	-	-
Auditors remuneration and expenses	0.14	11.29	0.12	8.31
General charges	90.79	7,319.69	74.17	5,136.09
	<u>121.29</u>	<u>9,778.67</u>	<u>77.88</u>	<u>5,393.00</u>