



Independent Auditors' Report

The Board of Directors and Stockholders
Laboratorios Torrent, S. A. de C. V.

Opinion

We have audited the accompanying financial statements of Laboratorios Torrent, S. A. de C. V. (the Company), which comprise the statements of financial position as at March 31, 2018, the statements of operations, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Laboratorios Torrent, S. A. de C. V. as at March 31, 2018, and its results and its cash flows for the year then ended, in accordance with Mexican Financial Reporting Standards (FRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 ethical requirements that are relevant to our audit of the financial statements in Mexico, 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

As described in note 3(m) to the accompanying financial statements, the sales carried out with five main customers represented approximately 85% in 2017; the principal supplier is its parent company from which the Company made approximately 100% of the Company's total purchases. Our opinion is not modified in respect of this matter.

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 FRS, 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 auditors' 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 financial statements.

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 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 auditors' 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 auditors' 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.

Other Matter

The financial statements as of and for the year ended March 31, 2017 were included for comparison purposes because they were audited by other public accountants which in their audit report dated April 19, 2017 submitted an unqualified opinion.

KPMG CARDENAS DOSAL, S. C.

A handwritten signature in black ink, appearing to read 'Edgar de la Rosa', written in a cursive style.

Edgar de la Rosa

Mexico City, April 16, 2018.

Laboratorios Torrent, S.A. de C.V.
Balance Sheet

	Notes	As at 31-Mar-2018 MXN	As at 31-Mar-2018 INR	As at 31-Mar-2017 MXN	Amt. in Lacs As at 31-Mar-2017 INR
ASSETS					
Non-current assets					
Property, plant and equipment	1	59.41	210.65	66.52	230.55
Other intangible assets	1	1.96	6.95	3.93	13.62
Financial assets					
Other financial assets	2	9.07	32.16	40.71	141.09
		<u>9.07</u>	<u>32.16</u>	<u>40.71</u>	<u>141.09</u>
Non-current tax assets (net)		7.32	25.95	9.14	31.68
		<u>77.76</u>	<u>275.71</u>	<u>120.30</u>	<u>416.94</u>
Current assets					
Inventories	4	71.67	254.12	69.99	242.57
Financial assets					
Trade receivables	5	330.12	1,170.51	225.90	782.92
Cash and cash equivalents	6	98.14	347.97	23.60	81.79
Other financial assets	2	13.54	48.01	11.09	38.44
Other current assets	3	141.22	500.72	158.30	548.64
		<u>654.69</u>	<u>2,321.33</u>	<u>488.88</u>	<u>1,694.36</u>
TOTAL		<u>732.45</u>	<u>2,597.04</u>	<u>609.18</u>	<u>2,111.30</u>
EQUITY AND LIABILITIES					
Equity					
Equity share capital	7	747.41	2,650.09	747.41	2,590.37
Other equity	8	(366.93)	(1,301.02)	(474.57)	(1,644.76)
		<u>380.48</u>	<u>1,349.07</u>	<u>272.84</u>	<u>945.61</u>
Non-current liabilities					
Provisions	10	32.99	116.97	28.15	97.56
		<u>32.99</u>	<u>116.97</u>	<u>28.15</u>	<u>97.56</u>
Current liabilities					
Financial liabilities					
Trade payables		245.25	869.58	282.62	979.51
Other financial liabilities	9	18.24	64.67	4.97	17.23
		<u>263.49</u>	<u>934.25</u>	<u>287.59</u>	<u>996.74</u>
Other current liabilities	11	11.13	39.46	8.74	30.29
Provisions	10	44.36	157.29	11.86	41.10
		<u>318.98</u>	<u>1,131.00</u>	<u>308.19</u>	<u>1,068.13</u>
TOTAL		<u>732.45</u>	<u>2,597.04</u>	<u>609.18</u>	<u>2,111.30</u>

All monetary and non-monetary items in the balance sheet have been translated at closing rate of 1 MX \$ = Rs. 3.5457 (3.4658)

Laboratorios Torrent, S.A. de C.V.
Statement of Profit and Loss

	Notes	Year Ended 31-Mar-2018 MXN	Year Ended 31-Mar-2018 INR	Year Ended 31-Mar-2017 MXN	Amt. in Lacs Year Ended 31-Mar-2017 INR
REVENUE					
Revenue from operations	12	1,073.19	3,805.21	855.40	2,964.65
Other income	13	2.99	10.60	10.74	37.22
Total Revenue		1,076.18	3,815.81	866.14	3,001.87
EXPENSES					
Purchases of stock-in-trade		177.61	629.75	228.54	792.07
Changes in inventories of finished goods, work-in-progress and stock-in-trade	14	(1.68)	(5.96)	(2.26)	(7.83)
Employee benefits expense	15	446.66	1,583.72	350.05	1,213.20
Finance costs	16	0.70	2.48	0.67	2.32
Depreciation and amortisation expense		10.14	35.95	7.10	24.61
Other expenses	17	335.66	1,190.15	382.72	1,326.43
Total Expenses		969.09	3,436.09	966.82	3,350.80
PROFIT BEFORE TAX		107.09	379.72	(100.68)	(348.93)
TAX EXPENSE		-	-	-	-
NET PROFIT FOR THE YEAR		107.09	379.72	(100.68)	(348.93)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Remeasurement of the defined benefit plans		0.55	1.95	(4.23)	(14.66)
Total		0.55	1.95	(4.23)	(14.66)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		107.64	381.67	(104.91)	(363.59)

Laboratorios Torrent, S.A. de C.V.
Notes annexed to and forming part of the Financial Statements

	As at 31-Mar-2018 MXN	As at 31-Mar-2018 INR	As at 31-Mar-2017 MXN	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 2 : OTHER FINANCIAL ASSETS				
Non-current				
Security deposits	9.07	32.16	40.71	141.09
Current				
Other receivables	13.54	48.01	11.09	38.44
	<u>22.61</u>	<u>80.17</u>	<u>51.80</u>	<u>179.53</u>
NOTE - 3 : OTHER ASSETS				
Current				
Claims receivable : indirect tax				
Considered good	120.21	426.23	143.76	498.24
Employees advances	0.16	0.57	-	-
Prepaid expenses	20.85	73.93	14.54	50.39
	<u>141.22</u>	<u>500.73</u>	<u>158.30</u>	<u>548.63</u>
NOTE - 4 : INVENTORIES				
[At lower of cost and net realisable value]				
Finished goods	71.67	254.12	69.99	242.57
	<u>71.67</u>	<u>254.12</u>	<u>69.99</u>	<u>242.57</u>
NOTE - 5 : TRADE RECEIVABLES				
Considered good	330.12	1,170.51	225.90	782.92
Considered doubtful	0.28	0.99	28.79	99.78
Less : Allowance for doubtful trade receivables	0.28	0.99	28.79	99.78
	<u>330.12</u>	<u>1,170.51</u>	<u>225.90</u>	<u>782.92</u>
NOTE - 6 : CASH AND CASH EQUIVALENTS				
Cash on hand	0.05	0.18	-	-
Balances with banks	19.74	69.99	1.45	5.03
Fixed deposits	78.35	277.81	22.15	76.77
	<u>98.14</u>	<u>347.98</u>	<u>23.60</u>	<u>81.80</u>
NOTE - 7 : SHARE CAPITAL				
Subscribed and paid-up	747.41	2,650.09	747.41	2,590.37
	<u>747.41</u>	<u>2,650.09</u>	<u>747.41</u>	<u>2,590.37</u>
NOTE - 8 : OTHER EQUITY				
Retained earnings	(366.93)	(1,301.02)	(474.57)	(1,644.77)
	<u>(366.93)</u>	<u>(1,301.02)</u>	<u>(474.57)</u>	<u>(1,644.77)</u>

Laboratorios Torrent, S.A. de C.V.

	As at 31-Mar-2018 MXN	As at 31-Mar-2018 INR	As at 31-Mar-2017 MXN	Amt. in Lacs As at 31-Mar-2017 INR
NOTE - 9 : OTHER FINANCIAL LIABILITIES				
Current				
Payables for employee benefits	18.24	64.67	2.27	7.87
Other payables	-	-	2.70	9.36
	<u>18.24</u>	<u>64.67</u>	<u>4.97</u>	<u>17.23</u>
NOTE - 10 : PROVISIONS				
Non-current				
Provision for employee benefits	32.99	116.97	28.15	97.56
Current				
Provision for sales returns	44.36	157.29	11.86	41.10
	<u>77.35</u>	<u>274.26</u>	<u>40.01</u>	<u>138.66</u>
NOTE - 11 : OTHER LIABILITIES				
Current				
Payables to statutory and other authorities	11.13	39.46	8.74	30.29
	<u>11.13</u>	<u>39.46</u>	<u>8.74</u>	<u>30.29</u>
	Year Ended 31-Mar-2018 MXN	Year Ended 31-Mar-2018 INR	Year Ended 31-Mar-2017 MXN	Amt. in Lacs Year Ended 31-Mar-2017 INR
NOTE - 12 : REVENUE FROM OPERATIONS				
Sales				
Sales outside India	1,021.83	3,623.10	796.89	2,761.86
Operating Income				
Other operating income	51.36	182.11	58.51	202.78
	<u>1,073.19</u>	<u>3,805.21</u>	<u>855.40</u>	<u>2,964.64</u>
NOTE - 13 : OTHER INCOME				
Interest income	2.46	8.72	1.54	5.34
Net foreign exchange gain	-	-	9.20	31.89
Profit on sale of fixed assets	0.53	1.88	-	-
	<u>2.99</u>	<u>10.60</u>	<u>10.74</u>	<u>37.23</u>
NOTE - 14 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE				
Opening inventories				
Finished goods	69.99	248.16	67.73	234.74
Less : Closing inventories				
Finished goods	71.67	254.12	69.99	242.57
Net (increase) / decrease in inventories	<u>(1.68)</u>	<u>(5.96)</u>	<u>(2.26)</u>	<u>(7.83)</u>

Laboratorios Torrent, S.A. de C.V.

	Year Ended 31-Mar-2018	Year Ended 31-Mar-2018	Year Ended 31-Mar-2017	Amt. in Lacs Year Ended 31-Mar-2017
	MXN	INR	MXN	INR
NOTE - 15 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus	320.59	1,136.72	265.78	921.14
Contribution to provident and other funds	67.66	239.90	60.77	210.62
Retirement benefit plan and seniority premium plan cost	26.75	94.85	0.69	2.39
Staff welfare expenses	31.66	112.26	22.81	79.05
	<u>446.66</u>	<u>1,583.73</u>	<u>350.05</u>	<u>1,213.20</u>
NOTE - 16 : FINANCE COSTS				
Other borrowing cost	0.70	2.48	0.67	2.32
	<u>0.70</u>	<u>2.48</u>	<u>0.67</u>	<u>2.32</u>
NOTE - 17 : OTHER EXPENSES				
Power and fuel	0.47	1.67	0.54	1.87
Cost of outsourced manpower	1.89	6.70	19.55	67.76
Laboratory goods and testing expense	2.08	7.38	2.62	9.08
Clinical research expense	22.66	80.35	33.42	115.83
Repairs and maintenance	5.87	20.81	5.84	20.24
Selling, publicity and medical literature expense	119.92	425.20	116.35	403.25
Allowance for doubtful debts	(8.91)	(31.59)	(7.26)	(25.16)
Travelling, conveyance and vehicle expenses	65.56	232.46	66.68	231.10
Registration expenses	21.10	74.81	15.99	55.42
Rent	30.04	106.51	32.19	111.56
Professional and legal fees	43.92	155.73	64.26	222.71
Communication expenses	6.50	23.05	7.61	26.37
Printing and stationery expenses	1.41	5.00	2.40	8.32
Insurance	6.78	24.04	8.32	28.84
Loss on sale / discard / write-off of property, plant and equipments	-	-	0.32	1.11
Net foreign exchange Loss	1.28	4.54	-	-
Auditors remuneration and expenses	7.29	25.85	4.73	16.39
General charges	7.80	27.66	9.16	31.75
	<u>335.66</u>	<u>1,190.17</u>	<u>382.72</u>	<u>1,326.44</u>

Note - 1 : Property, Plant and Equipment and Other Intangible Assets 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									
Building	53.08	3.50	-	56.57	2.87	5.66	-	8.53	48.04
Furniture & Fixtures	12.80	0.06	3.50	9.37	0.45	0.93	-	1.39	7.98
Office Equipments	10.11	1.14	0.80	10.45	6.15	1.59	0.66	7.07	3.38
TOTAL	75.99	4.70	4.29	76.40	9.47	8.18	0.66	16.99	59.41
Previous Year	11.54	67.94	3.50	75.99	6.50	5.14	2.17	9.47	66.52
OTHER INTANGIBLE ASSETS									
Computer Software	13.05	-	-	13.05	9.12	1.96	-	11.08	1.96
TOTAL	13.05	-	-	13.05	9.12	1.96	-	11.08	1.96
Previous Year	13.05	-	-	13.05	7.16	1.96	-	9.12	3.93

Property ,Plant and Equipment and Other Intangible Assets 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									
Building	188.19	12.39	-	200.59	10.19	20.06	-	30.25	170.34
Furniture & Fixtures	45.40	0.22	12.39	33.22	1.60	3.31	-	4.91	28.31
Office Equipments	35.86	4.05	2.84	37.08	21.79	5.62	2.34	25.08	12.00
TOTAL	269.45	16.66	15.23	270.89	33.58	29.00	2.34	60.24	210.65
Previous Year	40.01	235.48	12.08	263.40	22.51	17.82	7.48	32.85	230.55
OTHER INTANGIBLE ASSETS									
Computer Software	46.26	-	-	46.26	32.35	6.95	-	39.30	6.95
TOTAL	46.26	-	-	46.26	32.35	6.95	-	39.30	6.95
Previous Year	45.22	-	-	45.22	24.82	6.79	-	31.61	13.62