

Independent auditor's report

To Torrent Pharma GmbH, Nuremberg

Opinion

We have audited the annual financial statements of Torrent Pharma GmbH (the Company), which comprise the balance sheet as at March 31, 2020 and the statement of profit and loss for the financial year from April 1, 2019 to March 31, 2020 and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the German Legally Required Accounting Principles.

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 Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the annual 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 for the Annual Financial Statements

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

In preparing the annual 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.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

As part of our 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 annual 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 opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements 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 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 the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

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.

This report was issued for information purposes to Torrent 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 Torrent 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 27, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Signiert von
Holger Kelle
am 29.04.2020

Dr. Kelle
Wirtschaftsprüfer
[German Public Auditor]

Signiert von
Andreas Arndt
am 29.04.2020

Arndt
Wirtschaftsprüfer
[German Public Auditor]

Appendices

Balance Sheet as at March 31, 2020	Appendix 1.1
Income Statement for the period from April 01, 2019 to March 31, 2020	Appendix 1.2
Notes to financial statements as of and for the year ended March 31, 2020	Appendix 1.3
General Engagement Terms	Appendix 2

Torrent Pharma GmbH, Nuremberg

Balance Sheet as at March 31, 2020

Assets

	3/31/2020		3/31/2019	
	EUR	EUR	EUR	EUR
A. Shares in affiliates		5,835,070.00		5,860,070.00
B. Current financial assets				
I. Goods		68,060.23		95,836.70
II. Receivables and other assets				
1. Receivables from affiliates	5,186,148.83		3,805,941.30	
2. Other assets	5,482,520.86	10,668,669.69	6,244,187.48	10,050,128.78
III. Cash at banks		2,129,251.17		3,255,577.32
		12,865,981.09		13,401,542.80
C. Prepaid expenses		300.00		322.00
D. Deferred tax		2,562,673.08		2,171,000.00
		21,264,024.17		21,432,934.80

Equity and liabilities

	3/31/2020	3/31/2019
	EUR	EUR
A. Equity		
I. Subscribed capital	25,000.00	25,000.00
II. Capital reserves	4,441,738.00	4,441,738.00
III. Profit carryforward/Loss carryforward	4,886,387.01	-1,351,586.02
IV. Loss/Profit as shown in the balance	-2,006,383.83	6,237,973.03
	7,346,741.18	9,353,125.01
B. Provisions		
1. Tax provisions	6,325,801.05	8,960,296.86
2. Other provisions	45,000.00	64,161.95
	6,370,801.05	9,024,458.81
C. Liabilities		
1. Liabilities to other investees and investors	10,015.19	0.00
2. Liabilities to affiliates	6,222,000.87	22,935.16
3. Other Liabilities		
thereof for taxes EUR 1,314,465.88 (prior year EUR 3,032,415.82)	1,314,465.88	3,032,415.82
	7,546,481.94	3,055,350.98
	21,264,024.17	21,432,934.80

Torrent Pharma GmbH, Nuremberg

Income Statement

for the period from April 01, 2019 to March 31, 2020

	2019/2020	2018/2019
	EUR	EUR
1. Revenues	647,762.16	985,712.93
2. Other operating income	17,594.25	86,676.19
3. Cost of raw materials, consumables and supplies and of purchased merchandise	0.00	-31,570.00
4. Personnel expenses		
a) Wages and salaries	0.00	-30,339.00
b) Social security, pension and other benefit costs	0.00	-4,272.10
5. Other operating expenses	-667,353.27	-966,073.82
6. Income from investments		
thereof from affiliates EUR 10,000,000.00 (prior year EUR 45,000,000.00)	10,000,000.00	45,000,000.00
7. Other interest and similar income	0.00	49,638.00
8. Depreciation of financial assets	-25,000.00	0.00
9. Interest and similar expenses		
thereof to affiliates EUR 0.00 (prior year EUR 66,661.38)	0.00	-66,661.38
10. Income taxes	-1,979,386.97	-3,285,137.79
11. Profit after income tax	7,993,616.17	41,737,973.03
12. Net income	7,993,616.17	41,737,973.03
13. Dividend		
thereof advanced dividend EUR 10,000,000 (prior year EUR 35,500,000.00)	-10,000,000.00	-35,500,000.00
14. Loss/Profit as shown in the balance	-2,006,383.83	6,237,973.03