

**UNICHEM FARMACEUTICA  
DO BRASIL LTDA.**

Financial Statements and independent auditors  
report for the period ended 31st March, 2018

## Unichem Farmaceutica do Brasil Ltda.

### Directors' Report

The Director present his report and the audited financial statements for the year ended 31<sup>st</sup> March, 2018.

#### REVIEW OF OPERATIONS

Unichem Farmaceutica do Brasil Ltda. is incorporated, organized and existing under the laws of the Federative Republic of Brazil, keeping its accounting records and legal books according to the Brazilian legal system.

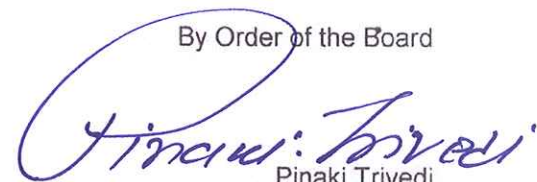
#### AUDITORS

The Auditor, LYNX Consultoria e Auditoria Contábil e Empresarial SS LTDA., Independent Accountants, has audited the enclosed financial statements for the period ended 31<sup>st</sup> March 2018 and their opinion is shown herewith.

### STATEMENT BY DIRECTOR

In the opinion of the Director, the accompanying financial statements were drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and of the results of the business for that period. The Director has taken all reasonable steps to prepare these financial statements on a going concern basis and that suitable accounting policies have been adopted consistently.

By Order of the Board



Pinaki Trivedi

**Legal Representative**

April 18th , 2018

**Unichem Farmaceutica do Brasil Ltda.**

**Balance Sheet as at 31<sup>st</sup> March, 2018**

		<i>In Brazilian Reais</i>	
		Period ended 31st March, 2018	Period ended 31st March, 2017
Schedule			
<b>I. SOURCES OF FUNDS</b>			
PARTNERS' FUNDS			
	Partners' Share Capital	I 28.514.584	25.992.679
	Profit & Loss Account	II (26.667.857)	(24.538.629)
	<b>TOTAL</b>	<b>1.846.728</b>	<b>1.454.050</b>
<b>II. APPLICATION OF FUNDS</b>			
FIXED ASSETS			
	Gross Block	III 1.580.097	1.539.024
	Less : Depreciation	(1.063.286)	(910.696)
	<b>Net Block</b>	<b>516.810</b>	<b>628.328</b>
CURRENT ASSETS			
	Cash & Bank Balances	IV 381.306	528.114
	Sundry Debtors	2.061.590	436.862
	Loans & Advances	V 1.097.321	721.965
	Stock on Hand	VI 542.461	433.086
	<b>TOTAL</b>	<b>4.082.678</b>	<b>2.120.027</b>
LESS : CURRENT LIABILITIES AND PROVISIONS			
	Current Liabilities & Provisions	VII 2.752.761	1.294.305
	<b>TOTAL</b>	<b>2.752.761</b>	<b>1.294.305</b>
<b>NET CURRENT ASSETS</b>		<b>1.329.916</b>	<b>825.722</b>
<b>TOTAL</b>		<b>1.846.727</b>	<b>1.454.050</b>

The schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

**LYNX Consultoria e Auditoria Contábil  
e Empresarial SS LTDA.**

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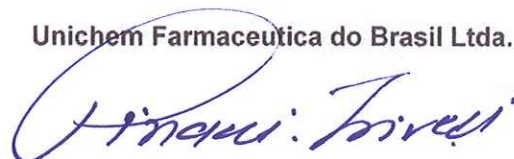
José Donizete Valentina

**Partner**

Campinas - Brazil

April 18th, 2018

**Unichem Farmaceutica do Brasil Ltda.**



Pinaki Trivedi

**Legal Representative**

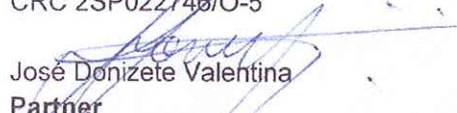
**Unichem Farmaceutica do Brasil Ltda.**

**Profit & Loss Account for the year ended on 31st March, 2018**

		<i>In Brazilian Reais</i>	
		Period ended	Year ended
		31st March,	31st March,
		2018	2017
<b>INCOME, SALE &amp; STOCK</b>			
	Sale	5.093.008	2.413.085
	Increase (Decrease) of Stock	(2.925.844)	(1.271.837)
	Other Income	75.090	99.988
	<b>TOTAL</b>	<b>2.242.253</b>	<b>1.241.236</b>
<b>EXPENDITURE</b>			
	Personnel Expenses	1.392.499	1.333.718
	Administrative Expenses	1.168.960	1.156.870
	Finance Charges	125.962	(98.510)
	Federal & Other Taxes	359.342	329.000
	Depreciation	152.591	147.289
	Marketing Expenses	370.659	487.227
	Distribution Expenses	251.360	151.280
	Regulatory & Q.C Expenses	550.107	659.167
	<b>TOTAL</b>	<b>4.371.481</b>	<b>4.166.040</b>
<b>PROFIT (LOSS) BEFORE TAXATION</b>		<b>(2.129.228)</b>	<b>(2.924.805)</b>
<b>PROFIT (LOSS) BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<b>(24.538.629)</b>	<b>(21.613.824)</b>
<b>TOTAL</b>		<b>(26.667.857)</b>	<b>(24.538.629)</b>

The schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

**LYNX Consultoria e Auditoria Contábil  
e Empresarial SS LTDA.**  
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José Donizete Valentina  
Partner  
Campinas - Brazil  
April 18th, 2018

**Unichem Farmaceutica do Brasil Ltda.**

  
Pinaki Trivedi  
Legal Representative

**Unichem Farmaceutica do Brasil Ltda.****Schedules**

	<i>In Brazilian Reais</i>	
	Period ended	Year ended
	31st March, 2018	31st March, 2017
<b>I. PARTNER'S SHARE CAPITAL</b> Paid-Up		
Equity Shares of R\$ 1 each fully paid-up & Registered	24.242.549	24.242.549
Share Capital Under Registration With JUCESP	4.272.035	1.750.129
<b>TOTAL</b>	<b>28.514.584</b>	<b>25.992.679</b>
Unichem Laboratories Ltd. 28,514,583 Equity quotas of R\$ 1 each	28.514.583	25.992.678
Dr. P. A. Mody 1 Equity Share of R\$ 1 each fully paid-up	1	1
<b>TOTAL</b>	<b>28.514.584</b>	<b>25.992.679</b>

**QUOTAHOLDERS' SHARE CAPITAL**

The shareholders' liability is limited by subscription to capital. 99.99% of the paid up Share Capital is being held by Unichem Laboratories Limited, and the remaining 0.01% is being held by Dr. P. A. Mody.

As on 31st March 2018 registered share capital at the Board of Trade Commercial Registry is R\$ 24,242,549 and balance of R\$ 4,272,035 is under registration.

**II. PROFIT & LOSS ACCOUNT**

Previous year loss net of tax provisions	(24.538.629)	(21.613.824)
Current Loss as on 31st March, 2018	(2.129.228)	(2.924.805)
<b>TOTAL</b>	<b>(26.667.857)</b>	<b>(24.538.629)</b>

**III. FIXED ASSETS**

	<i>In Brazilian Reais</i>					
	Gross Block		Depreciation		Net Block	
	As at 31st March, 18	As at 31st March, 17	As at 31st March, 18	As at 31st March, 17	As at 31st March, 18	As at 31st March, 17
Furniture and fixtures	26.171	26.171	25.431	25.168	741	1.003
Computers	91.917	91.917	86.479	83.591	5.438	8.326
Office Equipment	7.537	7.537	6.028	5.540	1.509	1.997
Software	63.864	63.864	22.532	10.281	41.331	53.583
Q.C Installations	206.578	206.578	145.581	124.925	60.997	81.654
Q.C Parts & tools	45.263	44.188	31.550	27.043	13.712	17.146
Q.C Equipment	1.131.945	1.091.945	740.935	630.078	391.010	461.867
Security Equipment	6.822	6.822	4.751	4.068	2.071	2.754
<b>Total</b>	<b>1.580.097</b>	<b>1.539.024</b>	<b>1.063.286</b>	<b>910.695</b>	<b>516.810</b>	<b>628.328</b>

**Unichem Farmaceutica do Brasil Ltda.**  
**Schedules of Balance Sheet**

	<i>In Brazilian Reais</i>	
	Period ended 31st March, 2018	Year ended 31st March, 2017
<b>IV CASH &amp; BANK BALANCES</b>		
Cash on Hand	245	2.141
Bank balance - Current A/c	30.109	5.851
Bank Deposits	350.952	520.122
<b>TOTAL</b>	<b>381.306</b>	<b>528.114</b>
<b>V LOANS &amp; ADVANCES</b>		
Debtors less than six months old - Considered Good	2.072.935	
Debtors more than six months old - Considered Good	-	
Less - Bad debt Allowance	<u>(11.345)</u>	436.862
Tax Credit	1.076.502	710.073
Advances	11.436	2.850
Pre Paid Insurance Premium	9.383	9.042
<b>TOTAL</b>	<b>3.158.911</b>	<b>1.158.827</b>
<b>VI STOCK</b>		
Opening Stock	433.086	266.248
Purchase	3.035.219	1.438.675
Less: Closing Stock	542.461	433.086
Increase (Decrease) of Stocks	<u>2.925.844</u>	<u>1.271.837</u>
<b>VII CURRENT LIABILITIES &amp; PROVISION</b>		
Creditors – Overseas	Schedule XVII - Note 2 2.421.302	1.067.344
Creditors –Other	142.673	98.342
Payable Fiscal Expenses	95.033	63.399
Provision of Vacation Pay	14.493	11.824
Provision of Bonus Salary – 13 <sup>th</sup> Salary	55.058	36.558
Provision of Provident Fund - FGTS	5.564	3.870
Provision of Social Security – INSS	18.640	12.966
<b>TOTAL</b>	<b>2.752.761</b>	<b>1.294.305</b>

**Unichem Farmaceutica do Brasil Ltda.**  
**Schedules of P&L**

	<i>In Brazilian Reais</i>	
	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>VIII SALE</b>		
Sale	5.161.484	2.584.543
Less : Sale Return	(68.476)	(171.457)
<b>TOTAL</b>	<b>5.093.008</b>	<b>2.413.085</b>
<b>IX OTHER INCOME</b>		
Sale of Samples - Unichem India	48011	49.162
Interest on Bank short term deposits	27.079	50.826
<b>TOTAL</b>	<b>75.090</b>	<b>99.988</b>
<b>X PERSONNEL EXPENSES</b>		
Salaries & Contributions	1.392.499	1.333.718
<b>TOTAL</b>	<b>1.392.499</b>	<b>1.333.718</b>
<b>XI ADMINISTRATIVE EXPENSES</b>		
Communication Expenses	44.241	44.725
Consultant - Expenses	85.028	94.266
Energy Expenses	22.478	26.177
Insurance Expenses	196.252	177.901
Legal Expenses & Audit fees	77.225	73.628
Office Expenses	228.673	238.284
Rent Expenses	244.392	247.121
Security Expenses	164.138	152.659
Travel Expenses	43.398	44.754
Vehicle Expenses	63.135	57.355
<b>TOTAL</b>	<b>1.168.960</b>	<b>1.156.870</b>
<b>XII FINANCE CHARGES</b>		
Bank charges, Forex Diff & Commissions	110.463	(109.375)
Tax on financial operation	15.499	10.865
<b>TOTAL</b>	<b>125.962</b>	<b>(98.510)</b>
<b>XIII FEDERAL &amp; OTHER TAXES</b>		
Municipal Taxes	17.729	21.341
State Taxes	306.807	121.904
Federal Taxes	13.722	137.749
Trade Union charges	21.084	48.006
<b>TOTAL</b>	<b>359.342</b>	<b>329.000</b>

**Unichem Farmaceutica do Brasil Ltda.**  
**Schedules of P&L**

	<i>In Brazilian Reais</i>	
	<u>Period ended</u>	<u>Year ended</u>
	<u>31st March,</u>	<u>31st March,</u>
	<u>2018</u>	<u>2017</u>
<b>XIV MARKETING EXPENSES</b>		
Commission & Promotion	107.098	85.891
Traveling & Daily Allowance	263.561	401.336
<b>TOTAL</b>	<b>370.659</b>	<b>487.227</b>
<b>XV DISTRIBUTION EXPENSES</b>		
Logistic Services	251.360	151.280
<b>TOTAL</b>	<b>251.360</b>	<b>151.280</b>
<b>XVI REGULATORY &amp; Q.C EXPENSES</b>		
Regulatory Expenses	272.388	386.613
Q.C Expense	277.719	272.554
<b>TOTAL</b>	<b>550.107</b>	<b>659.167</b>

**XVII NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED ON 31st MARCH 2018 AND MARCH 2017**

**1. Statement of Significant Accounting Policies**

The financial statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC), as well as the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

All references to the Pronouncements of the CPC shall also be understood as references to the corresponding IFRS Pronouncements, and vice versa, and it should be noted that, in general, the early adoption of revisions or new IFRSs is not available in Brazil.



**XVII NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED ON 31st MARCH 2018 AND MARCH 2017**

**1. Statement of Significant Accounting Policies**

The preparation of financial statements requires the Company's Management to use certain critical accounting estimates and exercise judgment in the process of application of accounting policies. The areas that require a higher degree of judgment and have higher complexity, as well as those in which assumptions and estimates are significant to the financial statements are here in disclosed.

The main bases of evaluation used in the accounting estimates are here summarized:

**a) Basis of preparation:**

The financial statements have been prepared under the historical cost convention and on accrual basis.

**b) Fixed Assets and Depreciation**

i) Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

ii) Depreciation is provided on straight-line method as prescribed by the Income-Tax laws.

**c) Retirement Benefits:**

The Firm's contributions to social security are recognized on accrual basis.

**d) Foreign Currency Transactions:**

Foreign currency transactions arising during the year are recorded at the exchange rates prevailing at the transaction dates.

**XVII NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED ON 31st MARCH 2018 AND MARCH 2017**

**2. Leases**

The Firm has no finance leases. Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable at mutual consent.

**3. Quotaholders' Share Capital**

The quotaholders' liability is limited by subscription to capital. 99.99% of the paid up Share Capital is being held by Unichem Laboratories Limited and the remaining 0.01% is being held by Dr. P. A. Mody.

**4. Related Party Transactions**

The Company, in the normal course of business, purchased goods with its ultimate parent Company, Unichem Laboratories Ltd. During the period 1st April 2017 to 31st March 2018 this amounted to R\$ 2,631,625 (2016-17 R\$1,231,125). The company owed an amount of R\$ 2,421,302 (as at 31st March, 2017 R\$ 1,067,345). The Company has made sale of samples to Unichem Laboratories Ltd during the period 1st April 2017 to 31st March 2018 R\$48,011 (as at 31st March, 2017 R\$49,162). Unichem Laboratories Ltd owed an amount of R\$48,011 (as at 31st March, 2017 R\$4,357).

SIGNATURES TO SCHEDULES I TO XVII

In terms of our report of even date.

**LYNX Consultoria e Auditoria Contábil  
e Empresarial SS LTDA.**

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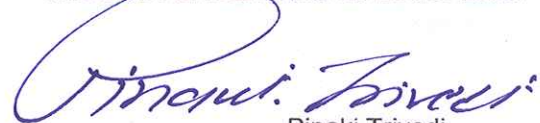
  
José Donizete Valentina

**Partner**

Campinas - Brazil

April 18th , 2018

**Unichem Farmaceutica do Brasil Ltda.**



Pinaki Trivedi

**Legal Representative**

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of **Unichem Farmaceutica do Brasil Ltda.** (The Company), which comprise the balance sheet as at March 31, 2018, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are prepared, in all material respects, in accordance with Brazilian legal system.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Brazilian accounting practices, 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.

### **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 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 Brazil, and we have fulfilled our other 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.

### **Other matters**

#### **Audit of the financial statements as at March 31st, 2017**

We have also audited the financial statements of **Unichem Farmaceutica do Brasil Ltda.** for the year ended 31 March 2017 prepared with accordance with the Brazilian accounting practices. Our report dated 12th May, 2017 expressed an unqualified opinion on those financial statements.

#### **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 Brazilian legal system, 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.

#### **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 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

- 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 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

Campinas,  
April 18th , 2018

**LYNX Consultoria e Auditoria Contábil e Empresarial SS LTDA.**

CRC 2SP022746/O-5

  
José Donizete Valentina  
Partner