

**Laboratories Torrent (Malaysia)
Sdn. Bhd.**

(Registration No. 201101008203 (936342-D))
(Incorporated in Malaysia)

**Financial statements for the year
ended 31 March 2021**



KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF LABORATORIES TORRENT (MALAYSIA) SDN. BHD.

(Registration No. 201101008203 (936342-D))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Laboratories Torrent (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 21.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 approved standards on auditing in Malaysia and International Standards on Auditing 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.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, 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 internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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 ability of the Company 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 of the Company 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 of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors 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

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Yee Keng
Approval Number: 02880/04/2023 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 28 April 2021

Laboratories Torrent (Malaysia) Sdn. Bhd.

(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

Statement of financial position as at 31 March 2021

	Note	2021 RM	2020 RM
Assets			
Plant and equipment	3	33,197	44,286
Deferred tax assets	4	<u>374,717</u>	<u>232,039</u>
Total non-current assets		<u>407,914</u>	<u>276,325</u>
Inventories	5	6,294,301	7,665,116
Trade and other receivables	6	6,453,662	7,541,450
Cash and cash equivalents	7	<u>3,892,224</u>	<u>2,221,196</u>
Total current assets		<u>16,460,187</u>	<u>17,427,762</u>
Total assets		<u>17,048,101</u>	<u>17,704,087</u>
Equity			
Share capital	8	1,000,000	1,000,000
Retained earnings		<u>5,117,123</u>	<u>3,733,249</u>
Total equity		<u>6,117,123</u>	<u>4,733,249</u>
Liabilities			
Trade and other payables	9	10,684,903	12,833,027
Current tax liabilities		<u>246,075</u>	<u>137,811</u>
Total current liabilities		<u>10,930,978</u>	<u>12,970,838</u>
Total liabilities		<u>10,930,978</u>	<u>12,970,838</u>
Total equity and liabilities		<u>17,048,101</u>	<u>17,704,087</u>

The notes on pages 9 to 21 are an integral part of these financial statements.

Laboratories Torrent (Malaysia) Sdn. Bhd.

(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 RM	2020 RM
Revenue		36,378,580	34,734,508
Cost of sales		<u>(28,396,898)</u>	<u>(27,461,897)</u>
Gross profit		7,981,682	7,272,611
Other expenses		-	(664)
Administrative expenses		(5,575,766)	(4,962,678)
Selling and distribution expenses		<u>(417,345)</u>	<u>(608,858)</u>
Profit before tax		1,988,571	1,700,411
Tax expense	10	<u>(604,697)</u>	<u>(396,889)</u>
Profit for the year	11	<u><u>1,383,874</u></u>	<u><u>1,303,522</u></u>

The notes on pages 9 to 21 are an integral part of these financial statements.

Laboratories Torrent (Malaysia) Sdn. Bhd.

(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

Statement of changes in equity for the year ended 31 March 2021

	Share capital RM	<i>Distributable</i> Retained earnings RM	Total equity RM
At 1 April 2019	1,000,000	2,429,727	3,429,727
Profit for the year	-	1,303,522	1,303,522
At 31 March 2020/1 April 2020	1,000,000	3,733,249	4,733,249
Profit for the year	-	1,383,874	1,383,874
At 31 March 2021	1,000,000	5,117,123	6,117,123

Note 8

The notes on pages 9 to 21 are an integral part of these financial statements.

Laboratories Torrent (Malaysia) Sdn. Bhd.

(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

Statement of cash flows for the year ended 31 March 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Profit before tax		1,988,571	1,700,411
<i>Adjustments for:</i>			
Depreciation of plant and equipment	3	31,878	28,592
Write down of inventory obsolescence		589,734	213,676
Plant and equipment written off		-	664
Operating profit before changes in working capital		<u>2,610,183</u>	<u>1,943,343</u>
Changes in working capital:			
Inventories		781,081	(2,612,111)
Trade and other receivables		1,087,788	(2,196,111)
Trade and other payables		<u>(2,148,124)</u>	<u>4,350,102</u>
Cash generated from operations		<u>2,330,928</u>	<u>1,485,223</u>
Tax paid		(639,111)	(345,126)
Tax refund		-	543,334
Net cash from operating activities		<u>1,691,817</u>	<u>1,683,431</u>
Cash flows from investing activity			
Acquisition of plant and equipment		<u>(20,789)</u>	<u>(1,550)</u>
Net cash used in investing activity		<u>(20,789)</u>	<u>(1,550)</u>
Net increase in cash and cash equivalents		1,671,028	1,681,881
Cash and cash equivalents at 1 April		<u>2,221,196</u>	<u>539,315</u>
Cash and cash equivalents at 31 March	7	<u>3,892,224</u>	<u>2,221,196</u>

The notes on pages 9 to 21 are an integral part of these financial statements.

Laboratories Torrent (Malaysia) Sdn. Bhd.

(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

Notes to the financial statements

Laboratories Torrent (Malaysia) Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is as follows:

E-08-08, Plaza Mont Kiara
No. 2, Jalan Kiara, Mont Kiara
50480 Kuala Lumpur

The Company is principally engaged in importing and selling of pharmaceutical products. There has been no significant change in the nature of these activities during the financial year.

The immediate and ultimate holding company of the Company is Torrent Pharmaceuticals Limited, a company incorporated in India.

These financial statements were authorised for issue by the Board of Directors on 28 April 2021.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Private Entities Reporting Standard ("MPERS") and the requirements of the Companies Act 2016 in Malaysia.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MPERS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

All foreign currency differences are recognised in profit or loss.

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is recognised initially at the transaction price (including transaction costs except in the initial measurement of a financial asset or financial liability that is subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction for the Company (for a financial liability) or the counterparty (for a financial asset) to the arrangement. If the arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition.

(ii) Subsequent measurement

Debt instruments that meet the following conditions are measured at amortised cost using the effective interest method:

- (a) returns to the holder are determinable, e.g. a fixed amount and/or variable rate of return benchmark against a quoted or observable interest rate;
- (b) there is no contractual provision that could result in the holder losing the principal amount or any interest attributable to the current period or prior periods; and

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Subsequent measurement (continued)

(c) prepayment option, if any, is not contingent on future events.

Debt instruments that are classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be paid or received unless the arrangement constitutes, in effect, a financing transaction.

All financial assets (except for financial assets measured at fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment. An impairment loss is measured as follows:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

All other financial assets or financial liabilities not measured at amortised cost or cost less impairment are measured at fair value with changes recognised in profit or loss.

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are settled, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received, including any newly created rights and obligations, is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in the profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use.

The estimated useful lives are as follows:

• Furniture and fittings	3 - 10 years
• Office equipment	10 years
• Electrical equipment	5 - 20 years
• Computer	2 - 5 years

2. Significant accounting policies (continued)

(d) Leased assets

Operating leases

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

(e) Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

At each reporting date, the Company assesses whether any inventories are impaired by comparing the carrying amount of each item of inventory or group of similar items with its selling price less costs to complete and sell. If an item of inventory or group of similar items is impaired, the Company reduces the carrying amount of the inventory or the group of similar items to its selling price less costs to complete and sell. That reduction is an impairment loss and it is recognised immediately in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

(g) Impairment of non-financial assets

The carrying amounts of non-financial assets (i.e. plant and equipment) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss.

2. Significant accounting policies (continued)

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Company's contributions to Employees Provident Fund are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(j) Revenue

Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

2. Significant accounting policies (continued)

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they plan to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Plant and equipment

	Furniture and fittings RM	Office equipment RM	Electrical equipment RM	Computer RM	Total RM
Cost					
At 1 April 2020	32,397	22,741	6,740	111,899	173,777
Additions	1,315	-	4,949	14,525	20,789
At 31 March 2021	33,712	22,741	11,689	126,424	194,566
Accumulated depreciation					
At 1 April 2020	24,563	18,014	3,104	83,810	129,491
Depreciation for the year	3,317	2,273	978	25,310	31,878
At 31 March 2021	27,880	20,287	4,082	109,120	161,369
Carrying amounts					
At 1 April 2020	7,834	4,727	3,636	28,089	44,286
At 31 March 2021	5,832	2,454	7,607	17,304	33,197

4. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets/(liabilities) are attributable to the following:

	2021 RM	2020 RM
Plant and equipment	(4,198)	(5,339)
Provision	378,915	237,378
	<u>374,717</u>	<u>232,039</u>

4. Deferred tax assets (continued)

Movement in temporary differences during the year

	At 1.4.2019 RM	Recognised in profit or loss (Note 10) RM	At 31.3.2020/ 1.4.2020 RM	Recognised in profit or loss (Note 10) RM	At 31.3.2021 RM
Plant and equipment	(8,403)	3,064	(5,339)	1,142	(4,197)
Provision	186,096	51,282	237,378	141,536	378,914
	<u>177,693</u>	<u>54,346</u>	<u>232,039</u>	<u>142,678</u>	<u>374,717</u>

5. Inventories

	2021 RM	2020 RM
Finished goods	7,873,114	8,654,195
Less: Inventory obsolescence	<u>(1,578,813)</u>	<u>(989,079)</u>
	<u>6,294,301</u>	<u>7,665,116</u>

6. Trade and other receivables

	2021 RM	2020 RM
Trade		
Trade receivable	<u>6,325,921</u>	<u>7,418,284</u>
Non-trade		
Other receivables	-	4,599
Deposits	43,970	62,040
Prepayments	<u>83,771</u>	<u>56,527</u>
	<u>127,741</u>	<u>123,166</u>
	<u>6,453,662</u>	<u>7,541,450</u>

7. Cash and cash equivalents

	2021 RM	2020 RM
Cash at banks	3,888,329	2,219,682
Cash on hand	<u>3,895</u>	<u>1,514</u>
	<u>3,892,224</u>	<u>2,221,196</u>

8. Share capital

	Number of shares 2021	Amount 2021 RM	Number of shares 2020	Amount 2020 RM
Issued and fully paid:				
Ordinary shares				
At 1 April/31 March	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

9. Trade and other payables

	Note	2021 RM	2020 RM
Trade			
Amount due to immediate holding company	9.1	9,849,451	12,299,870
Non-trade			
Accruals		<u>835,452</u>	<u>533,157</u>
		<u>10,684,903</u>	<u>12,833,027</u>

9.1 The trade amount due to immediate holding company is subject to normal trade terms.

10. Tax expense

	2021 RM	2020 RM
Recognised in profit or loss		
Current tax expense		
- current year	647,574	482,937
- under/(over) provision in prior year	<u>99,801</u>	<u>(31,702)</u>
	<u>747,375</u>	<u>451,235</u>
Deferred tax expense		
- reversal of temporary differences	(142,991)	(53,881)
- under/(over) provision in prior year	<u>313</u>	<u>(465)</u>
	<u>(142,678)</u>	<u>(54,346)</u>
Total tax expense	<u>604,697</u>	<u>396,889</u>

10. Tax expense (continued)*Reconciliation of effective tax expense*

	2021 RM	2020 RM
Profit before tax	<u>1,988,571</u>	<u>1,700,411</u>
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	477,257	408,099
Non-allowable expenses	<u>27,326</u>	<u>20,957</u>
	504,583	429,056
Under/(Over) provision in prior year	<u>100,114</u>	<u>(32,167)</u>
	<u>604,697</u>	<u>396,889</u>

11. Profit for the year

	2021 RM	2020 RM
Profit for the year is arrived at after charging:		
Auditors' remuneration	52,050	52,050
Depreciation of plant and equipment	31,878	28,592
Director's remuneration and incentives	519,161	516,682
Personnel expenses:		
- Salaries and allowances	2,082,747	1,893,266
- Sales incentives	1,680,913	1,017,396
- Contribution to Employees Provident Fund	420,041	353,345
Inventory obsolescence written down	589,734	213,676
Rental expense in respect of:		
- Car park	17,280	17,420
- Office	50,400	50,400
- Director's accommodation	<u>61,600</u>	<u>52,800</u>

12. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 RM	2020 RM
Less than one year	<u>49,950</u>	<u>19,800</u>

The Company leases its office and staff accommodation under operating lease. The leases typically run for a period of one year with an option to renew the leases after that date.

13. Financial instruments

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC").

	Note	Carrying amount RM	AC RM
2021			
Financial assets			
Trade and other receivables*		6,369,891	6,369,891
Cash and cash equivalents	7	<u>3,892,224</u>	<u>3,892,224</u>
		<u>10,262,115</u>	<u>10,262,115</u>
Financial liability			
Trade and other payables	9	<u>(10,684,903)</u>	<u>(10,684,903)</u>
2020			
Financial assets			
Trade and other receivables*		7,480,324	7,480,324
Cash and cash equivalents	7	<u>2,221,196</u>	<u>2,221,196</u>
		<u>9,701,520</u>	<u>9,701,520</u>
Financial liability			
Trade and other payables	9	<u>(12,833,027)</u>	<u>(12,833,027)</u>

* Excluding prepayments

14. Related party

Significant related party transaction

The significant related party transaction of the Company is shown below. The balance related to the below transaction is shown in Note 9.

	2021	2020
	RM	RM
Immediate holding company		
Purchases	<u>27,004,882</u>	<u>29,846,033</u>

The Directors are of the view that all related party transactions have been entered into in the normal course of business under normal terms.

The estimated monetary value of Directors' benefit-in-kind is RM53,424. (2020: RM186,522).

Laboratories Torrent (Malaysia) Sdn. Bhd.


(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

**Statement by Directors pursuant to
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 5 to 21 are drawn up in accordance with Malaysian Private Entities Reporting Standard and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2021 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Sandeep Gemini
Director



.....
Naimi Ashwinbhai Kapashi
Director

Kuala Lumpur

Date: 28 April 2021

Laboratories Torrent (Malaysia) Sdn. Bhd.

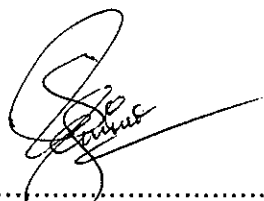
(Registration No. 201101008203 (936342-D))

(Incorporated in Malaysia)

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Sandeep Gemini**, the Director primarily responsible for the financial management of Laboratories Torrent (Malaysia) Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 5 to 21 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

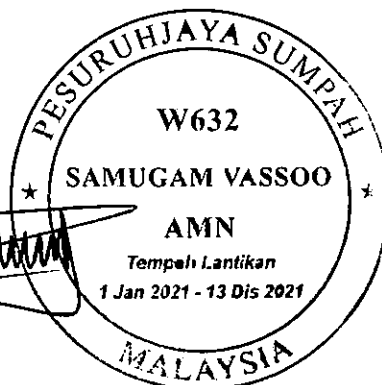
Subscribed and solemnly declared by the abovenamed Sandeep Gemini, Passport No.: Z4206324, at Kuala Lumpur in the Federal Territory on 28 April 2021.



.....
Sandeep Gemini

Before me:

.....
Commissioner for Oaths
Kuala Lumpur, Malaysia



No. 10-1, Jalan Bangsar Utama 1,
Bangsar Utama,
59000 Kuala Lumpur.