

Torrent Pharma (Thailand) Co., Ltd.

Financial statements for the year ended
31 March 2019
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ kpmg.com/th

Independent Auditor's Report

To the shareholders of Torrent Pharma (Thailand) Co., Ltd.

Opinion

I have audited the financial statements of Torrent Pharma (Thailand) Co., Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2019, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2019 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, 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. *Vikow*



Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Vilain V.

(Vilain Pholprasert)
Certified Public Accountant
Registration No. 8420

KPMG Phoomchai Audit Ltd.
Bangkok
22 April 2019

Torrent Pharma (Thailand) Co., Ltd.

Statement of financial position

Assets	Note	31 March	
		2019	2018
		<i>(in Baht)</i>	
Current assets			
Cash and cash equivalent	4	5,530,961	2,285,732
Revenue department receivables		1,191,760	1,505,379
Inventories		485,334	-
Other current assets		160,580	6,286
Total current assets		7,368,635	3,797,397
Total assets		7,368,635	3,797,397
Liabilities and equity			
Current liabilities			
Trade accounts payable		2,166,449	-
Other payables	6	1,979,318	884,427
Other current liabilities		9,458	7,126
Total current liabilities		4,155,225	891,553
Total liabilities		4,155,225	891,553
Equity			
Share capital	5		
Authorised share capital		11,900,000	11,900,000
Issued and paid-up share capital		11,900,000	11,900,000
Deficit		(8,686,590)	(8,994,156)
Total equity		3,213,410	2,905,844
Total liabilities and equity		7,368,635	3,797,397

The accompanying notes are an integral part of these financial statements.

Torrent Pharma (Thailand) Co., Ltd.

Statement of income

		For the year ended	
		31 March	
	<i>Note</i>	2019	2018
		<i>(in Baht)</i>	
Revenue			
Revenue from sale of goods		<u>4,217,400</u>	<u>-</u>
Total revenue		<u>4,217,400</u>	<u>-</u>
Expense			
Cost of sale of goods		(1,886,959)	-
Administrative expenses	7	(2,022,339)	(1,267,610)
Net loss from exchange rate		<u>(536)</u>	<u>-</u>
Total expense		<u>(3,909,834)</u>	<u>(1,267,610)</u>
Profit (loss) for the year		<u>307,566</u>	<u>(1,267,610)</u>

The accompanying notes are an integral part of these financial statements.

Torrent Pharma (Thailand) Co., Ltd.

Statement of changes in equity

	<i>Note</i>	Issued and paid-up share capital	Deficit <i>(in Baht)</i>	Total equity
Year ended 31 March 2018				
Balance at 1 April 2017		9,400,000	(7,726,546)	1,673,454
Issue of ordinary shares	5	2,500,000	-	2,500,000
Loss for the year		-	(1,267,610)	(1,267,610)
Balance at 31 March 2018		11,900,000	(8,994,156)	2,905,844
Year ended 31 March 2019				
Balance at 1 April 2018		11,900,000	(8,994,156)	2,905,844
Profit for the year		-	307,566	307,566
Balance at 31 March 2019		11,900,000	(8,686,590)	3,213,410

The accompanying notes are an integral part of these financial statements.

Torrent Pharma (Thailand) Co., Ltd.
Notes to the financial statements
For the year ended 31 March 2019

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Cash and cash equivalent
5	Share capital
6	Other payables
7	Administrative expenses
8	Significant agreements

Torrent Pharma (Thailand) Co., Ltd.
Notes to the financial statements
For the year ended 31 March 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 22 April 2019.

1 General information

Torrent Pharma (Thailand) Co., Ltd. the “Company”, is incorporated in Thailand and has its registered office at 1031/13 4th Floor Phaholyothin Road, Samsen-Nai, Payathai, Bangkok.

The parent company during the financial year was Torrent Pharmaceuticals Ltd., which was incorporated in India.

The principal activity of the Company is to engage in import and wholesale of pharmaceuticals products.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-publicly Accountable Entities (TFRS for NPAEs) and guidelines promulgated by the Federation of Accounting Professions.

The financial statements are prepared and presented in Thai Baht, rounded in notes to financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Torrent Pharma (Thailand) Co., Ltd.
Notes to the financial statements
For the year ended 31 March 2019

(b) Cash and cash equivalent

Cash and cash equivalent comprise cash at bank.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(d) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(e) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

(f) Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Other expenses

Other expenses are recognised in the statement of income for the period in which they are incurred.

4 Cash and cash equivalent

	2019	2018
	<i>(in thousand Baht)</i>	
Cash at bank - current account	<u>5,531</u>	<u>2,286</u>

Torrent Pharma (Thailand) Co., Ltd.
Notes to the financial statements
For the year ended 31 March 2019

5 Share capital

	Par value per share (in Baht)	2019		2018	
		Number (thousand shares / in thousand Baht)	Amount	Number	Amount
<i>Authorised</i>					
At 1 April					
- Ordinary shares	5	2,380	11,900	1,880	9,400
Increase of new shares	5	-	-	500	2,500
At 31 March					
- Ordinary shares	5	<u>2,380</u>	<u>11,900</u>	<u>2,380</u>	<u>11,900</u>
<i>Issued and paid-up</i>					
At 1 April					
- Ordinary shares	5	2,380	11,900	1,880	9,400
Increase of new shares	5	-	-	500	2,500
At 31 March					
- Ordinary shares	5	<u>2,380</u>	<u>11,900</u>	<u>2,380</u>	<u>11,900</u>

Issue of new shares

At the extraordinary meeting of shareholders held on 26 February 2018, the shareholders approved a resolution of increased shares from Baht 9.4 million (ordinary shares 1,880,000 shares with a Baht 5 par value) to Baht 11.9 million (ordinary shares 2,380,000 shares with a Baht 5 par value). The Company fully called up and registered the increase in capital with the Ministry of Commerce on the same day of the extraordinary meeting of shareholders.

6 Other payables

	2019	2018
	<i>(in thousand Baht)</i>	
Advance from customers	1,225	-
Accrued expenses	417	884
Others	337	-
Total	<u>1,979</u>	<u>884</u>

7 Administrative expenses

	2019	2018
	<i>(in thousand Baht)</i>	
Professional fees	1,441	993
Rental expenses	120	120
Insurance fees	90	123
Others	371	32
Total	<u>2,022</u>	<u>1,268</u>

Torrent Pharma (Thailand) Co., Ltd.
Notes to the financial statements
For the year ended 31 March 2019

8 Significant agreements

On 1 July 2017, the Company entered into a service agreement with an individual to perform the role of the Company's director with remuneration as specified in the agreement. The agreement is valid until termination through writing.

On 1 September 2015, the Company entered into a service agreement with a local company for drug product registration services. Under this agreement, the Company will receive the drug product registration service with the Food and Drug Administration from such company. The Company has to pay service fee as specified in the agreement which are effective until the services has been completed.

On 1 January 2013, the Company entered into a service agreement with a pharmacist for drug import license application for a period of 1 year. Under this agreement, the Company will receive services in requesting drug import licenses from the Food and Drug Administration. The Company has to pay service fee as specified in the agreement. On 1 January 2019, the Company has entered into an addendum to extend the agreement up till 31 December 2021.

On 9 May 2011, the Company entered into a service agreement with a local company for accounting service. Under this agreement, the Company has to pay monthly service fee as specified in the agreement. The agreement is renewable annually.

On 6 October 2010, the Company entered into an office rental agreement with a local company. The lease period is 6 months. Under this agreement, the Company has to pay monthly service fee as specified in the agreement. The agreement is renewable per mutually agreed terms after expiration.