

TORRENT PHARMA (MALTA) LIMITED

Reg. No.: C9992

Annual report

For the year ended 31 March 2024

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Directors' report

The Directors present their report and the financial statements for the year ended 31 March 2024.

Directors

The Directors of Torrent Pharma (Malta) Limited (the 'Company') who held office during the year were:

Amul Kamal Kumar Agrawal
Naimi Ashwinbhai Kapashi
Vatsal Rajnikant Pujara

Principal activity of the Entity

The Company's principal activity is to produce, manufacture, formulate, process, develop, refine, import and export under the company's trade name, distribute, wholesale and/or trade all kinds of pharmaceutical products, medicines, drugs, biologicals, nutraceuticals, and cosmetics in different strengths and packs.

Review of business

The financial position of the Company as at 31 March 2024 is disclosed on page 8.

The company is still in its startup phase and has not yet commenced operations. As a result, it has not distributed any dividend to date. The Company reported a loss of €786,674 (2023: 488,896) due to administrative expenses. The Directors expects the Company's results to improve once it commences operations. The latter are expected to commence during 2024.

Financial risk management

The Company's activities expose them to a variety of financial risks, including market risk, credit risk, and liquidity risk. Refer to Note 5 in these financial statements.

Results and dividends

The results for the year are as shown in the statement of comprehensive income on page 9. In view of the accumulated loss as at 31 March 2024, the Company had no available profits for distribution.

Future developments

The Directors expect that the activities of the Company will commence during 2024.

Subsequent events

No significant events having an effect on the financial results and position of the Company have taken place subsequent to year ended 31 March 2024.

Directors' report - continued

Statement of directors' responsibilities for the financial statements

The Directors are required to prepare financial statements which give a true and fair view of the statement of financial position of the company as at the end of each financial year and of statement of comprehensive income for the year.

In preparing the financial statements, the Directors are responsible for:

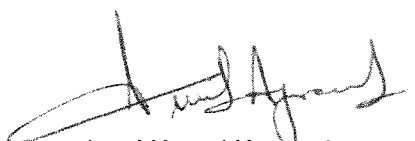
- ensuring that the financial statements have been drawn up in accordance with the International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the International Financial Reporting Standards as adopted by the EU. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

CSA Audit Ltd have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

On behalf of the board :



Amul Kamal Kumar Agrawal
Director



Vatsal Rajnikant Pujara
Director

Registered office:

Central Busines Centre, Level 2,
Triq Hal Tarxien,
Gudja GDJ1907
Malta

23 April 2024

INDEPENDENT AUDITORS' REPORT
To the Shareholders of Torrent Pharma (Malta) Limited

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements (the "financial statements") of Torrent Pharma (Malta) Limited (the "Company"):

- Give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs'); and
- Have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386). (the "Act").

What we have audited

The Company's financial statements, which comprise:

- the statement of financial position as at 31 March 2024;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
To the Shareholders of Torrent Pharma (Malta) Limited

Other information

The directors are responsible for the other information. The other information comprises the 'Directors' Report' but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the Directors' Report, which we report separately below in our 'Report on Other Legal and Regulatory Requirements'.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and are properly prepared in accordance with the provisions of the Act for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether to due to fraud or error.

In preparing the financial statements the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the financial reporting process.

Auditors' responsibility 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 judgement 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 the directors.

INDEPENDENT AUDITORS' REPORT
To the Shareholders of Torrent Pharma (Malta) Limited

Auditors' responsibility for the audit of the financial statements

- 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 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 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.

Report on other Legal and Regulatory Requirements

Opinion on the Directors' Report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act.

We are required to consider whether the information given in the director's report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the director's report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the director's report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements; and
- we have not identified material misstatements in the directors' report.



AUDIT
INDEPENDENT AUDITORS' REPORT
To the Shareholders of Torrent Pharma (Malta) Limited

Matters on which we are required to report by exception by the Act

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- proper accounting records have not been kept; or
 - the financial statements are not in agreement with the accounting records; or
 - we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit.
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The principal authorized to sign on behalf of CSA Audit Ltd on the audit resulting in this independent auditors' report is Norbert Bugeja.

CSA Audit Ltd
Registered Auditors

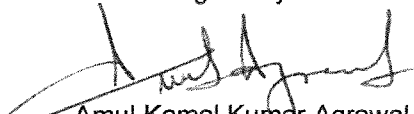
23 April 2024


Statement of financial position

		As at 31 March	
		2024	2023
		€	€
ASSETS	Note		
Non-current assets			
Property, plant and equipment	6	8,514,273	1,481,247
Right-of-use asset	7	1,649,937	1,706,698
Total non-current assets		10,164,210	3,187,945
Current assets			
Trade and other receivables	8	1,089,106	205,053
Cash and cash equivalents	9	6,663,127	1,291,626
Total current assets		7,752,233	1,496,679
Total assets		17,916,443	4,684,624
EQUITY AND LIABILITIES			
Share capital	10	15,950,000	3,455,000
Accumulated loss		(1,316,776)	(530,102)
Total equity		14,633,224	2,924,898
Non-current liabilities			
Lease liability	7	1,646,059	1,673,622
Current			
Lease liability	7	60,293	59,587
Trade and other payables	11	1,576,867	26,517
Total current liabilities		1,637,160	86,104
Total liabilities		3,283,219	1,759,726
Total equity and liabilities		17,916,443	4,684,624

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

The financial statements on pages 8 to 30 were authorised for issue by the directors on 23 April 2024 and were signed by:


Amul Kamal Kumar Agrawal
Director


Vatsal Rajnikant Pujara
Director

Statement of comprehensive income

		Year ended 31 March	Year ended 31 March
	Note	2024 €	2023 €
Administrative expenses	12	(749,967)	(453,562)
Operating loss		(749,967)	(453,562)
Finance expense	12	(36,707)	(35,334)
Loss before tax		(786,674)	(488,896)
Tax charge		-	-
Loss for the year		(786,674)	(488,896)
Total comprehensive loss for the year		(786,674)	(488,896)

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

Statement of changes in equity

	Share capital €	Accumulated losses €	Total €
Balance at 1 April 2022	955,000	(41,206)	913,794
Transactions with owners of the Company			
Contribution and distributions			
Increase in share capital	2,500,000	-	2,500,000
Total comprehensive income			
Loss for the year	-	(488,896)	(488,896)
Balance at 31 March 2023	3,455,000	(530,102)	2,924,898
Balance at 1 April 2023	3,455,000	(530,102)	2,924,898
Transactions with owners of the Company			
Contribution and distributions			
Increase in share capital	12,495,000	-	12,495,000
Total comprehensive income			
Loss for the year	-	(786,674)	(786,674)
Balance at 31 March 2024	15,950,000	(1,316,776)	14,633,224

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

Statement of cash flows

	Note	Year ended 31 March	
		2024 €	2023 €
Cash flows from operating activities			
Loss for the year		(786,674)	(488,896)
Adjustments for:			
Depreciation		5,061	1,814
Amortisation charge on right of use asset		56,759	48,357
Interest expense		35,884	34,640
		(688,970)	(404,085)
Movement in working capital for:			
Trade and other receivables		(884,053)	(149,636)
Trade and other payables		397,123	19,147
Net cash flows used in operations		(1,175,900)	(534,574)
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,884,858)	(1,384,947)
Net cash flows used in investing activities		(5,884,858)	(1,384,947)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		12,495,000	2,500,000
Repayment of lease liabilities		(62,741)	(53,500)
Net cash flows from financing activities		12,432,259	2,446,500
Movement in cash and cash equivalents		5,371,501	526,979
Movement in cash and cash equivalents		5,371,501	526,979
Cash and cash equivalents at beginning of year		1,291,626	764,647
Cash and cash equivalents at end of year	9	6,663,127	1,291,626

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

Notes to the financial statements

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

These financial statements of Torrent Pharma (Malta) Limited (the 'Company') have been prepared and presented in accordance with International Financial Reporting Standards, as adopted by the EU (IFRSs), and with the requirements of the Maltese Companies Act (Cap.386).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Board to exercise their judgement in the process of applying the Company's accounting policies (Note 4 - Critical accounting estimates and judgements).

These financial statements have been prepared under the historical cost convention.

1.2 Functional and presentation currency

The financial statements are presented in Euro, which is the Company's functional currency.

2 Summary of material accounting policies

The principal material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Foreign currency translation

Transactions denominated in foreign currencies are converted to the functional currency at the rates of exchange ruling on the dates on which the transactions first qualify for recognition. Monetary assets and monetary liabilities denominated in foreign currencies at balance sheet date are translated at year end closing rates of exchange. Any exchange differences arising on the settlement of monetary assets and monetary liabilities, or on translating foreign denominated monetary assets and liabilities at the statement of financial position date at rates different from those at which they were previously translated, are recognised in profit or loss.

2.2 Property, plant, and equipment

All property, plant and equipment are initially recorded at historical cost. All property, plant and equipment are subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2 Summary of significant accounting policies - continued

2.2 Property, plant, and equipment - continued

Asset under construction is not depreciated. For other assets, depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, as follows:

	%
Computer equipment	33.3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.4).

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

2.3 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

2.4 Financial instruments

2.4.1 Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2 Summary of significant accounting policies - continued

2.4 Financial instruments - continued

2.4.2 Classification and subsequent measurement

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

2 Summary of significant accounting policies - continued

2.4 Financial instruments – continued

2.4.2 Classification and subsequent measurement - continued

(iii) *Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(iv) *Financial assets – Subsequent measurement and gains and losses*

(a) *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

(b) *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2 Summary of significant accounting policies - continued

2.4 Financial instruments – continued

2.4.2 Classification and subsequent measurement - continued

(v) Financial liabilities – Subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.4.3 Derecognition

(i) Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(ii) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.4.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies – continued

2.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts, if any. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Impairment on Financial instruments and contract assets

The Company recognises loss allowances for Expected credit losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company also recognises loss allowances for ECLs on lease receivables, which are disclosed as part of trade and other receivables.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

2 Summary of significant accounting policies – continued

2.7 Impairment on Financial instruments and contract assets – continued

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2 Summary of significant accounting policies – continued

2.8 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

2 Summary of significant accounting policies – continued

2.8 Leases – continued

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changed as required by interest rate benchmark reform, the Company remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right-of-use asset' and lease liabilities in 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax on the fair valuation of property, plant and equipment is charged or credited directly to the revaluation reserve. Deferred tax on the difference between the actual depreciation on the asset and the equivalent depreciation based on the historical cost of the asset is realised through profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 New or revised standards or interpretations

New standards adopted at 1 April 2023

During the year ended 31 March 2024, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors— Definition of Accounting Estimates

New and revised IFRS Accounting Standards in issue but not yet effective and not yet adopted by EU

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS that have been issued and are not yet effective.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 - Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements*
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

* These amendments had not yet been adopted by the EU.

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, except for the measurement of finance lease liability and right of use asset. In this respect, the directors have considered that the Company will be taking the option of the extension of 30 years (see note 7).

5 Financial risk management

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the Company's management under the oversight of the directors and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial risk.

(a) Market risk

(i) Interest rate risk

The Company is not exposed to interest rate risk as it does not have any financial assets and liabilities which bear an interest.

(ii) Currency risk

The Company is not exposed to currency risk since it has no significant financial assets and financial liabilities denominated in foreign currencies.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. Credit risk arises from cash and cash equivalents and trade and other receivables.

	Note	2024 €	2023 €
Trade and other receivables	8	34,901	18,258
Cash and cash equivalents	9	6,662,759	1,291,626
		6,697,660	1,309,884

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Company does not hold any collateral as security in this respect. The disclosed above in respect of trade and other receivables exclude prepayments and indirect taxation.

(i) Cash and cash equivalents

The Company's cash and cash equivalents are held with local financial institutions with high quality standing or rating and are settled on demand. Management considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term. As a result, while cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

5 Financial risk management- continued

(b) Credit risk - continued

(ii) Trade receivables

The Company assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. The Company monitors the performance of its receivables on a regular basis to identify incurred collection losses, which are inherent in the Company's trade receivables, taking into account historical experience in collection of accounts receivable. The credit quality of the trade receivables, which are not impaired or past due financial assets, reflects the nature of these assets which are principally debts in respect of transactions with counterparties for whom there is no history of default. Management does not expect any losses from non-performance of these parties.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses lifetime expected credit loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company uses judgement in estimating the expected credit losses. Credit loss allowance include specific provisions against credit impaired individuals exposures with the amount of provisions being equivalent to the balances attributable to credit impaired receivables. Provisions for impairment of credit impaired balances with corporate customers related to entities which are in adverse trading and operational circumstances.

Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The movements in credit loss allowances of these receivables are disclosed separately in profit or loss.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within other operating expenses. Subsequent recoveries of amounts written off are credited against the same line item.

(c) Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of the trade and other payables.

Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations towards third party payables.

5 Financial risk management – continued

(c) Liquidity risk - continued

Management monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Company's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments. The financial liabilities are payable on demand, except for finance lease liability as disclosed in note 7 to the financial statements.

(d) Fair values

The carrying amounts of cash at bank, receivables and trade and other payables approximate their fair values in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of non-current lease liability is non significantly different from its carrying amount.

(e) Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's strategy remains unchanged from the previous year. The capital structure consists of equity attributable to equity holders comprising issued share capital and retained earnings as disclosed in the statement of changes in equity.

6 Property, plant, and equipment

	Asset under construction €	Computer equipment €	Total €
Cost			
At 01 April 2022	94,386	4,155	98,541
Additions	1,379,513	5,434	1,384,947
At 31 March 2023	1,473,899	9,589	1,483,488
At 01 April 2023	1,473,899	9,589	1,483,488
Additions	7,022,406	15,681	7,038,087
At 31 March 2024	8,496,305	25,270	8,521,575
Depreciation			
At 01 April 2022	-	427	427
Charge for the year	-	1,814	1,814
At 31 March 2023	-	2,241	2,241
At 01 April 2023	-	2,241	2,241
Charge for the year	-	5,061	5,061
At 31 March 2024	-	7,302	7,302
Net book value at 31 March 2024	8,496,305	17,968	8,514,273
Net book value at 31 March 2023	1,473,899	7,348	1,481,247

7 Right-of-use assets

The Company has leased its land from the Government of Malta on 21 December 2021 on which it is constructing its factory. The lease has a lease term of fifteen years, with the option to extend to another period of thirty years.

Furthermore, the Company has leased two cars during the period. One of the lease agreements' term is for five years and other lease agreements' term is for six years.

The table below depicts the carrying amounts of the right-of-use assets recognised and the movements during the year.

	Land €	Motor vehicles €	Total €
Cost			
At 01 April 2022	1,659,043	-	1,659,043
Additions	-	105,229	105,229
At 31 March 2023	1,659,043	105,229	1,764,272
At 01 April 2023	1,659,043	105,229	1,764,272
Additions	-	-	-
At 31 March 2024	1,659,043	105,229	1,764,272
Amortisation			
At 01 April 2022	9,217	-	9,217
Charge for the year	36,868	11,491	48,359
At 31 March 2023	46,085	11,491	57,576
At 01 April 2023	46,085	11,491	57,576
Charge for the year	36,867	19,892	56,759
At 31 March 2024	82,952	31,383	114,335
Net book value			
As at 31 March 2024	1,576,091	73,846	1,649,937
At 31 March 2023	1,612,958	93,740	1,706,698

7 Right-of-use assets- continued

The table below depicts the carrying amounts of lease liabilities and movements during the year.

	2024	2023
	€	€
Opening balance	1,733,209	1,646,840
Additions	-	105,229
Interest expense	35,884	34,640
Lease payments	(62,741)	(53,500)
	1,706,352	1,733,209
Current lease liability	60,293	59,587
Non-current lease liability	1,646,059	1,673,622
Repayable between:		
One to two years	128,549	126,504
Two to five years	169,438	189,131
Five to ten years	234,540	231,101
More than 10 years	2,094,010	2,142,542
Total undiscounted lease liability	2,626,537	2,689,277
Finance expense not yet expensed	(920,185)	(956,068)
Net lease liability	1,706,352	1,733,209

8 Trade and other receivables

	2024	2023
	€	€
Trade and other receivables	34,901	18,258
Prepayments	17,775	14,346
Indirect taxation	1,036,430	172,449
	1,089,106	205,053

9 Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2024	2023
	€	€
Cash at bank	6,662,759	1,291,626
Cash in hand	368	-
	6,663,127	1,291,626

10 Share Capital

	2024	2023
	€	€
Authorised		
24,999,999 (2023: 4,999,999) "A" and 1 "B" ordinary shares of €1 each	25,000,000	5,000,000
Issued and fully paid		
15,949,999 "A" and 1 "B" ordinary shares of €1 each	15,950,000	-
3,454,999 "A" and 1 "B" ordinary shares of €1 each	-	3,455,000
	15,950,000	3,455,000

The authorised share capital of the Company amounts to Twenty-Five Million Euro (€ 25,000,000) and is divided into Twenty-four million nine hundred and ninety-nine thousand nine hundred and ninety-nine (24,999,999) ordinary A shares and one (1) Ordinary B share, all of Euro one (€ 1) each.

During the year ended 31 March 2023 and 31 March 2024, the Company increased its authorised share capital and issued shares as follows:

Date of Extra Ordinary Resolution	Activity Description	Shares Affected	Nominal Value (€)
01-Dec-22	Issuance of ordinary 'A' shares	2,500,000	1
22-Sep-23	Increase in authorised share capital	11,000,000	1
	Issuance of ordinary 'A' shares	1,495,000	1
28-Nov-23	Issuance of ordinary 'A' shares	5,000,000	1
27-Mar-24	Increase in authorised share capital	9,000,000	1
	Issuance of ordinary 'A' shares	6,000,000	1

The issued share capital of the Company is divided into ordinary 'A' shares and ordinary 'B' shares. The holders of ordinary 'A' shares have the rights normally competent to holders of ordinary shares, including the right to receive notice, to attend and to vote at a general meeting of the Company, as well as the right to receive dividends, and to participate in the distribution of the assets of the Company at any time, in particular upon the liquidation or winding-up of the same.

The holders of the ordinary B shares have the right to receive notice and to attend any general meeting but have no right to vote at any meeting of the Company, nor have any right, at any time, to receive dividends or to participate in the distribution of assets of the Company upon liquidation and winding-up or at such other time.

11 Trade and other payables

	2024	2023
	€	€
Trade payables	231,302	13,152
Capital payables	1,153,228	-
Accruals	192,337	13,365
	1,576,867	26,517

12 Expenses by nature

	2024	2023
	€	€
Administrative expenses:		
Registration expenses	334,202	329,048
Rent expenses	53,421	44,718
Legal and professional fees	51,387	26,009
Travelling expenses	44,156	14,981
Printing and stationery expenses	6,035	5,884
Housekeeping expenses	30,870	3,720
Entertainment expenses	14,191	3,609
Telecommunications expenses	3,430	2,600
Depreciation	5,061	1,814
Amortisation	19,892	11,491
Insurance expense	4,794	1,621
Audit fee	3,333	1,400
Subscriptions	1,504	1,195
Computer expenses	5,913	1,072
Repairs and maintenance expenses	878	906
Water & electricity expenses	5,383	-
Recruitment expenses	36,400	-
Security expenses	25,248	-
Training costs	4,254	-
Wage and salary	81,743	-
Other expenses	17,872	3,494
	749,967	453,562
Finance expenses:		
Interest expense	35,884	34,640
Bank charges	819	611
Exchange provision	4	83
	36,707	35,334

The average number of employees employed by the Company during the year was 10 (2023: 4).

The cost of wages incurred during year amounting to € 672,176 (2023: € 396,962) was capitalised with property plant and equipment.

13 Related party

13.1 Parent Company and Ultimate Controlling party:

The parent company is TPL (Malta) Limited which has its registered address at Central Business Centre, Level 2, Triq Hal Tarxien, Gudja GDJ1907, Malta.

The Ultimate holding company is Torrent Investments Private Limited, whilst the next most senior parent company that prepares consolidated financial statements is Torrent Pharmaceuticals Limited which have its registered address at Torrent House, Off Ashram Road, Ahmedabad, Gujarat, India. The consolidated financial statements are available for public use on their website.

14 Commitments

During the financial period ended on 31 March 2024, the Company entered into contracts to construct its factory for € 6,461,052 (2023: € 4,083,921). During the year, the Company incurred an expense as disclosed in note 6.

15 Statutory information

Torrent Pharma (Malta) Limited is registered in Malta as a limited liability Company under Maltese Companies Act (Cap.386). The registered address office is Central Business Centre, Level 2, Triq Hal Tarxien, Gudja, GDJ1907, Malta.