KRESTON SRI LANKA

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TORRENT INTERNATIONAL LANKA (PVT) LTD (FORMERLY KNOWN AS CURATIO INTERNATIONAL LANKA (PVT) LTD)

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **Torrent International Lanka (Pvt) Ltd** ('the Company') which comprise the Statement of Financial Position as at 31st March 2024, 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 exhibited on pages 3 to 21.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by Chartered Accountants of Sri Lanka that are relevant to our audit of the Financial Statements and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.2 to the Financial Statements which explains why these Financial Statements have been prepared on the basis that the Company is not a going concern. Accordingly, all assets and liabilities have been reclassified. Our opinion is not modified in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the Audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

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CHARTERED ACCOUNTANTS
COLOMBO
25TH APRIL 2024
VB/bn
VB-Torrent International(2024)-C8

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TORRENT INTERNATIONAL LANKA (PVT) LTD
(FORMERLY KNOWN AS CURATIO INTERNATIONAL LANKA (PVT) LTD)
All amounts in Sri Lankan Rupees

STATEMENT OF FINANCIAL POSITION AS AT	Note	31.03.2024 SL Rs.	31.03.2023 SL Rs.
ASSETS			
Property, Plant & Equipment	4	-	115,716.31
Other Receivables	5	-	1,095,620.38
Cash & Cash Equivalents	6	976,080.48	4,208,111.68
Total Assets		976,080.48	5,419,448.37
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	8	213,487,980.00	213,487,980.00
Accumulated Loss		(223,215,061.78)	(220,682,586.10)
Total Equity		(9,727,081.78)	(7,194,606.10)
Liabilities			
Retirement Benefit Obligation	9	-	366,437.44
Trade & Other Payables	10	10,703,162.26	12,247,617.03
Total Liabilities		10,703,162.26	12,614,054.47
Total Equity & Liabilities		976,080.48	5,419,448.37

The Notes to the Financial Statements on pages 7 to 21 form an integral part of these Financial Statements.

I certify that the above Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

....
Accountant

The Board of Directors is responsible for the preparation & fair presentation of these Financial Statements.

The Financial Statements were approved and signed on behalf of the Board of Directors.

Directors :

1. Natmi Kapashi
Director

2. Anil Patel
Director

25th April 2024

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TORRENT INTERNATIONAL LANKA (PVT) LTD
(FORMERLY KNOWN AS CURATIO INTERNATIONAL LANKA (PVT) LTD)
All amounts in Sri Lankan Rupees

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED	Note	31.03.2024 SL Rs.	31.03.2023 SL Rs.
Revenue	11	-	7,031,532.43
Cost of Sales		-	(7,548,123.62)
Gross Profit		-	(516,591.19)
Other Income	12	5,121,222.86	-
Administrative Expenses		(6,652,545.94)	(12,955,648.35)
Distribution Expenses		(526,480.11)	(4,350,277.80)
Other Operating Expenses	14	(1,117,348.16)	(3,936,656.62)
Operating Loss		(3,175,151.35)	(21,759,173.96)
Other Financial Items	13	642,675.67	(3,325,570.88)
Loss before Tax	15	(2,532,475.68)	(25,084,744.84)
Income Tax Expense		-	-
Loss for the year		(2,532,475.68)	(25,084,744.84)
Other Comprehensive Income / (Expenses) not to be reclassified to Profit/Loss in subsequent periods			
Actuarial gains / (losses) on defined benefit plans	9	-	(41,939.42)
Other Comprehensive Income / (Expenses) to be reclassified to Profit / (Loss) in subsequent periods		-	-
Other Comprehensive Income for the year		-	(41,939.42)
Total Comprehensive Income for the year		(2,532,475.68)	(25,126,684.26)
Loss per share	16	(0.12)	(1.17)

The Notes to the Financial Statements on pages 7 to 21 form an integral part of these Financial Statements .

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TORRENT INTERNATIONAL LANKA (PVT) LTD
(FORMERLY KNOWN AS CURATIO INTERNATIONAL LANKA (PVT) LTD)
All amounts in Sri Lankan Rupees

STATEMENT OF CHANGES IN EQUITY

	Stated Capital SL Rs.	Accumulated Loss SL Rs.	Total SL Rs.
Balance as at 01st April 2022	180,637,980.00	(195,555,901.84)	(14,917,921.84)
Shares Issued during the year	32,850,000.00	-	32,850,000.00
Loss for the year	-	(25,084,744.84)	(25,084,744.84)
Other Comprehensive Income for the year	-	(41,939.42)	(41,939.42)
Total Comprehensive Income for the year	-	(25,126,684.26)	(25,126,684.26)
Balance as at 31st March 2023	213,487,980.00	(220,682,586.10)	(7,194,606.10)
Loss for the year	-	(2,532,475.68)	(2,532,475.68)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Income for the year	-	(2,532,475.68)	(2,532,475.68)
Balance as at 31st March 2024	213,487,980.00	(223,215,061.78)	(9,727,081.78)

The Notes to the Financial Statements on pages 7 to 21 form an integral part of these Financial Statements .

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TORRENT INTERNATIONAL LANKA (PVT) LTD
(FORMERLY KNOWN AS CURATIO INTERNATIONAL LANKA (PVT) LTD)
All amounts in Sri Lankan Rupees

CASH FLOW STATEMENT FOR THE YEAR ENDED	Note	31.03.2024 SL Rs.	31.03.2023 SL Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before Tax		(2,532,475.68)	(25,084,744.84)
Adjustments :			
Inventory written off	14	-	700,718.85
Depreciation	15	36,939.17	108,915.84
Provision for Retiring Gratuity / (Reversal)	15	(278,937.44)	170,413.25
Profit on disposal of Property, Plant & Equipment	12	(5,121,222.86)	-
Provision for Inventory obsolescence	14	-	3,235,937.77
Operating Loss before Working Capital Changes		(7,895,696.81)	(20,868,759.13)
Changes in Working Capital			
(Increase)/Decrease in Inventories		-	3,816,864.02
(Increase)/Decrease in Receivables	5	1,095,620.38	9,826,155.52
Increase/(Decrease) in Trade & Other Payables	10	(1,544,454.77)	(26,486,982.23)
Cash Used in Operating Activities		(8,344,531.20)	(33,712,721.82)
Gratuity Paid	9	(87,500.00)	(740,000.00)
Net cash used in Operating Activities		(8,432,031.20)	(34,452,721.82)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales Proceeds from Disposal of Property Plant and Equipment		5,200,000.00	-
Net Cash flows from Investing Activities		5,200,000.00	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares Issued	8	-	32,850,000.00
Net Cash flows from Financing Activities		-	32,850,000.00
Net Increase / (Decrease) in Cash & Cash Equivalents		(3,232,031.20)	(1,602,721.82)
Cash & Cash Equivalents at the beginning of the year		4,208,111.68	5,810,833.50
Cash & Cash Equivalents at the end of the year	6	976,080.48	4,208,111.68

The Notes to the Financial Statements on pages 7 to 21 form an integral part of these Financial Statements .

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NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Name of the Company	:	Torrent International Lanka (Pvt) Ltd The Name of the Company was changed from Curatio International Lanka (Pvt) Ltd to Torrent International Lanka (Pvt) Ltd on 4th August 2023.
Legal Form	:	A Limited Liability Company incorporated In Sri Lanka under the Companies Act No. 07 of 2007 on 19.08.2015 (PV 107805)
Registered Address	:	Level 26, East Tower, World Trade Centre, Colombo 01
Nature of the Operation	:	Wholesale trading in Healthcare Products in Sri Lanka. The Company ceased its business operation in the year 2023/2024.

The company was wholly owned subsidiary of Curatio Healthcare (I) Pvt Ltd ("Curatio"). Curatio was acquired by Torrent Pharmaceuticals Limited (the Parent company) and later on merged with the Parent company vide National Company Law Tribunal order in India pronounced in May, 2023. As on 31st March, 2024, the Company is wholly owned subsidiary of the Parent company.

Parent company is a public limited company incorporated and domiciled in India. The address of its registered office is Torrent House, Off Ashram Road, Ahmedabad – 380 009, Gujarat, India. The Parent company is one of the leading Indian Pharmaceutical Company engaged in research, development, manufacturing and marketing of generic pharmaceutical formulations.

2. STATEMENT OF COMPLIANCE

The financial statements of the company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS)

2.1 BASIS OF PREPARATION

The Company Financial Statements have been prepared on fair value basis.

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 7 of 2007.

2.2 GOING CONCERN

The Company has ceased its business operation in FY 2023/24 and does not intend to recommence, and as so the Financial Statements have been prepared on the basis that the Company is not a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant Accounting Policies applied by the Company in preparing its Company financial Statements.

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3.1 FOREIGN CURRENCIES

The company's financial statements are presented in Sri Lankan Rupees, which is also the Company's functional currency. The Company determines the functional currency and items included in the financial statements measured using the functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

3.2 REVENUE RECOGNITION

Revenue is measured based on the consideration to which the company expect to be entitled in a contract with customer and excludes amounts collected on behalf of third party. The company recognizes revenue when it satisfied the performance obligation in relation to the contract.

(a) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

(b) Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis

(c) Other income

Other income is recognized on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3.3 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the depreciation of Property, Plant & Equipment:

	Years
Motor Vehicle	5
Office Equipment	5
Computer & Software	5

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

3.4 EQUITY, RESERVES AND DIVIDEND PAYMENTS

The total amount received by the Company or due and payable to the Company in respect of the issue of shares are referred to as "Stated Capital".

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

3.5 POST-EMPLOYMENT BENEFITS, SHORT-TERM EMPLOYEE BENEFITS AND TERMINATION BENEFITS

Post-Employment Benefit

The Company provides post-employment benefits through various defined contribution plans and defined benefit plans.

Defined Contribution Plans

A defined contribution plan is a post – employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident and Employee Trust Funds covering all employees are recognised as an expense in profit or loss as incurred.

The Company contributes 12% and 3% of gross emoluments of employees as Provident Fund and Trust Fund contribution respectively.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3.5 POST-EMPLOYMENT BENEFITS, SHORT-TERM EMPLOYEE BENEFITS AND TERMINATION BENEFITS (CONTD.)

Defined Benefit Plan - Gratuity

Provision has been made in the Financial Statement for retiring gratuities which may fall due for payment under the Payment of Gratuity Act No. 12 of 1983 in respect of all employees including those who have less than 5 years continued service.

The defined benefit obligation is measured using the simplified projected unit credit method. The resulting difference between the provision carried forward at the end of a year and the brought forward provision is dealt within the Statement of Comprehensive Income.

However, as per the Payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

This liability is not externally funded.

No provision is made as there are no employees as on 31st March, 2024.

3.6 EXPENDITURE RECOGNITION

(a) Operating Expenses

All expenditure incurred in running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving at the loss for the year. For the purpose of presentation of Income Statement, the Directors are of the opinion that function of expense method present fairly the elements of the enterprises performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

(b) Finance Cost

Finance cost comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available for sale financial assets, impairment losses recognised on financial assets.

(c) Other Financial Items

Foreign currency gains and losses are reported on a net basis under other financial items.

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3.7 TAXES

(a) Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

(b) Deferred Taxation

Deferred tax is provided using the liability method on temporary differences at the Reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

The Company has not recognised a deferred tax asset since the Company has ceased the operations in 2023/24.

3.8 FINANCIAL INSTRUMENTS

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and subsequent measurement of financial assets.

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- debt instruments at amortised cost
- debt instruments at fair value through other comprehensive income (FVTOCI)
- debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVTOCI)

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3.8 FINANCIAL INSTRUMENTS (CONTD.)

Debt instruments at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met.

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss. The losses arising from impairment are recognised in the profit and loss. This category generally applies to trade and other receivables and other financial assets.

Debt instruments at FVTOCI

A financial asset is measured at FVTOCI if both the following conditions are met.

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income and impairment losses in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments, derivatives and equity instruments at FVTPL

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

The Company did not posses FVTPL Financial Assets during the year.

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3.8 FINANCIAL INSTRUMENTS (CONTD.)

Equity investments

All equity investments in scope of SLFRS 9 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

In case of equity instrument classified as FVTOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when the rights to receive cash flows from the asset expires or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or the Company neither transfers nor retains substantially all the risks and rewards of the asset, but transfers control of the asset.

When the Company transfers a financial asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade Receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit losses (ECLs) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

3.8 FINANCIAL INSTRUMENTS (CONTD.)

Classification and subsequent measurement of financial liabilities

The Company classifies financial liabilities as described below:

- Financial liabilities at fair value through profit or loss (FVTPL)
- Financial liabilities at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost

The financial liabilities which are not designated at FVTPL are classified as financial liabilities at amortised cost.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Reclassification of financial assets and liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

3.8 FINANCIAL INSTRUMENTS (CONTD.)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.9 CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

3.10 PROVISIONS

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the come statement net of any reimbursement.

3.11 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.
All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

3.12 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty exists at the date of preparation, about these assumptions and estimates and hence, may result in outcomes that require a material adjustment to the recorded carrying amount of the asset or liability as at the reporting date or in future periods.

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3.13 JUDGEMENTS

In the process of applying the company's accounting policies, management has made following judgements which have the most significant effect on the amounts recognised in the financial statements:

Deferred Tax

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Transfer pricing regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

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All amounts in Sri Lankan Rupees

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Cost	As at 01.04.2023 SL Rs.	Additions SL Rs.	Disposal / Written off SL Rs.	As at 31.03.2024 SL Rs.
Motor Vehicles	7,062,730.00	-	7,062,730.00	-
Office Equipment	26,500.00	-	26,500.00	-
Computer & Software	255,290.00	-	255,290.00	-
	7,344,520.00	-	7,344,520.00	-

Depreciation	As at 01.04.2023 SL Rs.	Charge for the year SL Rs.	On disposal / written off SL Rs.	As at 31.03.2024 SL Rs.
Motor Vehicles	6,975,193.20	8,759.66	6,983,952.86	-
Office Equipment	23,849.65	2,650.35	26,500.00	-
Computer & Software	229,760.84	25,529.16	255,290.00	-
	7,228,803.69	36,939.17	7,265,742.86	-

Net Book Value	As at 31.03.2024 SL Rs.	As at 31.03.2023 SL Rs.
Motor Vehicles	-	87,536.80
Office Equipment	-	2,650.35
Computer & Software	-	25,529.16
	-	115,716.31

NOTE 5 - RECEIVABLES

	31.03.2024 SL Rs.	31.03.2023 SL Rs.
Non Financial Assets		
Prepaid Stores Rent	-	110,000.00
Virtual Office Rent Prepayment	-	12,039.66
Insurance Prepayment	-	90,120.14
VAT Recoverable	-	883,460.58
	-	1,095,620.38

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)	31.03.2024 SL Rs.	31.03.2023 SL Rs.
NOTE 6 - CASH & CASH EQUIVALENTS		
Cash In Hand	-	26.19
Hatton National Bank - A/C No. 072010028121	729,587.48	4,092,479.48
Hatton National Bank - A/C No. 072010032548	246,493.00	115,606.01
	976,080.48	4,208,111.68
NOTE 7 - FINANCIAL ASSETS & FINANCIAL LIABILITIES		
Financial Assets		
Cash and Cash Equivalents (Note 6)	976,080.48	4,208,111.68
Financial Liabilities		
Trade and Other Payables (Note 10)	10,703,162.26	12,171,377.04
NOTE 8 - STATED CAPITAL		
Number of Ordinary Shares issued & fully paid		
Balance on 01st April	21,348,798	18,063,798
Shares Issued during the year	-	3,285,000
Balance on 31st March	21,348,798	21,348,798
Issued and fully paid Ordinary Shares Rs.		
Balance on 01st April	213,487,980.00	180,637,980.00
Shares Issued during the year	-	32,850,000.00
Balance on 31st March	213,487,980.00	213,487,980.00

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 9 - RETIREMENT BENEFIT OBLIGATION

	31.03.2024 SL Rs.	31.03.2023 SL Rs.
Balance on 1st April	366,437.44	894,084.77
Current Service Cost	-	105,620.53
Interest Cost	-	64,792.72
Deficit / (Surplus) change for the year	(278,937.44)	41,939.42
Benefits paid during the year	(87,500.00)	(740,000.00)
Balance on 31st March	-	366,437.44

NOTE 10 - TRADE & OTHER PAYABLES

	31.03.2024	31.03.2023
Financial Liabilities		
Trade Creditors - Related Party - Torrent Pharmaceuticals Ltd - India (USD 20,948.80)	6,396,378.80	7,039,054.47
Others	-	368,591.28
Other Payable	3,834,645.96	3,834,645.96
Accrued Expenses	472,137.50	929,085.33
	10,703,162.26	12,171,377.04
Non Financial Liabilities		
Accrued Expenses	-	76,239.99
	-	76,239.99
	10,703,162.26	12,247,617.03

NOTE 11 - REVENUE

	31.03.2024	31.03.2023
Local Sales	-	7,031,532.43
	-	7,031,532.43

NOTE 12 - OTHER INCOME

	31.03.2024	31.03.2023
Profit on Disposal of Property , Plant & Equipment	5,121,222.86	-
	5,121,222.86	-

NOTE 13 - OTHER FINANCIAL ITEMS

	31.03.2024	31.03.2023
Exchange Gain / (Loss)	642,675.67	(3,325,570.88)
	642,675.67	(3,325,570.88)

NOTE 14 - OTHER OPERATING EXPENSES

	31.03.2024	31.03.2023
Inventory written off	-	700,718.85
Stock Disposal Charges	153,517.59	-
Provision for Inventory obsolescence	-	3,235,937.77
VAT Recoverable Written off	963,830.57	-
	1,117,348.16	3,936,656.62

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 15 - LOSS BEFORE TAX

The following items have been recognised as expenses / (income) in determining loss before Tax.

	31.03.2024 SL Rs.	31.03.2023 SL Rs.
Depreciation	36,939.17	108,915.84
Audit Fees	272,137.50	275,000.00
EPF & ETF	85,650.00	618,647.50
Provision for Retiring Gratuity / (Reversal)	(278,937.44)	170,413.25
Other Staff Cost	571,000.00	4,129,031.66
Director Fee	-	375,000.00

NOTE 16 - LOSS PER SHARE

The Earnings / (loss) per share is calculated by dividing the net profit / (loss) for the period attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year.

Amounts used as Numerator

	31.03.2024 SL Rs.	31.03.2023 SL Rs.
Loss attributable to Ordinary Shareholders (Rs.)	(2,532,475.68)	(25,084,744.84)
Number of Ordinary Shares used as the Denominator		
Weighted Average Number of Ordinary Shares	21,348,798	21,348,798
Loss per Share (Rs.)	(0.12)	(1.17)

NOTE 17 - CONTINGENT LIABILITIES

There are no contingent liabilities as at 31st March 2024.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 18 - CAPITAL COMMITMENTS

There are no approved capital commitments as at 31st March 2024.

NOTE 19 - EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

NOTE 20 - RELATED PARTY TRANSACTIONS

1. Amount payable to Parent Company Torrent Pharmaceuticals Ltd - India as at 31st March 2024 is disclosed in Note 10 to these Financial Statements.

2. Key Management personnel remuneration is Rs.Nil for the year ended 31st March 2024 (375,000/- - 31.03.2023)

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SCHEDULES

	31.03.2024 SL Rs.	31.03.2023 SL Rs.
SCH 1 - COST OF SALES		
Stocks on 1st April	-	10,198,435.31
Purchases	-	4,831,552.24
	-	15,029,987.55
Transfer to Inventory Written-Off	-	(6,381,571.29)
Sample Purchase Converted	-	(1,100,292.64)
Cost of Sales	-	7,548,123.62

SCH 2 - ADMINISTRATIVE EXPENSES

	31.03.2024 SL Rs.	31.03.2023 SL Rs.
Salary	571,000.00	4,124,316.66
EPF	68,520.00	494,918.00
ETF	17,130.00	123,729.50
Director Fee	-	375,000.00
Provision for Retiring Gratuity / (Reversal)	(278,937.44)	170,413.25
Audit Fee - Current year	272,137.50	275,000.00
- Under / (Over) Provision	6,875.00	20,000.00
Office Rent	329,333.38	113,461.56
Consultancy Charges (Retainership expense)	-	780,000.00
Bank Charges	2,215.00	381,914.37
Courier Charges	-	12,596.01
Depreciation	36,939.17	108,915.84
Legal Fee	3,602,166.25	952,000.00
Professional Fee	78,200.38	-
Rent	110,000.00	1,320,000.00
Secretarial Charges	134,800.00	111,300.00
Stock Insurance	9,683.82	38,834.70
Storage & Electricity Charges	99,722.37	1,328,028.38
Vehicle Insurance	80,436.32	105,305.20
Penalty & Forfeit Charges	3,837.75	-
Subscription to Office 360 & Tally ERP 9	-	21,541.88
Telephone Expense	-	1,000.00
Drug License Fee	180,000.00	240,000.00
Product Licence Fee	125,000.00	742,240.00
Stationeries	-	7,618.00
Fuel Expenses	-	2,800.00
Staff welfare Expense	-	4,715.00
Transport Charges	3,486.44	-
Accounting Charges	1,200,000.00	1,100,000.00
	6,652,545.94	12,955,648.35

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All amounts in Sri Lankan Rupees

SCHEDULES (CONTD.)	31.03.2024 SL Rs.	31.03.2023 SL Rs.
SCH 3 - DISTRIBUTION EXPENSES		
Field Visit Expenses	380,480.11	1,809,413.00
Promotional Expense	-	231,950.00
Sample Purchase	-	1,100,292.64
Vehicle Allowance	146,000.00	1,024,300.00
Vehicle Maintenance	-	43,751.54
Delivery & Handling Charges	-	95,000.00
Free Issues of product	-	45,570.62
	526,480.11	4,350,277.80
SCH 4 - TRADE AND OTHER PAYABLES		
FINANCIAL LIABILITIES		
Trade Creditors		
Texton (Pvt) Ltd	-	368,591.28
	-	368,591.28
Other Payable		
Hemas Pharmaceuticals (Pvt) Ltd	3,834,645.96	3,834,645.96
	3,834,645.96	3,834,645.96
Accrued Expenses		
Salary Payable	-	252,085.33
Field Visit Expense Payable	-	180,000.00
Audit Fee Payable	272,137.50	275,000.00
Professional Fee Payable		49,000.00
Vehicle Allowance Payable	-	73,000.00
Accounting charges payable	200,000.00	100,000.00
	472,137.50	929,085.33
	4,306,783.46	5,132,322.57
NON FINANCIAL LIABILITIES		
Accrued Expenses		
EPF Payable	-	57,099.99
ETF Payable	-	8,565.00
Stamp Duty Payable	-	75.00
PAYE Payable	-	10,500.00
	-	76,239.99
	4,306,783.46	5,208,562.56
SCH 5 - OTHER STAFF COST		
Salary	571,000.00	4,124,316.66
Staff welfare Expense	-	4,715.00
	571,000.00	4,129,031.66

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