

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORRENT PHARMA (UK) LIMITED

Opinion

We have audited the financial statements of Torrent Pharma (UK) Limited (the 'company') for the year ended 31 March 2024, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORRENT PHARMA (UK) LIMITED (continued)

we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Directors' responsibilities

As explained more fully in their statement set out on page 5-6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as the directors determine 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, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORRENT PHARMA (UK) LIMITED
(continued)**

Extent to which the audit is capable of detecting irregularities, including fraud

Irregularities, including fraud are instances of non-compliance with laws and regulations. We designed procedures in line with our responsibilities outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularity including fraud is detailed below.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience; through verbal and written communications with those charged with governance and other management, and via inspection of the company's regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the company.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements, including the company's constitution, relevant financial reporting standards; company law and tax legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the regulation around the pharmaceutical products sold by the company, health and safety, employment legislations as those most likely to have such an affect.

International Auditing Standards (UK) limit the required procedures to identify non-compliance with these laws and regulations to the procedures, and no procedures over and above those already noted are required. These limited procedures did not identify any actual or suspected non-compliance which laws and regulations that could have a material impact on the financial statements.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors' minutes;
- enquiry of management and review and inspection of relevant correspondence with any legal firms;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

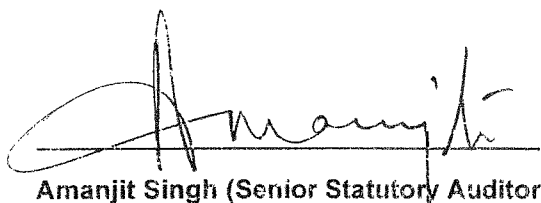
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORRENT PHARMA (UK) LIMITED
(continued)**

These procedures did not identify any actual or suspected fraudulent irregularity that could have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with International Auditing Standards UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanjit Singh (Senior Statutory Auditor)

for and on behalf of KNAV Limited, Statutory Auditor

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HA1 1BE
United Kingdom

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TORRENT PHARMA (UK) LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
CONTINUING OPERATIONS			
Revenue	20	22,989,226	20,312,589
Cost of sales		<u>(13,281,388)</u>	<u>(12,595,842)</u>
GROSS PROFIT		9,707,838	7,716,747
Other operating income/(expenses)		2,500	(6,401)
Distribution costs		(896,065)	(870,994)
Administrative expenses		<u>(5,501,151)</u>	<u>(4,101,369)</u>
OPERATING PROFIT/(LOSS)		3,313,122	2,737,983
Finance costs	3	<u>(1,084,321)</u>	<u>(823,942)</u>
PROFIT/(LOSS) BEFORE INCOME TAX	4	2,228,801	1,914,041
Deferred tax	5	<u>90,131</u>	<u>97,043</u>
PROFIT/(LOSS) FOR THE YEAR		2,318,932	2,011,084
OTHER COMPREHENSIVE INCOME		<u> </u>	<u> </u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,318,932</u>	<u>2,011,084</u>

The notes on pages 16 to 29 form an integral part of these financial statements

TORRENT PHARMA (UK) LTD (REGISTERED NUMBER: 07249393)
STATEMENT OF FINANCIAL POSITION 31 MARCH 2024

	Notes	2024 £	2023 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	1,228,919	3,455,830
Property, plant and equipment	7	130,459	163,831
Right to Use Assets	7	460,493	667,115
Deferred tax	16	843,295	753,164
		2,663,166	5,039,940
CURRENT ASSETS			
Inventories	8	4,737,615	5,401,833
Trade and other receivables	9	3,322,222	4,605,723
Cash and cash equivalents	10	1,495,421	2,165,503
		9,555,258	12,173,059
TOTAL ASSETS		12,218,424	17,212,999
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	225,000	225,000
Retained earnings	12	(5,468,300)	(7,787,232)
TOTAL EQUITY		(5,243,300)	(7,562,232)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	8,032,722	17,670,538
NON-CURRENT LIABILITIES			
Other payables	17	9,429,002	7,104,693
		9,429,002	7,104,693
TOTAL LIABILITIES		17,461,724	24,775,231
TOTAL EQUITY AND LIABILITIES		12,218,424	17,212,999

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

Digitally signed by Amul Agrawal
 Amul Agrawal
 Date: 2024.04.23 16:04:30
 +02'00'

Amul Agrawal- Director

TORRENT PHARMA (UK) LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024**

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 31 March 2022	225,000	(9,798,316)	(9,573,316)
Changes in equity			
Total comprehensive income	-	2,011,084	2,011,084
Balance at 31 March 2023	225,000	(7,787,232)	(7,562,232)
Changes in equity			
Total comprehensive income	-	2,318,932	2,318,932
Balance at 31 March 2024	225,000	(5,468,300)	(5,243,300)

TORRENT PHARMA (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £	2023 £
Cash flows from operating activities			
Cash generated from / (used in) operations	1	8,316,691	3,076,874
Net cash outflow from operating activities		8,316,691	3,076,874
Cash flows from investing activities			
Purchase of intangible fixed assets		(271,156)	(185,878)
Purchase/(Reduction) of tangible fixed assets		-	(15,331)
Net cash outflow from investing activities		(271,156)	(201,209)
Cash flows from financing activities			
Loan from group company received		(7,500,000)	(500,000)
Repayment of Lease Liability		(131,296)	(145,800)
Interest (paid)		(1,084,321)	(823,942)
Net cash from financing activities		(8,715,617)	(1,469,742)
(Decrease)/increase in cash and cash equivalents		(670,082)	1,405,923
Cash and cash equivalents at beginning of year	2	2,165,503	759,580
Cash and cash equivalents at end of year	2	1,495,421	2,165,503

The notes on pages 16 to 29 form an integral part of these financial statements

TORRENT PHARMA (UK) LTD

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2024	2023
	£	£
Profit/(Loss) before income tax	2,228,801	1,914,041
Impairment of intangibles	1,908,031	656,212
Depreciation and Amortisation charges	734,211	682,427
Finance costs	1,084,321	823,942
(Gain)/ Loss on sale of asset	-	6,401
	5,955,364	4,083,023
(Increase)/decrease in inventories	664,218	1,102,962
(Increase)/decrease in trade and other receivables	1,283,500	(1,385,641)
Increase/(decrease) in trade and other payables	413,609	(723,470)
Cash generated from operations	8,316,691	3,076,874

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March	2024	2023
	£	£
Cash and cash equivalents	1,495,421	2,165,503
Year ended 31 March	2023	2022
	£	£
Cash and cash equivalents	2,165,503	759,580

**TORRENT PHARMA (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1. ACCOUNTING POLICIES

Basis of preparation

Torrent Pharma (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK at 4 Gatwick Road, Nexus Building, 3rd floor, Crawley, RH10 9BG. The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements have been prepared under the historical cost convention. Amounts are rounded to the nearest pound, unless otherwise stated. The functional and presentational currency is Pound Sterling (£), being the currency of the primary economic environment in which the company operates in.

Revenue recognition

Revenue is recognised as per "contract" with customers where "contract" refers to the Customers' purchase orders replicated by our sales orders. The revenue is recognised upon the transfer of control of goods to the customer in line with IFRS 15.

We recognise revenue from product sales using the principles in IFRS, by applying the following 5-step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price, which is fixed price per dose as specified in the contract with the customer.
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations.

Revenue from product sales is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations. The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Intangible fixed assets

Intangible assets are valued at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of software licenses is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years. Drug licenses can be easily renewed for a de minimis fee and are therefore amortised over the useful life of 5 years when a product is ready for sale.

Property, plant and equipment

PPE are recognised at acquisition cost and subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is done on straight line basis at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- in accordance with the property
Office equipment	- 10% on cost
Office furniture & fittings	- 10% on cost
Computer equipment	- 33% on cost

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES (continued)

Right to Use Lease Assets

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The company obtains substantially all the economic benefits from use of the asset; and
- (c) The company has the right to direct use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the company obtains substantially all the economic benefits from use of the asset, the company considers only the economic benefits that arise from the use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the company has the right to direct the use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

Impairment of Assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss to such extent. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, such that the increase in the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES- CONTINUED

Taxation (continued)

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial assets

Basic financial assets, including trade and other debtors, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, unless they are receivable within one year. In these instances, assets are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be received.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES - CONTINUED

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and amounts due from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method, unless they are payable within one year. In these instances, assets are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid.

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit or Loss Account over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Going concern

Notwithstanding net current assets of £1,522,536 as at 31 March 2024 and net cash outflows for the year of £670,082 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, Heumann Pharma GmbH & Co Generica KG not seeking repayment of the entire amounts currently due from the Company, which at 31 March 2024 amounted to £12,300,000. The Parent Company, Torrent Pharmaceuticals Limited, has indicated that if Heumann Pharma GmbH & Co Generica KG requires repayment of any part of the loan it will make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES - CONTINUED

Applicability of IFRS

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in the current and future accounting periods which the company has assessed below:

Changes in accounting policies

a) The following amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023 and therefore effect the reporting for the current year.

IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023. IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as the company. The company carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the annual financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure. These amendments have no effect on the measurement or presentation of any items in the financial statements of the company but affect the disclosure of accounting policies of the company. The company has disclosed all material accounting policies.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. These amendments had no effect on the financial statements of the Company.

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES - CONTINUED

Applicability of IFRS (cont.)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. These amendments had no effect on the annual consolidated financial statements of the company.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)
- General Requirements for Disclosure of Sustainability-related Financial Information
- Climate-related Disclosures

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The company is currently assessing the impact of these new accounting standards and amendments. The company does not believe that the above amendments will have a material impact on the disclosures given in the financial statements.

TORRENT PHARMA (UK) LTD

2	EMPLOYEES AND DIRECTORS	2024	2023
		£	£
	Wages and salaries	1,306,107	1,303,755
	Social security costs	155,396	146,381
	Pension costs	52,331	52,754
		1,513,834	1,502,890

The average monthly number of employees during the year was as follows:

Employees	23	22
Directors	3	3
	26	25

Director's Wages & Salaries	£113,994	£92,645
Director's pension	£ 4,850	£ 4,072
Director's remuneration	£ 118,844	£ 96,717

<u>Highest paid directors</u>		
Wages & Salaries	£113,994	£92,645
Pension	£ 4,850	£ 4,072
Total remuneration	£ 118,844	£ 96,717

3	NET FINANCE COSTS	2024	2023
	Finance costs:	£	£
	Interest on group loan	1,053,887	788,196
	Interest on ROU Lease Assets	30,434	35,746
	Net finance costs	1,084,321	823,942

4	PROFIT/(LOSS) BEFORE INCOME TAX	2024	2023
	The loss before income tax is stated after charging:	£	£
	Depreciation - owned assets	32,613	29,295
	Depreciation – Right of use	111,561	119,483
	Amortisation	590,037	533,649
	Impairment of drug licences	1,908,031	656,212
	Auditor remuneration	20,511	20,511
	Foreign exchange differences	(656)	50,345

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

5	INCOME TAX		
	Analysis of tax income	2024	2023
		£	£
	Current tax:		
	Tax (charge)/credit		-
	Deferred tax (charge)/credit	90,131	97,043
	Total tax credit in statement of profit or loss and other comprehensive income	90,131	97,043

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2023: tax assessed for the year is lower than the standard rate of corporation tax in the UK). The difference is explained below:

	2024	2023
	£	£
Profit/(Loss) on ordinary activities before income tax	2,228,801	1,914,041
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)	557,200	363,668
Effects of:		
Expenses not deductible	1,362	1,928
Effects of capital allowance and depreciation	8,400	1,779
Deferred tax assets recognised	-	-
Deferred tax liability reversed	90,131	97,043
Current year tax losses/ (profits) for which no deferred tax asset was recognised	-	53,233
Losses/(Profits) utilised during the period	(566,962)	(420,608)
Tax (expense)/ credit	90,131	97,043

Refer to note 16 for details on the deferred tax asset.

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6 INTANGIBLE ASSETS	Drug Licences	Software Licences	Total
	£	£	£
COST			
At 1 April 2023	5,334,271	43,312	5,377,583
Additions	271,156	-	271,156
Retirement	(231,965)	(33,526)	(265,492)
Impairment	(1,908,031)	-	(1,908,031)
At 31 March 2024	3,465,431	9,786	3,475,217
AMORTISATION			
At 1 April 2023	1,883,852	37,901	1,921,753
Amortisation for year	588,080	1,957	590,037
Retirement	(231,965)	(33,527)	(265,492)
At 31 March 2024	2,239,967	6,331	2,246,298
NET BOOK VALUE			
At 31 March 2024	1,225,464	3,455	1,228,919
COST			
At 1 April 2022	5,507,934	43,312	5,551,246
Additions	185,879	-	185,879
Impairment	(656,212)	-	(656,212)
Re-classified to non-current assets held for sale	296,670	-	296,670
At 31 March 2023	5,334,271	43,312	5,377,583
AMORTISATION			
At 1 April 2022	1,358,306	29,798	1,388,104
Amortisation for year	525,546	8,103	533,649
At 31 March 2023	1,883,852	37,901	1,921,753
NET BOOK VALUE			
At 31 March 2023	3,450,419	5,411	3,455,830

The intangibles have been tested, as required, on an annual basis, as to whether any impairment has been suffered. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. An impairment charge on intangibles of £1,908,031 (2023: £656,212) has been passed at the end of the year after carrying out the impairment testing.

TORRENT PHARMA (UK) LTD

7 PROPERTY, PLANT AND EQUIPMENT

	Right to use Assets £	Improvements to property £	Office equipment £	Office furniture & fittings £	Computer equipment £	Totals £
COST						
At 1 April 2023	1,145,049	174,661	14,450	78,103	75,097	1,487,360
Addition/(Reduction)	(95,061)	-	-	-	(759)	(95,820)
Retirement	-	(17,177)	(3,656)	(7,190)	(47,058)	(75,081)
At 31 March 2024	1,049,988	157,484	10,794	70,913	27,280	1,316,459
DEPRECIATION						
At 1 April 2023	477,934	78,858	8,770	36,982	53,870	656,414
Charge for year	111,561	15,748	1,080	7,091	8,694	144,174
Retirement	-	(17,177)	(3,656)	(7,190)	(47,058)	(75,081)
At 31 March 2024	589,495	77,429	6,194	36,883	15,506	725,510
NET BOOK VALUE						
At 31 March 2024	460,493	80,055	4,600	34,030	11,774	590,952
COST						
At 1 April 2022	1,145,049	174,661	14,450	78,103	59,765	1,472,028
Additions	-	-	-	-	15,332	15,332
At 31 March 2023	1,145,049	174,661	14,450	78,103	75,097	1,487,360
DEPRECIATION						
At 1 April 2022	358,451	63,109	7,683	29,879	48,514	507,636
Charge for year	119,483	15,749	1,087	7,103	5,356	148,778
At 31 March 2023	477,934	78,858	8,770	36,982	53,870	656,414
NET BOOK VALUE						
At 31 March 2023	667,115	95,803	5,680	41,121	21,227	830,946

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8	INVENTORIES	2024	2023
		£	£
	Finished goods	4,737,615	5,401,833
	Cost of inventories recognised as expense	13,281,388	12,595,842
9	TRADE AND OTHER RECEIVABLES	2024	2023
		£	£
	Current:		
	Trade receivables	3,151,673	4,294,641
	Amounts owed by group undertakings	-	136,021
	Other receivables	87,480	87,196
	Prepayments	83,069	87,865
		3,322,222	4,605,723

The ageing of trade receivable at the balance sheet date was

	2024	2023
	£	£
Not past due	2,114,160	3,403,136
Past due 0-30 days	1,034,495	857,535
Past due 31-120 days	3,018	18,411
More than 120 days	-	15,559
Total dues	3,151,673	4,294,641

Other debtors include Rent Deposit of £87,480, which is not due within 1 year (2023: £87,480)

The value of the trade receivables past due which have not been provided is £1,037,513 (2023: £704,873). The company has recognised no expected credit loss provision for trade debtors as of 31 March 2024. This assessment is based on historical data, which indicates no significant defaults on receivables. The company continues to monitor its credit risk but has not experienced losses on trade debtor balances to date.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

10	CASH AND CASH EQUIVALENTS	2024	2023
		£	£
	Cash in hand	-	-
	Bank accounts	1,495,422	2,165,503
		1,495,422	2,165,503

TORRENT PHARMA (UK) LTD

11	CALLED UP SHARE CAPITAL				
	Allotted, issued and fully paid:	Class:	Nominal	2024	2023
	Number:		value:	£	£
	225,000	Ordinary	£1	225,000	225,000
12	RESERVES			Retained earnings	
				£	
	At 31 March 2023			(7,787,232)	
	Profit for the year			2,318,932	
	At 31 March 2024			(5,468,300)	
13	TRADE AND OTHER PAYABLES			2024	2023
	Current:			£	£
	Trade payables			633,409	1,178,252
	Amounts owed to group undertakings: -				
	Loans			3,300,000	13,300,000
	Trade			2,622,229	1,928,988
	Social security and Pension			58,453	46,304
	Accrued expenses			1,020,001	1,076,689
	Lease liability			95,066	115,298
	VAT			303,564	25,007
				8,032,722	17,670,538

Note (a): The company is exposed to foreign currency risks on an amount of £122,747 (2023: £474,692) denominated in pound sterling (GBP) and is included in Trade payables.

Note (b): Amount owed to group undertaking includes an unsecured intercompany loan repayable within 12 months of the year end. The repayments of this loan can be extended beyond one year, at mutual agreement between the lender and the company. The interest rate applicable on the loan is the 3 month GBP LIBOR rate plus 140 bps. Amount owed to group undertaking also includes amounts payable to the parent company for purchases made in the ordinary course of business.

14 EMPLOYEE BENEFITS

DEFINED PENSION CONTRIBUTION PLANS

The company operates a defined contribution pension scheme. The total company expense relating to this plan for the year was £52,331 (2023: £52,754) and the amount payable to the scheme at the year end (including both employer and employee contributions) was £13,787 (2023: £13,111).

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15 LEASING AGREEMENTS

Maturity analysis of lease payments (undiscounted) are as under

Within 1 year	£ 95,067 (2023: £115,298)
Between 2-5 years	£ 392,233 (2023: £520,025)
Above 5 years	NIL (2023: £47,889)

The expense relating to payments not included in the measurement of lease liability and charged to Profit & Loss is as follows:

Short term leases	NIL
Lease of low value assets	NIL
Variable lease payments	NIL

16 DEFERRED TAX

	2024	2023
	£	£
Balance at 1 April	753,165	656,122
Deferred tax movement	90,131	97,043
Balance at 31 March	843,296	753,165

The deferred tax asset recognised on unutilised losses carried forward is £855,286 (2023: £855,286) and the deferred tax liability on the fair value gain of Aptil Pharma Licences is £11,991 (2023: £ 102,121).

The company has trading tax losses of £6,798,151 (2023: £8,785,825) carried forward for use against future tax profits, plus non-trade loan relationship debits of £608,525 (2023: £888,699) carried forward for use against future non-trading activities. A deferred tax asset in respect of tax losses has been recognised to the extent that directors consider it is more likely than not that there will be suitable taxable profits arising from which the future reversal of the underlying timing differences can be deducted. Further, these tax losses are available indefinitely.

Deferred tax liability was created on 31st March 2018 due to fair valuation of Licences of Aptil Pharma Ltd on business combination and has been subsequently reduced, based on the current book value of those Licences.

17 OTHER NON-CURRENT LIABILITIES

	2024	2023
	£	£
Amounts owed to group undertakings	9,000,000	6,500,000
Lease Liability	392,233	567,924
Dilapidation cost	36,769	36,769
Total	9,429,002	7,104,693

Amount owed to group undertaking includes an unsecured intercompany loan repayable beyond 12 months of the year end. The interest rate applicable on the loan is the 3 month GBP LIBOR rate plus 140 bps.

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18 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Torrent Pharmaceuticals Limited which is the ultimate parent company incorporated in India. The ultimate controlling party is Torrent Investments Private Ltd which owns the controlling stake in Torrent Pharmaceuticals Limited.

The largest and smallest group in which the result of the Company are consolidated is that headed by Torrent Pharmaceuticals Limited, registered office at Off. Ashram Road, Ahmedabad- 380 009, Gujarat, India. The consolidated financial statements of these group are available to the public and may be obtained from www.torrentpharma.com.

19 RELATED PARTY DISCLOSURES

1. Key Management:

a) Short term benefits paid, including salary and benefits: £113,994 (2023: £92,645)

2. Parent Company:

Torrent Pharmaceuticals Limited

a) Goods purchased (net) from parent company in the year: £ 5,943,635 (2023: £4,919,481)

b) Expenses recharged to parent company in the year: NIL (2023: NIL)

c) Trade payables balance due to parent company at the year end: £ 2,622,229 (2023: £1,664,288)

d) Trade receivables balance due from parent company at the year end: NIL (2023: £136,021)

The majority of stock purchases are made from Torrent Pharmaceuticals Limited, India, the parent company. Torrent Pharma UK Ltd functions as a distribution company for promoting and marketing the products of Torrent Pharmaceuticals Limited, India.

3. Group Companies:

i) Heumann Pharma Gmbh & Co Generica KG:

A subsidiary of Torrent Pharmaceuticals Limited, the parent company.

a) Loan balance due to the group company at the year end: £12,300,000 (2023: £19,800,000)

b) Interest charged by group company on loan in the year: £1,053,888 (2023: £788,196)

c) Interest due on loan from group company unpaid at the year end: NIL (2023: £264,700)

d) Expenses recharged (net) by the group company: £3,816 (2023: 16,753)

e) Trade payables balance (net) owed to group company at the year end: NIL (2023: NIL)

ii) Torrent Pharma Inc:

A subsidiary of Torrent Pharmaceuticals Limited, the parent company.

a) Expenses recharged by the group company: NIL (2023: NIL)

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20. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

Major product lines- Pharmaceutical product	2024	2023
Sales of goods	£22,989,226	£20,312,589
Primary geographical markets	UK	UK
Timing of transfer of goods or services		
Products transferred at a point in time	£22,989,226	£20,312,589

(ii) Contract balances

The following table provides information about opening and closing receivables from contracts with customers.

	Note	2024	2023
Receivables	9	£ 3,151,673	£ 4,294,641

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) was NIL (2023: NIL).

21. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The items in the financial statements where these judgments and estimates were made include:

Provision for Stocks - Stock provisions are measured as the difference between an items carrying amount and its net realisable value. Based on the historical knowledge of the business and the best estimates of the current markets, management made adequate provisions using a prudent and methodical approach, including a review of goods that are near expiry and the expected future sales of stock.

Intangibles - The directors have reviewed for impairment indicators and taken necessary steps to impair the value of the intangibles which have materially changed.

The drug licenses were reviewed for impairment and upon analysis, they were categorised based on products that were already launched, to be launched or expired. They were thus either impaired or written off. In case of drug licenses on which the products will be launched in future, the impairment analysis was carried on the basis of anticipated net cashflow generated over the product life cycle against the book value of the licenses.

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22. NET DEBT RECONCILIATION

	At 1 April 2023 £	Cashflows £	Other Adjustments £	At 31 March 2024 £
Cash at bank and in hand	2,165,503	(670,082)		1,495,421
Loans due to related parties	(19,800,000)	7,500,000		(12,300,000)
Lease liability	(683,222)	100,862	95,061	(487,299)
	(18,317,719)	6,930,780	95,061	(11,291,878)

23. RIGHT OF USE ASSETS

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- or other incentives received.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. The lease payments that are due, are entirely fixed and have no variable element to them.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. In the current year, the renegotiated payments over the renegotiated term resulted in a decrease in the future lease payment and therefore, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect this, with any difference recognised in profit or loss.

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23. RIGHT OF USE ASSETS (cont.)

The right of use asset disclosed in note 7 relates to leasehold UK property, wherein the rent is fixed over the lease term.

Lease liability:	£
At 1 April 2023	683,222
Interest expense	30,434
Lease payments	(131,296)
Remeasurement adjustment	(95,061)
At 31 March 2024	487,299

The future minimum lease payments (gross lease payments payable) as 31 March 2024 amount to £565,235.

24. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period date that have had a material effect on the financial statements to 31 March 2024.