

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 2023, 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 2023 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)

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, International Financial Reporting Standards, and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

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 of any legal matters;
- 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.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

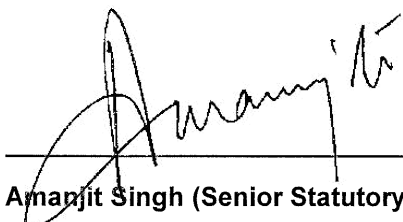
The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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)**

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.


A horizontal line is drawn across the signature.

Amanjit Singh (Senior Statutory Auditor)

for and on behalf of KNAV, Statutory Auditor

Chartered Accountants

Ground Floor, Hygeia Building

66-68 College Road, Harrow,

HA1 1BE

United Kingdom

2023-19-UK

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TORRENT PHARMA (UK) LTD

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

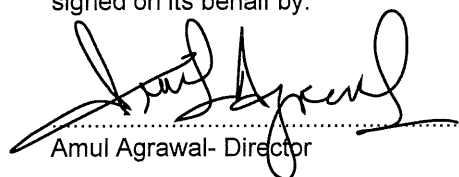
	Notes	2023 £	2022 £
CONTINUING OPERATIONS			
Revenue	20	20,312,589	14,993,126
Cost of sales		<u>(12,595,842)</u>	<u>(15,296,402)</u>
GROSS PROFIT		7,716,747	(303,276)
Other operating income/(expenses)		(6,401)	2,140
Distribution costs		(870,994)	(1,009,343)
Administrative expenses		<u>(4,101,369)</u>	<u>(3,390,874)</u>
OPERATING PROFIT/(LOSS)		2,737,983	(4,701,353)
Finance costs	3	<u>(823,942)</u>	<u>(356,989)</u>
PROFIT/(LOSS) BEFORE INCOME TAX	4	1,914,041	(5,058,342)
Deferred tax	5	<u>97,043</u>	<u>13,765</u>
PROFIT/(LOSS) FOR THE YEAR		2,011,084	(5,044,577)
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,011,084</u>	<u>(5,044,577)</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 2023

	Notes	2023 £	2022 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	3,455,830	4,163,142
Property, plant and equipment	7	163,831	177,794
Right to Use Assets	7	667,115	786,598
Deferred tax	16	753,164	656,122
		5,039,940	5,783,656
CURRENT ASSETS			
Inventories	8	5,401,833	6,504,795
Trade and other receivables	9	4,605,723	3,220,083
Cash and cash equivalents	10	2,165,503	759,580
Non-Current Assets held for sale	6	-	303,071
		12,173,059	10,787,529
TOTAL ASSETS		17,212,999	16,571,185
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	225,000	225,000
Retained earnings	12	(7,787,232)	(9,798,316)
TOTAL EQUITY		(7,562,232)	(9,573,316)
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	17,670,538	16,424,511
NON-CURRENT LIABILITIES			
Others	17	7,104,693	9,719,990
		7,104,693	9,719,990
TOTAL LIABILITIES		24,775,231	26,144,501
TOTAL EQUITY AND LIABILITIES		17,212,999	16,571,185

The financial statements were approved by the Board of Directors on 27/04/2023 and were signed on its behalf by:


 Amul Agrawal- Director

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

TORRENT PHARMA (UK) LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 31 March 2021	225,000	(4,753,739)	(4,528,739)
Changes in equity			
Total comprehensive income	-	(5,044,577)	(5,044,577)
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)

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

TORRENT PHARMA (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from / (used in) operations	1	3,076,874	(1,030,533)
Net cash outflow from operating activities		3,076,874	(1,030,533)
Cash flows from investing activities			
Purchase of intangible fixed assets		(185,878)	(407,786)
Purchase of tangible fixed assets		(15,331)	(16,549)
Net cash outflow from investing activities		(201,209)	(424,335)
Cash flows from financing activities			
Loan from group company received		(500,000)	1,500,000
Repayment of Lease Liability		(145,800)	(109,350)
Interest (paid)		(823,942)	(356,989)
Net cash from financing activities		(1,469,742)	1,033,661
(Decrease)/increase in cash and cash equivalents		1,405,923	(421,207)
Cash and cash equivalents at beginning of year	2	759,580	1,180,787
Cash and cash equivalents at end of year	2	2,165,503	759,580

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

	2023	2022
	£	£
Profit/(Loss) before income tax	1,914,041	(5,058,342)
Impairment of intangibles	656,212	66,773
Depreciation and Amortisation charges	682,427	586,196
Finance costs	823,942	356,989
(Gain)/ Loss on sale of asset	6,401	-
	4,083,023	(4,048,384)
(Increase)/decrease in inventories	1,102,962	4,465,782
(Increase)/decrease in trade and other receivables	(1,385,641)	557,630
Increase/(decrease) in trade and other payables	(723,470)	(2,005,561)
Cash generated from operations	3,076,874	(1,030,533)

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	2023	2022
	£	£
Cash and cash equivalents	2,165,503	759,580

Year ended 31 March	2022	2021
	£	£
Cash and cash equivalents	759,580	1,180,787

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

TORRENT PHARMA (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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.

These financial statements present information about the Company as an individual undertaking and not about its group.

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

The notes form part of these financial statements

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.

Going concern

Notwithstanding net current liabilities of £5,497,479 as at 31 March 2023 and operating cash outflows for the year of £3,076,874 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 amounts currently due to the Company, which at 31 March 2023 amounted to £19,800,000. 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.

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 future accounting periods which the company have decided not to early adopt:

The notes form part of these financial statements

1. ACCOUNTING POLICIES - CONTINUED

Applicability of IFRS (continued)

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);

Definition of Accounting Estimates (Amendments to IAS 8); and

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The company is currently assessing the impact of these new accounting standards and amendments. The company will assess the impact of the final amendments to IAS 1 on classification of its liabilities once those are issued by the IASB. The company does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities.

The company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the company.

Furthermore, the amendments effective for the current reporting year did not have significantly impact the disclosures made in these financial statements.

TORRENT PHARMA (UK) LTD

2	EMPLOYEES AND DIRECTORS	2023	2022
		£	£
	Wages and salaries	1,303,755	1,338,934
	Social security costs	146,381	146,887
	Pension costs	52,754	51,449
		1,502,890	1,537,320

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

Employees	22	25
Directors	3	3
	25	28

Director's Wages & Salaries	£92,645	£46,700
Director's pension	£ 4,072	£ 1,930
Director's remuneration	£ 96,717	£ 48,630

Highest paid directors

Wages & Salaries	£92,645	£46,700
Pension	£ 4,072	£ 1,930
Total remuneration	£ 96,717	£ 48,630

3	NET FINANCE COSTS	2023	2022
	Finance costs:	£	£
	Interest on group loan	788,196	316,158
	Interest on RTU Lease Assets	35,746	40,832
	Net finance costs	823,942	356,990

4	PROFIT/(LOSS) BEFORE INCOME TAX		
	The loss before income tax is stated after charging:	2023	2022
		£	£
	Depreciation - owned assets	29,295	32,053
	Depreciation – Right of use	119,483	119,484
	Amortisation	533,649	434,659
	Impairment of drug licences	656,212	66,773
	Auditor remuneration	20,511	19,818
	Foreign exchange differences	50,345	15,423

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

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INCOME TAX

Analysis of tax income	2023	2022
	£	£
Current tax:		
Tax (charge)/credit		-
Deferred tax (charge)/credit	97,043	13,765
Total tax credit in statement of profit or loss and other comprehensive income	97,043	13,765

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2022: tax assessed for the year is higher than the standard rate of corporation tax in the UK). The difference is explained below:

	2023	2022
		£
Profit/(Loss) on ordinary activities before income tax	1,914,041	(5,058,342)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	363,668	(961,085)
Effects of:		
Expenses not deductible	1,928	1,328
Effects of capital allowance and depreciation	1,779	2,002
Deferred tax assets recognised	-	-
Deferred tax liability reversed	97,043	13,765
Current year tax losses/ (profits) for which no deferred tax asset was recognised	53,233	957,755
Losses/(Profits) utilised during the period	(420,608)	-
Tax (expense)/ credit	97,043	13,765

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

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

6 INTANGIBLE ASSETS	Drug Licences	Software Licences	Total
	£	£	£
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 from non-current assets held for sale	296,670	-	296,670
At 31 March 2022	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
COST			
At 1 April 2021	5,321,706	38,527	5,360,233
Additions	403,001	4,785	407,786
Impairment	(66,773)	-	(66,773)
Re-classified to non-current assets held for sale	(150,000)	-	(150,000)
At 31 March 2022	5,507,934	43,312	5,551,246
AMORTISATION			
At 1 April 2021	931,353	22,092	953,445
Amortisation for year	426,953	7,706	434,659
At 31 March 2022	1,358,306	29,798	1,388,104
NET BOOK VALUE			
At 31 March 2022	4,149,628	13,514	4,163,142

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. Impairment of intangibles of £656,212 (2022: £66,773) done at the end of the year after impairment testing.

During the year, drug licences previously classified as held for sale have been reclassified as intangible assets, as the company no longer has plans to sell these assets and instead, make use of these themselves.

The notes form part of these financial statements

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 2022	1,145,049	174,661	14,450	78,103	59,765	1,472,028
Additions	-	-	-	-	15,332	15,332
Disposals	-	-	-	-	-	-
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
COST						
At 1 April 2021	1,145,049	174,661	14,450	74,261	47,058	1,455,479
Additions	-	-	-	3,842	12,707	16,549
Disposals	-	-	-	-	-	-
At 31 March 2022	1,145,049	174,661	14,450	78,103	59,765	1,472,028
DEPRECIATION						
At 1 April 2021	238,967	47,361	6,551	23,057	40,163	356,099
Charge for year	119,484	15,748	1,132	6,822	8,351	151,537
At 31 March 2022	358,451	63,109	7,683	29,879	48,514	507,636
NET BOOK VALUE						
At 31 March 2022	786,598	111,552	6,767	48,224	11,251	964,392

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8	INVENTORIES	2023	2022
		£	£
	Finished goods	5,401,833	6,504,795
	Cost of inventories recognised as expense	12,595,842	15,296,402
9	TRADE AND OTHER RECEIVABLES	2023	2022
		£	£
	Current:		
	Trade debtors	4,294,641	2,836,449
	Amounts owed by group undertakings	136,021	0
	Other debtors	87,196	86,980
	VAT	-	227,404
	Prepayments	87,865	69,250
		4,605,723	3,220,083

The ageing of trade receivable at the balance sheet date was

	2023	2022
	£	£
Not past due	3,403,136	2,281,661
Past due 0-30 days	857,535	459,790
Past due 31-120 days	18,411	27,461
More than 120 days	15,559	67,537
Total dues	4,294,641	2,836,449

Other debtors include Rent Deposit of £87,480, which is not due within 1 year (2022: £87,480)

The value of the trade receivables past due which have not been provided is £704,873 (2022: £554,788)

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

10	CASH AND CASH EQUIVALENTS	2023	2022
		£	£
	Cash in hand	-	14
	Bank accounts	2,165,503	759,566
		2,165,503	759,580
11	CALLED UP SHARE CAPITAL		
	Allotted, issued and fully paid:	Class:	Nominal
	Number:		value:
	225,000	Ordinary	£1
		2023	2022
		£	£
		225,000	225,000

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12	RESERVES	Retained earnings	
		£	
	On 1 April 2022	(9,798,316)	
	Profit for the year	2,011,084	
	On 31 March 2023	(7,787,232)	
13	TRADE AND OTHER PAYABLES	2023	2022
	Current:	£	£
	Trade creditors	1,178,252	1,059,453
	Amounts owed to group undertakings: -		
	Loan	13,300,000	11,300,000
	Non-Loan	1,928,988	3,364,348
	Social security and Pension	46,304	51,372
	Accrued expenses	1,076,689	502,834
	Lease liability	115,298	146,504
	VAT	25,007	-
		17,670,538	16,424,511

Note (a): The company is exposed to foreign currency risks on an amount of £474,692 (2022: £592,238) denominated in pound sterling (GBP) and is included in Trade creditors.

Note (b): Amount owed to group undertaking includes intercompany loan repayable in 12 months but extendable at lender option, applicable loan interest rate is 3 month's GBP LIBOR rate plus 140 bps. It also includes trade payables to the parent company.

14 EMPLOYEE BENEFITS

DEFINED PENSION CONTRIBUTION PLANS

The workplace pension contribution under NOW pensions scheme for both employer and employee is 5% for Apr 2022 to Mar 2023. The total expense relating to this plan was £52,754 (2022: £51,499).

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15 LEASING AGREEMENTS

Maturity analysis of lease payments (undiscounted) are as under

Within 1 year	£ 115,298 (2022: £149,799)
Between 2-5 years	£ 520,025 (2022: £495,976)
Above 5 years	£ 47,899 (2022: £187,235)

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	2023	2022
	£	£
Balance at 1 April	656,122	642,357
Deferred tax movement	97,043	13,765
Balance at 31 March	753,165	656,122

The deferred tax asset recognised on unutilised losses carried is £855,286 (2021: £855,286) and the deferred tax liability on the fair value gain of Aptil Pharma Licences is £102,121 (2021: £199,164).

The company has tax losses of £8,785,825 (2022: £10,999,549) carried forward for use against future tax profits, plus non trade loan relationship debits of £888,699 (2022: £608,625) 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	2023	2022
	£	£
Amounts owed to group undertakings	6,500,000	9,000,000
Lease Liability	567,924	683,221
Dilapidation cost	36,769	36,769
Total	7,104,693	9,719,990

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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 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:	£92,645	(2022: £86,687)
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2. Parent Company:

Torrent Pharmaceuticals Limited

a) Goods purchased (net) from parent company in the year:	£ 4,919,481	(2022: £4,253,336)
b) Expenses recharged to parent company in the year:	NIL	(2022: NIL)
c) Trade payables balance due to parent company at the year end:	£1,664,288	(2022: £3,243,202)
d) Trade receivables balance due from parent company at the year end:	£136,021	(2022: NIL)

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:	£19,800,000	(2022: £20,300,000)
b) Interest charged by group company on loan in the year:	£788,196	(2022: £316,158)
c) Interest due on loan from group company unpaid at the year end:	£264,700	(2022: £94,013)
d) Expenses recharged (net) by the group company:	£16,753	(2022: 27,133)
e) Trade payables balance (net) owed to group company at the year end	NIL	(2022: 27,133)

ii) Torrent Pharma Inc:

A subsidiary of Torrent Pharmaceuticals Limited, the parent company.

a) Expenses recharged by the group company:	NIL	(2022: 22,256)
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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	2023	2022
Sales of goods	£20,312,589	£14,993,126
Primary geographical markets	UK	UK
Timing of transfer of goods or services		
Products transferred at a point in time	£20,312,589	£14,993,126

(ii) Contract balances

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

	Note	2023	2022
Receivables	9	£ 4,294,641	£ 2,836,449

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) was NIL (2022: 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 items in the financial statements where these judgments and estimates were made include:

Provision for Stocks - 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.

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 categorized 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 were done 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 2022	Cashflows	At 31 March 2023
	£	£	£
Cash at bank and in hand	759,580	1,405,923	2,165,503
Loans due to related parties	(20,300,000)	500,000	(19,800,000)
Lease liability	(829,725)	146,503	(683,222)
	<u>(20,370,145)</u>	<u>2,052,426</u>	<u>(18,317,719)</u>

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.

The right of use asset disclosed in note 7 relates to leasehold UK property.

Lease liability:	£
At 1 April 2022	829,725
Interest expense	35,746
Lease payments	(182,249)
At 31 March 2023	683,222

The future minimum lease payments (gross lease payments payable) as 31 March 2023 amount to £777,600.

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 2023.

The notes form part of these financial statement