

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 2022, 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 2022 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.



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

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TORRENT PHARMA (UK) LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

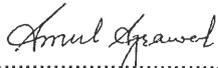
	Notes	2022 £	2021 £
CONTINUING OPERATIONS			
Revenue	20	14,993,126	15,427,337
Cost of sales		<u>(15,296,402)</u>	<u>(12,666,072)</u>
GROSS PROFIT		(303,276)	2,761,265
Other operating income		2,140	7,471
Distribution costs		(1,009,343)	(913,516)
Administrative expenses		<u>(3,390,874)</u>	<u>(3,339,230)</u>
OPERATING PROFIT/(LOSS)		(4,701,353)	(1,484,010)
Finance costs	3	<u>(356,989)</u>	<u>(323,486)</u>
PROFIT/(LOSS) BEFORE INCOME TAX	4	(5,058,342)	(1,807,496)
Deferred tax	5	<u>13,765</u>	<u>91,060</u>
PROFIT/(LOSS) FOR THE YEAR		(5,044,577)	(1,716,436)
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(5,044,577)</u>	<u>(1,716,436)</u>

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD (REGISTERED NUMBER: 07249393)
STATEMENT OF FINANCIAL POSITION 31 MARCH 2022

	Notes	2022 £	2021 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	4,163,142	4,406,788
Property, plant and equipment	7	177,794	193,298
Right to Use Assets	7	786,598	906,082
Deferred tax	16	656,122	642,357
		<u>5,783,656</u>	<u>6,148,525</u>
CURRENT ASSETS			
Inventories	8	6,504,795	10,970,577
Trade and other receivables	9	3,220,083	3,777,713
Cash and cash equivalents	10	759,580	1,180,787
Non-Current Assets held for sale	6	303,071	153,071
		<u>10,787,529</u>	<u>16,082,148</u>
TOTAL ASSETS		<u><u>16,571,185</u></u>	<u><u>22,230,673</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	225,000	225,000
Retained earnings	12	(9,798,316)	(4,753,739)
TOTAL EQUITY		<u>(9,573,316)</u>	<u>(4,528,739)</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	16,424,511	18,429,380
NON-CURRENT LIABILITIES			
Others	17	9,719,990	8,330,032
		<u>9,719,990</u>	<u>8,330,032</u>
TOTAL LIABILITIES		<u>26,144,501</u>	<u>26,759,414</u>
TOTAL EQUITY AND LIABILITIES		<u><u>16,571,185</u></u>	<u><u>22,230,674</u></u>

The financial statements were approved by the Board of Directors on 22/04/2022 and were signed on its behalf by:



 Amul Agrawal- Director

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 31 March 2020	<u>225,000</u>	<u>(3,037,303)</u>	<u>(2,812,303)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(1,716,436)</u>	<u>(1,716,436)</u>
Balance at 31 March 2021	<u>225,000</u>	<u>(4,753,739)</u>	<u>(4,528,739)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(5,044,577)</u>	<u>(5,044,577)</u>
Balance at 31 March 2022	<u>225,000</u>	<u>(9,798,316)</u>	<u>(9,573,316)</u>

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from / (used in) operations	1	(1,030,533)	(998,822)
		<hr/>	<hr/>
Net cash outflow from operating activities		(1,030,533)	(998,822)
Cash flows from investing activities			
Purchase of intangible fixed assets		(407,786)	(193,634)
Proceeds from sale of intangible assets		-	200,000
Purchase of tangible fixed assets		(16,549)	(2,941)
Interest (paid)		(356,989)	(323,486)
		<hr/>	<hr/>
Net cash outflow from investing activities		(781,324)	(320,061)
Cash flows from financing activities			
Loan from group company received		1,500,000	1,500,000
Repayment of Lease Liability		(109,350)	(145,800)
		<hr/>	<hr/>
Net cash from financing activities		1,390,650	1,354,200
(Decrease)/increase in cash and cash equivalents		(421,207)	35,317
Cash and cash equivalents at beginning of year	2	1,180,787	1,145,470
		<hr/>	<hr/>
Cash and cash equivalents at end of year	2	759,580	1,180,787
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

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

	2022	2021
	£	£
Profit/(Loss) before income tax	(5,058,342)	(1,807,496)
Impairment of intangibles	66,773	140,916
Depreciation and Amortisation charges	586,196	491,471
Finance costs	356,989	323,486
(Gain)/ Loss on sale of asset	-	(6,401)
	<u>(4,048,384)</u>	<u>(858,024)</u>
(Increase)/decrease in inventories	4,465,782	(3,622,949)
(Increase)/decrease in trade and other receivables	557,630	2,144,415
Increase/(decrease) in trade and other payables	(2,005,561)	1,337,736
	<u>(1,030,533)</u>	<u>(998,822)</u>

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	2022	2021
	£	£
Cash and cash equivalents	<u>759,580</u>	<u>1,180,787</u>
Year ended 31 March	2021	2020
	£	£
Cash and cash equivalents	<u>1,180,787</u>	<u>1,145,470</u>

The notes form part of these financial statements

**TORRENT PHARMA (UK) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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.

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

Revenue recognition

We have now adopted IFRS15 and thus being recognising revenue 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 the newly adopted IFRS 15.

Intangible fixed assets

Intangible assets are valued at cost less accumulated amortisation. 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

Right to Use Lease Assets

Effective 01-April-2019, the Company has adopted IFRS 16 Leases which introduces single accounting model and requires a lessee to recognise assets and liabilities for all leases subject to recognition exemptions. The Company adopted IFRS 16 Leases using modified retrospective approach and practical expedients.

Company as a Lessee

Lease conveys the right to control the use of identified assets for a period of time in exchange for consideration. At the inception date, right of use asset is recognised at cost which includes present value of lease payments adjusted for any payments made on or before the commencement of lease and initial direct cost, if any. It is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. Right of use asset is depreciated using the straight-line method from the commencement date over the lease term. When the Company has purchase option available under lease and cost of right of use assets.

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES (continued)

Right to Use Lease Assets (continued)

It reflects that purchase option will be exercised, right of use asset is depreciated over the useful life of underlying asset. Right of use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

At the inception date, lease liability is recognised at present value of lease payments that are not made at the commencement of lease. Lease liability is subsequently measured by adjusting carrying amount to reflect interest, lease payments and remeasurement, if any. Lease payments are discounted using the incremental borrowing rate or interest rate implicit in the lease, if the rate can be determined.

The Company has elected not to apply requirements of IFRS 16 to leases that has a term of 12 months or less and leases for which the underlying asset is of low value. Lease payments of such lease are recognised as an expense on straight line basis over the lease term.

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.

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.

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES- CONTINUED

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 £5,636,982 as at 31 March 2022 and operating cash outflows for the year of £1,030,533 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 2022 amounted to £20,300,000. 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.

Applicability of IFRS

The following IFRSs have been applied to these financial statements where applicable. Management have reviewed all the below IFRS standards and where necessary have adopted by the Group to the extent applicable to them from their effective dates. The Company has estimated the impact of adopting these Standards, amendments and interpretations on the financial statements in the period from their initial application:

TORRENT PHARMA (UK) LTD

1. ACCOUNTING POLICIES - CONTINUED

IFRS Adopted

IFRS 9: Effective from 1 January 2018, all assets within the scope of IFRS 9 are measured at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL). We have done the Business Model test to identify the financial assets which are held to collect their contractual cash flows (rather than to sell the assets prior to their contractual maturity to realise changes in fair value). Trade receivables is the only financial instrument which is meeting the above condition and must be measured at amortised cost. Trade receivables are generated from sales invoices raised and the payment terms are pre-defined as per contracts/purchase orders. No cases of bad debts in the past 3 years and credit insurance taken to mitigate the credit risks. Expected Credit Loss (ECL) testing is not required in view of the above as there hasn't been any significant increase of credit risk (SICR). There are no adjustments to previously reported numbers.

- IFRS 15 addresses to recognition of revenue from contracts with customers. The business generates revenue from selling and distribution of pharmaceutical products to the whole-sellers in UK. Thus, it follows a B2B model and doesn't hold any long-term contract with its customers. It doesn't offer any after sales service. The company doesn't also undertake any consignment stock and bill and hold arrangements. However, the company had offered bulk rebate to some of its major customers during the year which had a positive impact on the revenue. Under IFRS 15, volume discounts/rebates is a type of variable consideration which must be considered while recognizing the revenue. Thus, as a company, we have recorded revenue at the amount it expects to receive (net of discounts/rebates). Thereby, it would be prudent to say that IFRS 15 would be restricted to "contracts" with customers for our current business scenario where contracts only refer to customers' purchase orders replicated by our sales orders. Eventually the revenue is recognised when the control of the promised goods is transferred to the customers. Management has reviewed IFRS 15 applicable from 1 April 2018 and there are no adjustments to previously reported numbers.
- IFRS 16: 'Leases', addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019, and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15, 'Revenue from contracts with customers', at the same time. The Group has carried out an initial impact assessment in respect of the adoption of IFRS 16 and has undertaken the modified retrospective approach. This has impacted in the recognition of a right to use asset of £1.15m and a corresponding lease liability was created. The Lease liability was created based on the Present value of all the future outlay of payments at weighted average incremental borrowing rate of 4.75%.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective date 1 January 2018)- No impact
- IFRIC 23 Uncertainty over Income Tax Treatments (effective date 1 January 2019)- No impact

TORRENT PHARMA (UK) LTD

2	EMPLOYEES AND DIRECTORS	2022	2021
		£	£
	Wages and salaries	1,338,934	1,333,413
	Social security costs	146,887	165,036
	Pension costs	51,449	53,470
		1,537,320	1,551,919
	Employees	25	23
	Directors	3	4
		28	27
	Director's Wages & Salaries	£46,700	£175,359
	Director's pension	£ 1,930	£4,618
	Director's remuneration	£ 48,630	£ 179,977
	<u>Highest paid directors</u>		
	Wages & Salaries	£46,700	£175,359
	Pension	£ 1,930	£4,618
	Total remuneration	£ 48,630	£179,977
3	NET FINANCE COSTS	2022	2021
	Finance costs:	£	£
	Interest on group loan	316,158	277,823
	Interest on RTU Lease Assets	40,832	45,663
		356,990	323,486
	Net finance costs	356,990	323,486
4	PROFIT/(LOSS) BEFORE INCOME TAX		
	The loss before income tax is stated after charging:	2022	2021
		£	£
	Depreciation - owned assets	151,537	150,376
	Amortisation	434,659	341,095
	Impairment of drug licences	66,773	140,916
	Auditor remuneration	19,818	19,148
	Foreign exchange differences	15,423	(40,060)
	Rent- Short Term Lease	-	16,681

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

5 INCOME TAX

Analysis of tax income	2022	2021
	£	£
Current tax:		
Tax	-	-
Deferred tax	13,765	91,060
Total tax income in statement of profit or loss and other comprehensive income	13,765	91,060

Factors affecting the tax expense

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

	2022	2021
	£	£
Profit/(Loss) on ordinary activities before income tax	(5,058,342)	(1,807,496)
Profit/(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	(961,085)	(343,424)
Effects of:		
Expenses not deductible	1,328	5,754
Effects of capital allowance and depreciation	2,002	-
Deferred tax assets recognised	-	54,048
Deferred tax liability reversed	13,765	37,012
Current year tax losses for which no deferred tax asset was recognised	957,755	337,670
Losses utilised during the period	-	-
Tax (expense)/ credit	13,765	91,060

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

6 INTANGIBLE ASSETS	Drug Licences	Software Licences	Total
	£	£	£
	COST	COST	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
At 31 March 2021			
At 1 April 2020	5,422,059	38,527	5,460,586
Additions	193,634	-	193,634
Impairment	(140,916)	-	(140,916)
Re-classified to non-current assets held for sale	(153,071)	-	(153,071)
At 31 March 2021	5,321,706	38,527	5,360,233
AMORTISATION			
At 1 April 2020	597,963	14,387	612,350
Amortisation for year	333,390	7,705	341,095
At 31 March 2021	931,353	22,092	953,445
NET BOOK VALUE			
At 31 March 2021	4,543,424	16,435	4,406,788

Impairment of intangibles of £66,773 (2021: £140,916) done at the end of the year after impairment testing.

Assets held for sales are pharmaceutical drug licences which are not expected to add economic benefits if added to Torrent Pharma (UK) Ltd's product portfolio, however, would be able to add financial benefits through sale.

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 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	23,057	29,879	507,636
NET BOOK VALUE						
At 31 March 2022	786,598	111,552	6,767	48,224	11,251	964,392
COST						
At 1 April 2020	1,145,049	174,661	14,458	74,261	44,108	1,452,537
Additions	-	-	-	-	2,950	2,950
Disposals	-	-	(8)	-	-	(8)
At 31 March 2021	1,145,049	174,661	14,450	74,261	47,058	1,455,479
DEPRECIATION						
At 1 April 2020	119,484	31,612	5,395	16,233	32,997	205,721
Charge for year	119,483	15,749	1,156	6,824	7,166	150,378
At 31 March 2021	238,967	47,361	6,551	23,057	40,163	356,099
NET BOOK VALUE						
At 31 March 2021	906,082	127,300	7,899	51,204	6,895	1,099,380

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

8	INVENTORIES	2022	2021
		£	£
	Finished goods	6,504,795	10,970,577
	Cost of inventories recognized as expense	15,296,402	12,666,072
		<hr/>	<hr/>
9	TRADE AND OTHER RECEIVABLES	2022	2021
		£	£
	Current:		
	Trade debtors	2,836,449	3,076,039
	Amounts owed by group undertakings	-	31,205
	Other debtors	86,980	82,575
	VAT	227,404	523,053
	Prepayments	69,250	64,841
		<hr/>	<hr/>
		3,220,083	3,777,713
		<hr/>	<hr/>

The ageing of trade receivable at the balance sheet date was

	2022	2021
	£	£
Not past due	2,281,661	2,181,585
Past due 0-30 days	459,790	603,652
Past due [31-120 days]	27,461	278,245
More than 120 days	67,537	12,557
Total dues	2,836,449	3,076,039
		<hr/>

Other debtors include Rent Deposit of £87,480 which is not due within 1 year (2021: £87,480)

The value of the trade receivables past due which have not been provided is £554,788 (2021: £894,454).

10	CASH AND CASH EQUIVALENTS	2022	2021
		£	£
	Cash in hand	14	14
	Bank accounts	759,566	1,180,773
		<hr/>	<hr/>
		759,580	1,180,787
		<hr/>	<hr/>
11	CALLED UP SHARE CAPITAL		
	Allotted, issued and fully paid:	2022	2021
	Number:	£	£
	225,000	225,000	225,000
	Class: Ordinary	£1	
		<hr/>	<hr/>

The notes form part of these financial statements

TORRENT PHARMA (UK) LTD

12	RESERVES	Retained earnings	
		£	
	At 1 April 2021	(4,753,739)	
	Profit for the year	(5,044,577)	
	At 31 March 2022	<u>(9,798,316)</u>	
13	TRADE AND OTHER PAYABLES	2022	2021
	Current:	£	
	Trade creditors	1,059,453	2,538,144
	Amounts owed to group undertakings: -		
	Loan	11,300,000	11,300,000
	Non-Loan	3,364,348	3,999,463
	Social security and Pension	51,372	42,597
	Accrued expenses	502,834	444,198
	Lease liability	146,504	104,978
	VAT	-	-
		<u>16,424,511</u>	<u>18,429,380</u>

Note (a): The company is exposed to foreign currency risks on an amount of £592,237.51 (2021: £1,798,583) 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 for Jan 2017 to Mar 2018 was 1%, this was increased to 2% for employer and 3% for employee for Apr 2018 to Mar 2019, this has increased further to 5% for employer and 5% for employee for Apr 2019 to Mar 2022. Contribution for current year remained at 5% and the total expense relating to this plan was £51,499 (2021: £53,470).

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15 LEASING AGREEMENTS

Maturity analysis of lease payments (undiscounted) are as under

Within 1 year	£149,799 (2021: £150,373)
Between 2-5 years	£495,976 (2021: £593,086)
Above 5 years	£187,235 (2021: £376,650)

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	£3,295
Variable lease payments	NIL

16 DEFERRED TAX

	2022	2021
	£	£
Balance at 1 April	642,357	551,297
Deferred tax movement	13,765	91,060
Balance at 31 March	<u>656,122</u>	<u>642,357</u>

The company has tax losses of £11,563,602 (2021: £6,522,788) carried forward for use against future profits of the same trade, plus non trade loan relationship debits of £44,473 (2021: £44,473) 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.

17 OTHER NON-CURRENT LIABILITIES

	2022	2021
	£	£
Amounts owed to group undertakings	9,000,000	7,500,000
Lease Liability	683,221	793,263
Dilapidation cost	36,769	36,769
Total	<u>9,719,990</u>	<u>8,330,033</u>

The notes form part of these financial statements

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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: £86,687 (2021: £179,977)

2. Parent Company:

Torrent Pharmaceuticals Limited

a) Goods purchased (net) from parent company in the year: £4,253,336 (2021: £5,298,722)
b) Expenses recharged to parent company in the year: NIL (2021: NIL)
c) Trade payables balance due to parent company at the year end: £3,243,202 (2021: £3,938,115)
d) Trade receivables balance due from parent company at the year end: NIL (2021: 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: £20,300,000 (2021: £18,800,000)
b) Interest charged by group company on loan in the year: £316,158 (2021: £277,823)
c) Interest due on loan from group company unpaid at the year end: £94,013 (2021: £61,347)
d) Expenses recharged (net) by the group company: £27,133 (2021: NIL)
e) Trade payables balance (net) owed to group company at the year end: £27,133 (2021: NIL)

ii) Torrent Pharma Inc:

A subsidiary of Torrent Pharmaceuticals Limited, the parent company.

a) Expenses recharged by the group company: £22,256 (2021: 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	2022	2021
Sales of goods	£14,993,126	£15,427,337
Primary geographical markets	UK	UK
Timing of transfer of goods or services		
Products transferred at a point in time	£14,993,126	£15,427,337

(ii) Contract balances

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

	Note	2022	2021
Receivables	9	£ 2,836,449	£3,076,039

The amount of revenue recognised in the current period from performance obligations satisfied (or partially satisfied) was NIL (2021: 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 2021	Cashflows	At 31 March 2022
	£	£	£
Cash at bank and in hand	1,180,787	(421,207)	759,580
Loans due to related parties	(18,800,000)	(1,500,000)	(20,300,000)
Lease liability	(898,241)	68,516	(829,725)
	<u>(18,517,454)</u>	<u>(1,852,691)</u>	<u>(20,370,145)</u>

23. 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 2022.