

Company Registration No. 04353309 (England and Wales)

NICHE GENERICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

NICHE GENERICS LIMITED

COMPANY INFORMATION

Directors G. M. Cole
C. Moss
P Godha (Appointed 13 September 2023)

Secretary C. Moss

Company number 04353309

Registered office 1 The Cam Centre
Wilbury Way
Hitchin
Herts
SG4 0TW

Auditor HW Fisher LLP
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

NICHE GENERICS LIMITED

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NICHE GENERICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present the strategic report for the year ended 31 March 2024.

Fair review of the business

The company made an operating profit of £704,285 (2023: operating loss of £904,197) for the year on a turnover of £9,825,867 (2023: £7,728,003).

The company was in a net liability position as at 31 March 2024 of £359,510 (2023: £915,734).

The company's parent company, Unichem Laboratories Limited, has confirmed that it will continue to provide financial support for the company's trade for the foreseeable future.

Principal risks and uncertainties

All businesses carry with them a degree of inherent risk. Our philosophy at Niche Generics Limited is to manage risk, rather than be risk averse. Operating within the pharmaceutical sector carries with it rigorous demands from the various regulatory authorities who require 100% compliance over a wide range of regulations. Failure to comply with these regulations can have a significant adverse impact on the ongoing viability of an organisation.

We at Niche Generics Limited take our responsibility extremely seriously in this area and provide adequate human and financial resources to ensure that our quality, production and pharmacovigilance standards are of an acceptable standard to the various regulatory agencies.

In summary the management of Niche Generics Limited take a proactive approach to risk and as a consequence we see no issues which we can't address.

Please refer to note 19 of the accounts for details regarding the fine imposed by the European Commission.

Key performance indicators

In the opinion of the directors the key financial performance indicators are the following:

	2024	2023
	£	£
Turnover	9,825,867	7,728,003
Turnover is the key measure to the company's economic output.		
Gross profit	6,319,294	4,328,775
Gross profit provides an indication of the company's quality and service efficiency.		
EBITDA	892,743	(544,465)

EBITDA here represents earnings before interest, taxation, depreciation, amortisation and unrealised gains on foreign exchange movements.

On behalf of the board



C. Moss

Director

.10.May.2024

NICHE GENERICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and accounts for the year ended 31 March 2024.

Principal activities

The principal activity of the company continues to be that of selling, manufacturing, developing and sourcing generic medicines.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid.

Directors

The directors who served during the year were:

G. M. Cole

C. Moss

D Kunkolienkar

(Resigned 10 August 2023)

P Godha

(Appointed 13 September 2023)

Auditor

The auditor, HW Fisher LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



C. Moss

Director

10 May 2024

Date:

NICHE GENERICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICHE GENERICS LIMITED

Qualified opinion

We have audited the financial statements of Niche Generics Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We draw attention to note 19 of the financial statements which discloses the fine of just under €14m imposed by the European Commission ("EC") that the company is exposed to jointly and severally with its parent company. The directors have stated they profoundly disagree with the fine and the company has raised a legal challenge against the findings of the EC. Accordingly no provision has been made in these financial statements. We have reviewed and considered the available documentation, including the opinions of the Advocate General published on 14 July 2022 in two appeals raised by other parties heard jointly with the Niche appeal. In those opinions the Advocate General had proposed that the CJEU upholds the General Court judgements for those points that are of relevance to Niche, however, the CJEU has yet to reach its final judgement. The directors' opinion is that there remains an inherent uncertainty as to the outcome of the appeal and therefore the directors are of the opinion that no provision should be made at this point in time. In our opinion, it is more likely than not that the company jointly with its parent company will be liable for the €14m fine, amounting to approximately £12m at the balance sheet date, of which £2.04m has been paid on account, and therefore the fine should be recognised. The impact on the financial statements of including the provision, assuming the fine is not shared with the parent entity, would be that the company would show an increase in accumulated losses and in net liabilities of €14m.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements which describes the potential impact of the on-going litigation and the company's reliance on the financial support of its parent company, together with our Basis for qualified opinion paragraph above. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHE GENERICS LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the Basis for qualified opinion section of our report, our audit opinion is qualified in respect of not including a provision in the financial statements. The financial information included in the strategic report also omits this provision and accordingly we have concluded that the other information is materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

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

Except for the matter described in the Basis for qualified opinion section of our report, 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 and the directors' report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design 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 irregularities, including fraud, is detailed below.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHE GENERICS LIMITED

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006 and compliance with the relevant regulatory requirements in connection with distribution of generic pharmaceuticals;
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly;
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual;
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied;
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to the contingent liability disclosed in note 19 of the financial statements;
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations;
- Testing key revenue lines, in particular cut-off, for evidence of management bias;
- Performing a physical verification of key assets and stock items (including testing of the stock system);
- Obtaining third-party confirmation of material bank and loan balances;
- Documenting and verifying all significant related party balances and transactions;
- Obtaining solicitors confirmation on status of the EU fine appeal.

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 auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

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

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.

Darshna Choudhury

Darshna Choudhury (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

10 May 2024

NICHE GENERICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Notes	£	£
Turnover	3	9,825,867	7,728,003
Cost of sales		(3,506,573)	(3,399,228)
		<hr/>	<hr/>
Gross profit		6,319,294	4,328,775
Administrative expenses		(5,615,009)	(5,232,972)
		<hr/>	<hr/>
Operating profit/(loss)	4	704,285	(904,197)
Interest receivable and similar income	8	3,643	437
Interest payable and similar expenses	9	(151,704)	(84,381)
		<hr/>	<hr/>
Profit/(loss) before taxation		556,224	(988,141)
Tax on profit/(loss)	10	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year		556,224	(988,141)
		<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NICHE GENERICS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	11		621,368		870,191
Current assets					
Stocks	12	1,518,383		822,499	
Debtors	13	3,903,504		3,718,290	
Cash at bank and in hand		499,639		76,928	
		5,921,526		4,617,717	
Creditors: amounts falling due within one year	14	(4,348,326)		(3,781,740)	
Net current assets			1,573,200		835,977
Total assets less current liabilities			2,194,568		1,706,168
Creditors: amounts falling due after more than one year	15		(2,554,078)		(2,621,902)
Net liabilities			(359,510)		(915,734)
Capital and reserves					
Called up share capital	17		5,625,000		5,625,000
Capital redemption reserve			1,625,000		1,625,000
Profit and loss reserves			(7,609,510)		(8,165,734)
Total equity			(359,510)		(915,734)

10 May 2024

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

Gerard M Cole

G. M. Cole
Director



C. Moss
Director

Company Registration No. 04353309

NICHE GENERICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2022	5,625,000	1,625,000	(7,177,593)	72,407
Year ended 31 March 2023:				
Loss and total comprehensive income for the year	-	-	(988,141)	(988,141)
Balance at 31 March 2023	5,625,000	1,625,000	(8,165,734)	(915,734)
Year ended 31 March 2024:				
Profit and total comprehensive income for the year	-	-	556,224	556,224
Balance at 31 March 2024	5,625,000	1,625,000	(7,609,510)	(359,510)

NICHE GENERICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22	581,817		(5,985)	
Interest paid		(151,704)		(84,381)	
Net cash inflow/(outflow) from operating activities		430,113		(90,366)	
Investing activities					
Purchase of tangible fixed assets		(11,045)		(33,773)	
Interest received		3,643		437	
Net cash used in investing activities			(7,402)		(33,336)
Net increase/(decrease) in cash and cash equivalents			422,711		(123,702)
Cash and cash equivalents at beginning of year			76,928		200,630
Cash and cash equivalents at end of year			499,639		76,928

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Company information

Niche Generics Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 The Cam Centre, Wilbury Way, Hitchin, Herts, SG4 0TW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company made a profit in the year to 31 March 2024 of £556,224 (2023: loss of £988,141) and at the year end the balance sheet was in deficit by £359,510. The company is therefore reliant on the continued support of its parent company, Unichem Laboratories Limited. Such support is dependent upon Unichem Laboratories Limited having the necessary financial means.

The company jointly with the parent company are also exposed to the outcome of the on-going litigation regarding the fine of €14million as set out in note 19. If the appeal is unsuccessful, the company will be reliant on its parent company to pay the fine. Unichem Laboratories Limited has not specifically confirmed it will pay the fine.

The above matters indicate that material uncertainties exist over the going concern of the company. Nevertheless, the directors have a reasonable expectation that the company and its parent entity have adequate resources to continue in operation for the foreseeable future. Therefore the directors have continued to adopt the going concern basis in these financial statements.

1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided, together with licence and other income from the exploitation of the company's rights in generic pharmaceuticals, net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold land and buildings	Over the term of the lease
Plant and machinery	10% Straight line
Fixtures, fittings and equipment	20% Straight line
Computer equipment	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits. The company provides termination benefits based on government rules on statutory redundancy, and the employee's notice period.

Employees who have completed specified years of service are eligible for a death benefit plan wherein a defined amount would be paid to the survivors of the employee in the event of their death while in service with the company. To fulfil the company's obligation for the above mentioned plan, the company has taken term policy from an insurance company. The annual premium for insurance cover is recognised in the profit and loss account.

1.11 Retirement benefits

The company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recognition of contingent liabilities

A fine of just under €14 million was imposed on the company jointly and severally with its parent company by the European Commission in July 2014. The fine is being appealed, therefore the Directors have taken the decision to disclose this as a contingent liability at the year-end (see note 19 for further details).

Stock provision

The company sells medicine products which are subject to expiry dates. As a result of this, it is necessary to consider the net realisable value of stock which is approaching its expiry date. When calculating this provision, the company considers the nature and anticipated sellability of stock. If it is unlikely the stock will be sold within 6 months of its expiry date, the company will provide for this stock in full. The provision at 31 March 2024 is £48,931 (2023: £96,564).

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2024	2023
	£	£
Turnover analysed by class of business		
Product sales	9,596,086	7,623,154
Service fees	229,781	104,849
	<u>9,825,867</u>	<u>7,728,003</u>
	<u><u>9,825,867</u></u>	<u><u>7,728,003</u></u>
Turnover analysed by geographical market		
United Kingdom	4,412,773	1,810,698
European Union	2,515,397	2,729,268
Rest of the World	2,897,697	3,188,037
	<u>9,825,867</u>	<u>7,728,003</u>
	<u><u>9,825,867</u></u>	<u><u>7,728,003</u></u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

4 Operating profit/(loss)

	2024	2023
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(62,277)	141,200
Depreciation of owned tangible fixed assets	256,282	258,195
Loss on disposal of tangible fixed assets	3,586	-
Operating lease charges	230,238	229,295
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2024	2023
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	28,314	27,345
	<u> </u>	<u> </u>
For other services		
All other non-audit services	4,029	15,455
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (excluding temporary staff) employed by the company during the year was:

	2024	2023
	Number	Number
Administrative, operational, and regulatory	56	56
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2024	2023
	£	£
Wages and salaries	3,011,820	2,870,219
Social security costs	341,018	324,050
Pension costs	188,062	181,001
	<u> </u>	<u> </u>
	3,540,900	3,375,270
	<u> </u>	<u> </u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

7 Directors' remuneration

	2024	2023
	£	£
Remuneration for qualifying services	380,615	367,764
Amounts received/ receivable under long term incentive schemes	35,058	57,898
Company pension contributions to defined contribution schemes	38,318	38,318
	<u>453,991</u>	<u>463,980</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2023 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2024	2023
	£	£
Remuneration for qualifying services	206,766	212,237
Amounts received/ receivable under long term incentive schemes	19,025	25,819
Company pension contributions to defined contribution schemes	14,268	14,268
	<u>230,059</u>	<u>252,324</u>

8 Interest receivable and similar income

	2024	2023
	£	£
Interest income		
Interest on bank deposits	3,643	437
	<u>3,643</u>	<u>437</u>

9 Interest payable and similar expenses

	2024	2023
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	151,704	84,381
	<u>151,704</u>	<u>84,381</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

10 Taxation

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2024	2023
	£	£
Profit/(loss) before taxation	556,224	(988,141)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	139,056	(187,747)
Tax effect of expenses that are not deductible in determining taxable profit	41,492	18,848
Unutilised tax losses carried forward	(234,863)	134,321
Depreciation add back	23,113	30,909
Capital allowances in excess of depreciation	31,202	3,669
	<u> </u>	<u> </u>
Taxation charge for the year	-	-
	<u> </u>	<u> </u>

The company has trading tax losses of £10,740,179 (2023: £11,683,272) available for carry forward against future trading profits.

A net deferred tax asset of £2,702,779 (2023: £2,864,130) calculated at a rate of 25% (2023: 25%) has not been included in the accounts due to the uncertainty over its recovery.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

11 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2023	2,114,252	1,932,186	69,388	366,179	4,482,005
Additions	-	8,315	-	2,730	11,045
Disposals	-	(9,996)	-	(22,258)	(32,254)
At 31 March 2024	2,114,252	1,930,505	69,388	346,651	4,460,796
Depreciation and impairment					
At 1 April 2023	1,608,182	1,594,083	69,221	340,328	3,611,814
Depreciation charged in the year	162,325	82,684	113	11,160	256,282
Eliminated in respect of disposals	-	(6,410)	-	(22,258)	(28,668)
At 31 March 2024	1,770,507	1,670,357	69,334	329,230	3,839,428
Carrying amount					
At 31 March 2024	343,745	260,148	54	17,421	621,368
At 31 March 2023	506,070	338,103	167	25,851	870,191

12 Stocks

	2024	2023
	£	£
Raw materials and consumables	409,933	441,402
Finished goods and goods for resale	1,108,450	381,097
	1,518,383	822,499

13 Debtors

	2024	2023
	£	£
Amounts falling due within one year:		
Trade debtors	1,773,750	1,729,370
Amounts owed by group undertakings	-	61,404
Other debtors	2,040,547	1,840,324
Prepayments and accrued income	89,207	87,192
	3,903,504	3,718,290

Other debtors includes an amount of £2,040,000 (2023: £1,840,000) which may not be receivable within one year from the balance sheet date.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

14 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	200,168	406,057
Amounts owed to group undertakings	3,149,355	3,051,883
Taxation and social security	277,743	116,372
Other creditors	34,111	18,998
Accruals and deferred income	686,949	188,430
	<u>4,348,326</u>	<u>3,781,740</u>

15 Creditors: amounts falling due after more than one year

	Notes	2024	2023
		£	£
Bank loans and overdrafts	16	2,554,078	2,621,902
		<u>2,554,078</u>	<u>2,621,902</u>

16 Loans and overdrafts

	2024	2023
	£	£
Bank loans	2,554,078	2,621,902
	<u>2,554,078</u>	<u>2,621,902</u>
Payable after one year	2,554,078	2,621,902
	<u>2,554,078</u>	<u>2,621,902</u>

The bank loan, denominated in Euros, is secured/guaranteed by a standby letter of credit supported by Unichem Laboratories Limited, the company's parent. Unichem Laboratories Limited has confirmed that it will continue to provide this support for the foreseeable future.

17 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	5,625,000	5,625,000	5,625,000	5,625,000
	<u>5,625,000</u>	<u>5,625,000</u>	<u>5,625,000</u>	<u>5,625,000</u>

The ordinary shares have full voting, dividend and capital distribution rights with no rights to redemption.

18 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	188,062	181,001
	<u>188,062</u>	<u>181,001</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

19 Financial commitments, guarantees and contingent liabilities

A contingent liability exists in connection with a fine of just under €14m imposed on the Company jointly and severally with its parent company by the European Commission ("EC") in July 2014, contending that the Company and its parent company had acted contrary to the EU competition law as the Company had, in early 2005, agreed to settle a financially crippling patent litigation with a French pharmaceutical company, Laboratories Servier.

The Company profoundly disagrees with the EC's findings and is vigorously challenging the EC decision before the European Courts to have it overturned. Both the Company and its parent company therefore submitted appeals in September 2014 to the EU General Court.

The appeal was heard in June 2017 and a judgement was reached in December 2018, where the fine was upheld.

The Company and its parent company submitted a further appeal in February 2019 and have asked that the decision and the fine be annulled in its entirety. A response to the appeal was lodged by the commission on 6 May 2019 and a response to this was submitted by the Company on 5 July 2019.

On 4 October 2019 the Company and its parent company submitted a request for an oral hearing.

The full outcome of the appeal is still awaited. Following the COVID-19 crisis, non-urgent court hearings were delayed. An oral hearing took place for the Company's appeal on 20 and 21 October 2021. Typically a judgement would then follow within 6 to 9 months after that hearing, however, given this is a complicated case which has been joined for the oral hearing with the appeals of other generic companies and the originator, and judgements will be delivered on the same day in all cases, this timeline has been delayed.

No provision has been made for this in these accounts, although the judgement is expected imminently.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	179,653	213,043
Between two and five years	167,934	334,843
	<hr/>	<hr/>
	347,587	547,886
	<hr/> <hr/>	<hr/> <hr/>

21 Ultimate controlling party

The Immediate parent company is Unichem Laboratories Limited (a company incorporated in India with registered office address at Unichem Bhavan, Prabhat Estate, Off. S. V. Road, Jogeshwari (West), Mumbai - 400 102).

On 10 August 2023, Ipca Laboratories Limited (a company incorporated in India with a registered office address at 48, Kandivali Industrial Estate, Kandivali (W) Mumbai - 400 067) purchased a significant shareholding in Unichem Laboratories Limited and appointed a new Managing Director of Unichem Laboratories Limited. Prior to this date, the directors regarded the company's parent company to be the ultimate controlling party of the company. From 10 August 2023, the directors regard the ultimate controlling party of the company to be Ipca Laboratories Limited.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

22 Cash generated from/(absorbed by) operations

	2024	2023
	£	£
Profit/(loss) for the year after tax	556,224	(988,141)
Adjustments for:		
Finance costs	151,704	84,381
Investment income	(3,643)	(437)
Loss on disposal of tangible fixed assets	3,586	-
Depreciation and impairment of tangible fixed assets	256,282	258,195
Foreign exchange (gains)/losses on cash equivalents	(67,824)	101,537
Movements in working capital:		
(Increase)/decrease in stocks	(695,884)	166,644
Increase in debtors	(185,214)	(137,120)
Increase in creditors	566,586	508,956
Cash generated from/(absorbed by) operations	<u>581,817</u>	<u>(5,985)</u>

23 Analysis of changes in net debt

	1 April 2023	Cash flows	Exchange rate movements	31 March 2024
	£	£	£	£
Cash at bank and in hand	76,928	422,711	-	499,639
Borrowings excluding overdrafts	(2,621,902)	-	67,824	(2,554,078)
	<u>(2,544,974)</u>	<u>422,711</u>	<u>67,824</u>	<u>(2,054,439)</u>

NICHE GENERICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

		2024		2023
	£	£	£	£
Turnover				
Sales of goods		9,825,867		7,728,003
Cost of sales				
Opening stock of finished goods	822,499		989,143	
Finished goods purchases	4,202,457		3,232,584	
Closing stock of finished goods	(1,518,383)		(822,499)	
		<u>(3,506,573)</u>		<u>(3,399,228)</u>
Gross profit	64.31%	6,319,294	56.01%	4,328,775
Administrative expenses		<u>(5,615,009)</u>		<u>(5,232,972)</u>
Operating profit/(loss)		704,285		(904,197)
Investment revenues				
Bank interest received	3,643		437	
		<u>3,643</u>		<u>437</u>
Interest payable and similar expenses				
Guarantee commission	25,931		25,820	
Loan interest	125,773		58,561	
		<u>(151,704)</u>		<u>(84,381)</u>
Profit/(loss) before taxation		<u>556,224</u>		<u>(988,141)</u>

NICHE GENERICS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£	£
Administrative expenses		
Wages and salaries	2,602,184	2,474,264
Social security costs	341,018	324,050
Temporary staff	4,356	21,669
Subcontract labour	-	12,925
Staff recruitment costs	22,417	910
Staff welfare	1,611	542
Staff training	16,843	17,144
Staff pension costs defined contribution	149,744	142,683
Directors' remuneration	409,636	395,955
Directors' pension costs - defined contribution scheme	38,318	38,318
Rent re operating leases	216,823	210,188
Rates	27,120	28,444
Cleaning	2,656	3,882
Waste disposal	15,563	14,943
Power, light and heat	139,288	143,577
Repairs and maintenance	249,598	235,195
Insurance	71,940	81,354
Hire of plant	13,415	19,107
Motor running expenses	6,011	10,002
Travelling expenses	21,096	14,513
Couriers	6,546	9,797
Subscriptions and donations	23,591	20,659
Legal, professional and consultancy fees	168,997	133,627
Licence fees	64,817	61,771
Health and safety	-	2,081
Non audit remuneration paid to auditors	4,029	15,455
Audit and accountancy	28,314	27,345
Security Costs	1,188	-
Bank charges	4,803	4,075
Health insurance	85,283	83,488
Printing and stationery	7,372	7,981
Laboratory chemicals	5,642	6,395
Telecommunications	37,559	35,536
Canteen	7,618	7,395
Entertaining	433	1,035
Sundry expenses	636	1,111
Contract analysis	96,824	109,662
Consumables	121,629	113,999
Depreciation	256,282	258,195
Profit or loss on sale of tangible assets	3,586	-
Profit or loss on foreign exchange	(62,277)	141,200
FMD costs	2,500	2,500
Restructuring Costs	400,000	-
	<u>5,615,009</u>	<u>5,232,972</u>



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Parties involved with this document

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Fri, 10th May 2024 15:17:11 UTC	Darshna Choudhury - Signer (14c580e0aafdb6da66b6a653458e7ddf)

Audit history log

Date	Action
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