

Company Registration No. 04353309 (England and Wales)

**NICHE GENERICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

# NICHE GENERICS LIMITED

## COMPANY INFORMATION

---

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | G. M. Cole<br>C. Moss<br>D Kunkolienkar  |
| <b>Secretary</b>         | C. Moss  |
| <b>Company number</b>    | 04353309   |
| <b>Registered office</b> | 1 The Cam Centre<br>Wilbury Way<br>Hitchin<br>Herts<br>SG4 0TW                       |
| <b>Auditor</b>           | HW Fisher<br>Acre House<br>11-15 William Road<br>London<br>NW1 3ER<br>United Kingdom |

---

# NICHE GENERICS LIMITED

## CONTENTS

---

|                                       | <b>Page</b> |
|---------------------------------------|-------------|
| Strategic report                      | 1 - 2       |
| Directors' report                     | 3           |
| Directors' responsibilities statement | 4           |
| Independent auditor's report          | 5 - 6       |
| Profit and loss account               | 7           |
| Statement of comprehensive income     | 8           |
| Balance sheet                         | 9           |
| Statement of changes in equity        | 10          |
| Statement of cash flows               | 11          |
| Notes to the financial statements     | 12 - 23     |

---

# NICHE GENERICS LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 MARCH 2020*

---

The directors present the strategic report for the year ended 31 March 2020.

#### **Fair review of the business**

In order to strengthen the balance sheet, on 2 May 2019, the company redesignated the 1,500,000 preference shares as 1,500,000 ordinary shares of £1 each, therefore the £1,500,000 is now shown as equity.

The preference shareholder has also waived the accumulated dividends at 31 March 2019 of £3,530,191, therefore this amount has been written back to the profit and loss account during the year. Excluding this write back the company would have made a pre-tax loss of £359,661 for the year.

Following the above, the capital and reserves has changed from a deficit of £4,270,378 in the prior year to a surplus of £400,152 at 31 March 2020.

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 and to note 1.2 and note 21 for the directors view about the impact of Covid 19.

# NICHE GENERICS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

---

#### Key performance indicators

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

|          | 2020      | 2019      |
|----------|-----------|-----------|
|          | £         | £         |
| Turnover | 8,253,199 | 8,938,580 |

Turnover is the key measure to the company's economic output. 2019/20 was a challenging year with regard to supply issues, however turnover is budgeted to increase during 2020/21.

|              |           |           |
|--------------|-----------|-----------|
| Gross profit | 5,436,409 | 5,005,462 |
|--------------|-----------|-----------|

Gross profit provides an indication of the company's quality and service efficiency.

|        |        |           |
|--------|--------|-----------|
| EBITDA | 69,520 | (578,916) |
|--------|--------|-----------|

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

By order of the board



.....  
C. Moss

Secretary

1 June 2020

# NICHE GENERICS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2020**

---

The directors present their report and accounts for the year ended 31 March 2020.

### Principal activities

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

### Directors

The directors who served during the year were:

G. M. Cole  
C. Moss  
D Kunkolienkar

### Results and dividends

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

No ordinary dividends were paid.

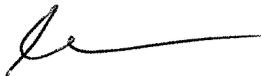
### Auditor

The auditor, HW Fisher, 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.

By order of the board



.....  
C. Moss

Secretary

Date: *15/03/2020*

# NICHE GENERICS LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

### *FOR THE YEAR ENDED 31 MARCH 2020*

---

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

---

#### Opinion

We have audited the financial statements of Niche Generics Limited (the 'company') for the year ended 31 March 2020 which comprise the profit and loss account, 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 a summary of 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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 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 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 opinion.

#### Emphasis of matter

We draw attention to note 19 of the financial statements, which describes a contingent liability in respect of a fine imposed by the European Commission on the Company jointly and severally with its parent company. Our opinion is not modified in this respect.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### 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 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 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.

# NICHE GENERICS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF NICHE GENERICS LIMITED

---

#### 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



**Navinchandra Thaker (Senior Statutory Auditor)**  
for and on behalf of HW Fisher

#### Chartered Accountants

#### Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

15 June 2020

# NICHE GENERICS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

---

|   | Notes | 2020<br>£        | 2019<br>£          |
|---|-------|------------------|--------------------|
| Turnover                                    | 3     | 8,253,199        | 8,938,580          |
| Cost of sales                               |       | (2,816,790)      | (3,933,118)        |
| <b>Gross profit</b>                         |       | <b>5,436,409</b> | <b>5,005,462</b>   |
| Administrative expenses                     |       | (5,751,357)      | (5,931,841)        |
| <b>Operating loss</b>                       | 4     | <b>(314,948)</b> | <b>(926,379)</b>   |
| Interest receivable and similar income      | 8     | 2,902            | 1,156              |
| Interest payable and similar expenses       | 9     | 3,482,576        | (626,139)          |
| <b>Profit/(loss) before taxation</b>        |       | <b>3,170,530</b> | <b>(1,551,362)</b> |
| Tax on profit/(loss)                        | 10    | -                | -                  |
| <b>Profit/(loss) for the financial year</b> |       | <b>3,170,530</b> | <b>(1,551,362)</b> |

---

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# NICHE GENERICS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 MARCH 2020*

---

|   | 2020             | 2019               |
|---|------------------|--------------------|
|   | £                | £                  |
| Profit/(loss) for the year              | 3,170,530        | (1,551,362)        |
| Other comprehensive income              | -                | -                  |
| Total comprehensive income for the year | <u>3,170,530</u> | <u>(1,551,362)</u> |

# NICHE GENERICS LIMITED

## BALANCE SHEET

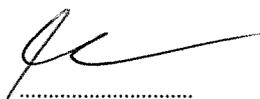
AS AT 31 MARCH 2020

|   | Notes | 2020               |                    | 2019                |                     |
|---|-------|--------------------|--------------------|---------------------|---------------------|
|   |       | £                  | £                  | £                   | £                   |
| <b>Fixed assets</b>                                   |       |                    |                    |                     |                     |
| Tangible assets                                       | 11    |                    | 1,611,586          |                     | 1,389,489           |
| <b>Current assets</b>                                 |       |                    |                    |                     |                     |
| Stocks  | 13    | 1,261,836          |                    | 1,242,239           |                     |
| Debtors   | 14    | 3,030,849          |                    | 2,795,791           |                     |
| Cash at bank and in hand                              |       | 480,923            |                    | 492,592             |                     |
|   |       | <u>4,773,608</u>   |                    | <u>4,530,622</u>    |                     |
| <b>Creditors: amounts falling due within one year</b> | 16    | <u>(5,985,042)</u> |                    | <u>(10,190,489)</u> |                     |
| <b>Net current liabilities</b>                        |       |                    | <u>(1,211,434)</u> |                     | <u>(5,659,867)</u>  |
| <b>Total assets less current liabilities</b>          |       |                    | <u>400,152</u>     |                     | <u>(4,270,378)</u>  |
| <b>Capital and reserves</b>                           |       |                    |                    |                     |                     |
| Called up share capital                               | 17    |                    | 5,625,000          |                     | 4,125,000           |
| Capital redemption reserve                            |       |                    | 1,625,000          |                     | 1,625,000           |
| Profit and loss reserves                              |       |                    | <u>(6,849,848)</u> |                     | <u>(10,020,378)</u> |
| <b>Total equity</b>                                   |       |                    | <u>400,152</u>     |                     | <u>(4,270,378)</u>  |

The financial statements were approved by the board of directors and authorised for issue on 1 June 2020 and are signed on its behalf by:



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 2020

---

|   | Share capital   | Capital redemption reserve | Profit and loss reserves | Total       |
|---|-----------------|----------------------------|--------------------------|-------------|
| Notes   | £               | £                          | £                        | £           |
| <b>Balance at 1 April 2018</b>                        | 625,000         | 1,625,000                  | (8,469,016)              | (6,219,016) |
| <b>Year ended 31 March 2019:</b>                      |                 |                            |                          |             |
| Loss and total comprehensive income for the year      | -               | -                          | (1,551,362)              | (1,551,362) |
| Issue of share capital                                | 17<br>3,500,000 | -                          | -                        | 3,500,000   |
| <b>Balance at 31 March 2019</b>                       | 4,125,000       | 1,625,000                  | (10,020,378)             | (4,270,378) |
| <b>Year ended 31 March 2020:</b>                      |                 |                            |                          |             |
| Profit and total comprehensive income for the year    | -               | -                          | 3,170,530                | 3,170,530   |
| Redesignation of preference shares to Ordinary shares | 16<br>1,500,000 | -                          | -                        | 1,500,000   |
| <b>Balance at 31 March 2020</b>                       | 5,625,000       | 1,625,000                  | (6,849,848)              | 400,152     |

---

# NICHE GENERICS LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

---

|   | Notes | 2020              |   | 2019              |   |
|---|-------|-------------------|---|-------------------|---|
|   |       | £                 | £ | £                 | £ |
| <b>Cash flows from operating activities</b>                   |       |                   |   |                   |   |
| Cash generated from/(absorbed by) operations                  | 23    | 516,388           |   | (2,857,567)       |   |
| Interest paid   |       | (47,615)          |   | (57,415)          |   |
|   |       | <u>          </u> |   | <u>          </u> |   |
| <b>Net cash inflow/(outflow) from operating activities</b>    |       | 468,773           |   | (2,914,982)       |   |
| <b>Investing activities</b>                                   |       |                   |   |                   |   |
| Purchase of tangible fixed assets                             |       | (455,904)         |   | (245,882)         |   |
| Interest received   |       | 2,902             |   | 1,156             |   |
|   |       | <u>          </u> |   | <u>          </u> |   |
| <b>Net cash used in investing activities</b>                  |       | (453,002)         |   | (244,726)         |   |
| <b>Financing activities</b>                                   |       |                   |   |                   |   |
| Proceeds from issue of shares                                 |       | -                 |   | 3,500,000         |   |
| Proceeds from borrowings                                      |       | 2,542,373         |   | -                 |   |
| Repayment of borrowings                                       |       | (2,569,813)       |   | -                 |   |
|   |       | <u>          </u> |   | <u>          </u> |   |
| <b>Net cash (used in)/generated from financing activities</b> |       | (27,440)          |   | 3,500,000         |   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |       | (11,669)          |   | 340,292           |   |
| Cash and cash equivalents at beginning of year                |       | 492,592           |   | 152,300           |   |
|   |       | <u>          </u> |   | <u>          </u> |   |
| <b>Cash and cash equivalents at end of year</b>               |       | 480,923           |   | 492,592           |   |
|   |       | <u>          </u> |   | <u>          </u> |   |

---

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

---

#### 1 Accounting policies

##### Company information

Niche Generics Limited is a limited company 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

As stated in note 21 the directors have considered the effect of the Covid-19 outbreak. The directors do not consider that the outbreak is likely to cause significant disruption to the company's business. On the basis of continued support from the parent company, who has indicated their intention to continue to provide financial support to the company and who also consider that their business will not be significantly affected by the Covid-19 outbreak, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

#### 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.

#### 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.

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

---

### 1 Accounting policies

(Continued)

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 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 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 2020

---

#### 1 Accounting policies

(Continued)

##### *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, loans from fellow group companies and preference shares that are classified as debt, 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.

#### 1.9 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.

#### 1.10 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.

#### 1.11 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.

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.

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 1 Accounting policies (Continued)

##### 1.12 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.

##### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

##### 1.14 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 are included in the profit and loss account for the period.

#### 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.

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).

#### 3 Turnover and other revenue

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

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Turnover analysed by class of business</b>   |                  |                  |
| Product sales                                   | 8,036,795        | 8,699,055        |
| Service fees                                    | 216,404          | 239,525          |
|   | <u>8,253,199</u> | <u>8,938,580</u> |
|   | 2020             | 2019             |
|   | £                | £                |
| <b>Turnover analysed by geographical market</b> |                  |                  |
| United Kingdom                                  | 2,730,028        | 2,577,072        |
| European Union                                  | 3,308,182        | 4,150,081        |
| Rest of the World                               | 2,214,989        | 2,211,427        |
|   | <u>8,253,199</u> | <u>8,938,580</u> |

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

---

|          |  |                   |                   |
|----------|--|-------------------|-------------------|
| <b>4</b> | <b>Operating loss</b>  | <b>2020</b>       | <b>2019</b>       |
|          | Operating loss for the year is stated after charging:  | £                 | £                 |
|          | Exchange losses  | 150,660           | 91,358            |
|          | Depreciation of owned tangible fixed assets  | 233,808           | 256,105           |
|          | Cost of stocks recognised as an expense  | 2,816,790         | 3,933,118         |
|          | Operating lease charges  | 248,716           | 245,514           |
|          |  | <u>          </u> | <u>          </u> |
| <b>5</b> | <b>Auditor's remuneration</b>  | <b>2020</b>       | <b>2019</b>       |
|          | Fees payable to the company's auditor and associates:  | £                 | £                 |
|          | <b>For audit services</b>  |                   |                   |
|          | Audit of the financial statements of the company   | 25,150            | 21,174            |
|          |  | <u>          </u> | <u>          </u> |
|          | <b>For other services</b>  |                   |                   |
|          | All other non-audit services   | 16,793            | 792               |
|          |  | <u>          </u> | <u>          </u> |
| <b>6</b> | <b>Employees</b>   |                   |                   |
|          | The average monthly number of persons (excluding temporary staff) employed by the company during the year was: |                   |                   |
|          |  | <b>2020</b>       | <b>2019</b>       |
|          |  | <b>Number</b>     | <b>Number</b>     |
|          | Administrative, operational, and regulatory  | 58                | 71                |
|          |  | <u>          </u> | <u>          </u> |
|          | Their aggregate remuneration comprised:  |                   |                   |
|          |  | <b>2020</b>       | <b>2019</b>       |
|          |  | £                 | £                 |
|          | Wages and salaries   | 2,934,850         | 3,076,625         |
|          | Social security costs  | 328,126           | 354,480           |
|          | Pension costs  | 177,524           | 177,851           |
|          |  | <u>          </u> | <u>          </u> |
|          |  | 3,440,500         | 3,608,956         |
|          |  | <u>          </u> | <u>          </u> |

---

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 7 Directors' remuneration

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | £              | £              |
| Remuneration for qualifying services                           | 292,812        | 292,963        |
| Amounts received/ receivable under long term incentive schemes | 144,075        | -              |
| Company pension contributions to defined contribution schemes  | 28,932         | 28,932         |
|  | <u>465,819</u> | <u>321,895</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

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

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | £              | £              |
| Remuneration for qualifying services                           | 171,000        | 164,466        |
| Amounts received/ receivable under long term incentive schemes | 68,232         | -              |
| Company pension contributions to defined contribution schemes  | 10,773         | 10,773         |
|  | <u>171,000</u> | <u>164,466</u> |

### 8 Interest receivable and similar income

|                           | 2020         | 2019         |
|---------------------------|--------------|--------------|
|                           | £            | £            |
| <b>Interest income</b>    |              |              |
| Interest on bank deposits | 2,902        | 1,156        |
|                           | <u>2,902</u> | <u>1,156</u> |

### 9 Interest payable and similar expenses

|  | 2020               | 2019           |
|--|--------------------|----------------|
|  | £                  | £              |
| <b>Interest on financial liabilities measured at amortised cost:</b>                   |                    |                |
| Dividends (not classified as equity) on redeemable preference shares (waived)/ accrued | (3,530,191)        | 568,724        |
| Other interest on financial liabilities  | 47,615             | 57,415         |
|  | <u>(3,482,576)</u> | <u>626,139</u> |

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

(Continued)

### 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:

|   | 2020<br>£ | 2019<br>£   |
|---|-----------|-------------|
| Profit/(loss) before taxation   | 3,170,530 | (1,551,362) |
| Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | 602,401   | (294,759)   |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | 905       | 108,565     |
| Tax effect of waiver of non-equity dividends  | (670,736) | -           |
| Unutilised tax losses carried forward   | 36,416    | 189,842     |
| Depreciation add back   | 44,424    | 48,660      |
| Capital allowances  | (13,410)  | (52,308)    |
| Taxation charge for the year  | -         | -           |

The company has trading tax losses of £11,079,599 (2019: £10,887,934) available for carry forward against future trading profits.

A net deferred tax asset of £1,789,847 (2019: £1,737,979) calculated at a rate of 17% (2019: 17%) 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 2020

### 11 Tangible fixed assets

|                                    | Short leasehold<br>land and<br>buildings | Plant and<br>machinery | Fixtures, fittings<br>and equipment | Computer<br>equipment | Total     |
|------------------------------------|--|------------------------|-------------------------------------|-----------------------|-----------|
|                                    | £  | £                      | £                                   | £                     | £         |
| <b>Cost</b>                        |  |                        |                                     |                       |           |
| At 1 April 2019                    | 1,668,042                                | 2,014,946              | 68,922                              | 355,406               | 4,107,316 |
| Additions                          | 446,210                                  | 5,653                  | 466                                 | 3,576                 | 455,905   |
| Disposals                          | -  | -                      | -                                   | (22,841)              | (22,841)  |
| At 31 March 2020                   | 2,114,252                                | 2,020,599              | 69,388                              | 336,141               | 4,540,380 |
| <b>Depreciation and impairment</b> |  |                        |                                     |                       |           |
| At 1 April 2019                    | 1,010,068                                | 1,330,212              | 61,430                              | 316,117               | 2,717,827 |
| Depreciation charged in the year   | 104,223                                  | 105,686                | 3,216                               | 20,683                | 233,808   |
| Eliminated in respect of disposals | -  | -                      | -                                   | (22,841)              | (22,841)  |
| At 31 March 2020                   | 1,114,291                                | 1,435,898              | 64,646                              | 313,959               | 2,928,794 |
| <b>Carrying amount</b>             |  |                        |                                     |                       |           |
| At 31 March 2020                   | 999,961                                  | 584,701                | 4,742                               | 22,182                | 1,611,586 |
| At 31 March 2019                   | 657,974                                  | 684,734                | 7,492                               | 39,289                | 1,389,489 |

### 12 Financial instruments

|   | 2020      | 2019       |
|---|-----------|------------|
|   | £         | £          |
| <b>Carrying amount of financial assets</b>      |           |            |
| Debt instruments measured at amortised cost     | 2,926,807 | 2,701,066  |
| <b>Carrying amount of financial liabilities</b> |           |            |
| Measured at amortised cost                      | 5,835,434 | 10,061,112 |

### 13 Stocks

|                                     | 2020      | 2019      |
|-------------------------------------|-----------|-----------|
|                                     | £         | £         |
| Raw materials and consumables       | 580,277   | 682,682   |
| Finished goods and goods for resale | 681,559   | 559,557   |
|                                     | 1,261,836 | 1,242,239 |

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 14 Debtors

|   | 2020             | 2019             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Amounts falling due within one year:</b> |                  |                  |
| Trade debtors                               | 1,684,913        | 1,661,066        |
| Other debtors                               | 1,241,894        | 1,040,000        |
| Prepayments and accrued income              | 104,042          | 94,725           |
|   | <u>3,030,849</u> | <u>2,795,791</u> |

Other debtors includes an amount of £1,240,000 (2019: £1,040,000) which would not be receivable within one year from the balance sheet date.

#### 15 Loans

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | £                | £                |
| Bank loan                                  | 2,654,867        | 2,612,280        |
| Redeemable preference shares (See Note 16) | -                | 1,500,000        |
|  | <u>2,654,867</u> | <u>4,112,280</u> |
| Payable within one year                    | <u>2,654,867</u> | <u>4,112,280</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.

#### 16 Creditors: amounts falling due within one year

|                                    | Notes | 2020             | 2019              |
|------------------------------------|-------|------------------|-------------------|
|                                    |       | £                | £                 |
| Bank loans and overdrafts          | 15    | 2,654,867        | 2,612,280         |
| Other borrowings                   | 15    | -                | 1,500,000         |
| Trade creditors                    |       | 413,929          | 251,907           |
| Amounts owed to group undertakings |       | 2,589,047        | 2,070,951         |
| Other taxation and social security |       | 149,608          | 129,377           |
| Dividends payable                  |       | -                | 3,530,191         |
| Other creditors                    |       | 22,388           | 28,233            |
| Accruals and deferred income       |       | 155,203          | 67,550            |
|                                    |       | <u>5,985,042</u> | <u>10,190,489</u> |

The preference shares have been re-designated as ordinary shares during the year and the accrued dividends of £3,530,191 have been waived and written back through the profit and loss account (2019: 1,500,000 12% redeemable preference shares of £1 each were redeemable at the option of the company or shareholder at any time).

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 17 Share capital

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | £                | £                |
| <b>Ordinary share capital</b>          |                  |                  |
| <b>Issued and fully paid</b>           |                  |                  |
| 3,875,000 Ordinary A shares of £1 each | -                | 3,875,000        |
| 250,000 Ordinary B shares of £1 each   | -                | 250,000          |
| 5,625,000 Ordinary shares of £1 each   | 5,625,000        | -                |
|  | <u>5,625,000</u> | <u>4,125,000</u> |

On 2 May 2019, the company redesignated the existing 3,875,000 issued ordinary A shares of £1 each, 250,000 ordinary B shares of £1 each and 1,500,000 redeemable preference shares of £1 each as ordinary shares of £1 each.

### 18 Retirement benefit schemes

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | £              | £              |
| <b>Defined contribution schemes</b>                                 |                |                |
| Charge to profit or loss in respect of defined contribution schemes | 177,524        | 177,851        |
|   | <u>177,524</u> | <u>177,851</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.

### 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, Laboratoires 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. Given the current COVID-19 crisis, non-urgent court hearings are suspended, therefore it is difficult to estimate when final judgement will be made, however it is likely to be at least 12 months away, as advised by the Company's lawyers.

No provision has been made for this in these accounts.

# NICHE GENERICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

### 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:

|                            | 2020             | 2019             |
|----------------------------|------------------|------------------|
|                            | £                | £                |
| Within one year            | 195,984          | 200,833          |
| Between two and five years | 736,850          | 726,797          |
| In over five years         | 117,259          | 258,025          |
|                            | <u>1,050,093</u> | <u>1,185,655</u> |

### 21 Events after the reporting date

The directors have considered the effect of the Covid-19 outbreak that has been spreading throughout the world in early 2020 with regard to the company's activities. Given the company's trade is in pharmaceuticals, the directors do not expect the outbreak to have a significant negative effect on the business. The directors do not consider that the outbreak is likely to cause any significant lasting disruption to the company's trade. At the date of approval of these financial statements, the extent and quantum of the disruption remains uncertain.

### 22 Controlling party

The directors regard the company's parent company, Unichem Laboratories Limited (a company incorporated in India with a registered office address at Unichem Bhavan, Prabhat Estate, Off. S. V. Road, Jogeshwari (West), Mumbai - 400 102), as the ultimate controlling party of the company.

### 23 Cash generated from operations

|  | 2020           | 2019               |
|--|----------------|--------------------|
|  | £              | £                  |
| Profit/(loss) for the year after tax                 | 3,170,530      | (1,551,362)        |
| <b>Adjustments for:</b>                              |                |                    |
| Finance costs  | (3,482,576)    | 626,139            |
| Investment income                                    | (2,902)        | (1,156)            |
| Depreciation and impairment of tangible fixed assets | 233,808        | 256,105            |
| Foreign exchange gains on cash equivalents           | 70,027         | (22,793)           |
| <b>Movements in working capital:</b>                 |                |                    |
| (Increase)/decrease in stocks                        | (19,597)       | 80,207             |
| (Increase)/decrease in debtors                       | (235,058)      | 44,718             |
| Increase/(decrease) in creditors                     | 782,156        | (2,289,425)        |
| <b>Cash generated from/(absorbed by) operations</b>  | <u>516,388</u> | <u>(2,857,567)</u> |

**NICHE GENERICS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2020**

24 Analysis of changes in net debt

|                                 | 1 April 2019       | Cash flows    | Other non-cash changes | Exchange rate movements | 31 March 2020      |
|---------------------------------|--------------------|---------------|------------------------|-------------------------|--------------------|
|                                 | £                  | £             | £                      | £                       | £                  |
| Cash at bank and in hand        | 492,592            | (11,669)      | -                      | -                       | 480,923            |
| Borrowings excluding overdrafts | (4,112,280)        | 27,440        | 1,500,000              | (70,027)                | (2,654,867)        |
|                                 | <u>(3,619,688)</u> | <u>15,771</u> | <u>1,500,000</u>       | <u>(70,027)</u>         | <u>(2,173,944)</u> |