

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

FOR

IPCA LABORATORIES UK LIMITED

IPCA LABORATORIES UK LIMITED

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FOR THE YEAR ENDED 31 MARCH 2023

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IPCA LABORATORIES UK LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023

DIRECTORS: Dr D J Londesbrough
Mrs D Bowser
M Jain

SECRETARY: N V Lane

REGISTERED OFFICE: Units 97-98 Silverbriar
Sunderland Enterprise Park East
Sunderland
Tyne and Wear
SR5 2TQ

REGISTERED NUMBER: 04951981 (England and Wales)

AUDITORS: Leasing Marrison Lee Limited
Chartered Certified Accountants
Statutory Auditors
46 Main Street
Mexborough
South Yorkshire
S64 9DU

IPCA LABORATORIES UK LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their strategic report for the year ended 31 March 2023.

The directors present their report and the audited financial statements for the year ended 31 March 2023.

BUSINESS REVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS

Financial key performance indicators are set out below:

	2023 £000	2022 £000
Financial Performance		
Revenue	7,015	2,000
Operating Loss	(591)	(400)
(Loss)/Profit for the financial year	(91)	1,601
Employee numbers at 31 March	No. 6	No. 5

The company increased revenues during the financial year and to support this growth in activity, headcount increased and is forecast to get to 10 by end of FY24.

Despite the global uncertainty, we invested significantly in expanding our service offering.

IpcA UK continues to experience strong interest in the business offering. In FY23 several new products were added to the portfolio.

Other key performance indicators

Health, safety and environmental compliance and performance remain key priorities for the business. All related performance indicators remained under good control.

Future outlook

Based upon the current order position, the directors are confident that the company will continue to increase sales and profitability.

Strict controls remain in place to protect employees and the business during the COVID-19 pandemic. We continue to monitor national and global developments to ensure we can respond and adapt quickly again if needed.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a range of risks and uncertainties. The directors must assess these risks and ensure appropriate controls and processes are in place to monitor the risks and mitigate their effect. The principal risks and mitigating controls are as follows:

COVID-19

COVID-19 remains a threat within the UK. IpcA continues to employ strict working practices and procedures aimed at protecting employees and the business. To date these measures have proved to be effective and business activities have continued as normal.

Cyber security

A loss of a key business system could impact our ability to manufacture products and lead to customer disappointment and reputational damage. IpcA mitigates this risk through investment in robust security controls and procedures, security testing arrangements and ongoing employee training.

Trading risk and customer dependency

The timing of drug approval by government agencies may affect the phasing of sales. The company continues to mitigate this risk by the expansion and diversification of its customer base and product portfolios.

FINANCIAL RISKS

Credit risk

The company is exposed to credit risk from its trade debtors and from depositing cash with banking institutions. Customers are assessed for credit-worthiness before credit is extended, and any debts which become overdue are chased promptly. Likewise, the company only engages with banks that can demonstrate a strong financial position and developments in the sector are monitored closely.

IPCA LABORATORIES UK LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023


DIRECTORS' STATEMENT OF COMPLIANCE TO PROMOTE THE SUCCESS OF THE COMPANY

The directors of Ipca - and those of all UK companies - must act in accordance with a set of general duties. These duties are detailed in the UK Companies Act and include a duty to promote the success of the company for the benefit of its members as a whole. Details of how the directors have fulfilled this responsibility are set out below:

BOARD COMPOSITION

The directors of Ipca work closely with the group board of its parent company Ipca Ltd, the quarterly review board meetings regularly include representatives from Ipca UK and Ipca Ltd. A broad representation brings a range of experiences and view-points to decision making, and ensures that a balanced approach is taken, which considers the interests of all shareholders and stakeholders.

ON BEHALF OF THE BOARD:


.....
Dr D J Londesbrough - Director

Date: 18th May 2023
.....

IPCA LABORATORIES UK LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

Dr D J Londesbrough
Mrs D Bowser
M Jain

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Leasing Marrison Lee Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
Dr D J Londesbrough - Director

Date: 18th May 2023
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
IPCA LABORATORIES UK LIMITED

Opinion

We have audited the financial statements of Ipca Laboratories UK Limited (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 Financial Reporting Standard 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 2023 and of its loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
IPCA LABORATORIES UK 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 or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures to respond to risks identified include the following;

reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

enquiring of management concerning actual and potential litigation and claims;

performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

reading minutes of meetings of those charged with governance and reviewing regulatory correspondence;

obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and

in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
IPCA LABORATORIES UK LIMITED

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 a Report of the Auditors 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.

Robert Tippet

Robert Tippet (Senior Statutory Auditor)
for and on behalf of Leesing Marrison Lee Limited
Chartered Certified Accountants
Statutory Auditors
46 Main Street
Mexborough
South Yorkshire
S64 9DU

22 May 2023

IPCA LABORATORIES UK LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
TURNOVER		7,015,521	2,097,521
Cost of sales		6,870,516	2,035,378
GROSS PROFIT		145,005	62,143
Administrative expenses		736,018	460,893
OPERATING LOSS	4	(591,013)	(398,750)
Income from shares in group undertakings		500,000	2,000,000
(LOSS)/PROFIT BEFORE TAXATION		(91,013)	1,601,250
Tax on (loss)/profit		-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(91,013)</u>	<u>1,601,250</u>

The notes form part of these financial statements

IPCA LABORATORIES UK LIMITED (REGISTERED NUMBER: 04951981)

BALANCE SHEET
31 MARCH 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	5	1,405	1,118
Investments	6	4,892,751	4,892,751
		<u>4,894,156</u>	<u>4,893,869</u>
CURRENT ASSETS			
Stocks	7	2,411,325	598,160
Debtors	8	2,896,589	1,192,776
Cash at bank		147,852	59,674
		<u>5,455,766</u>	<u>1,850,610</u>
CREDITORS			
Amounts falling due within one year	9	3,313,989	617,533
		<u>2,141,777</u>	<u>1,233,077</u>
NET CURRENT ASSETS			
		<u>2,141,777</u>	<u>1,233,077</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,035,933</u>	<u>6,126,946</u>
CAPITAL AND RESERVES			
Called up share capital	10	2,914,186	1,914,186
Retained earnings		4,121,747	4,212,760
		<u>7,035,933</u>	<u>6,126,946</u>
SHAREHOLDERS' FUNDS		<u>7,035,933</u>	<u>6,126,946</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 18th May 2023 and were signed on its behalf by:



.....
Mrs D Bowser - Director

The notes form part of these financial statements

IPCA LABORATORIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. STATUTORY INFORMATION

IpcA Laboratories UK Limited is a private company, limited by shares and registered in England and Wales. The company's registered number is 04951981 and the registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 25% on reducing balance

Investments in subsidiaries

The investment in Onyx Scientific Limited is measured at cost less impairment. The value is assessed at the end of each accounting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised as a profit or loss.

The impairment loss is measured as the difference between the investments carrying amount and the best estimate, which is an approximation, of the amount the company would receive for the asset if it were to be sold at the reporting date.

Stocks

Stock are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

Stock consists of finished goods for resale.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation the expenditure is deferred and amortised over the period from which the company is expected to benefit.

IPCA LABORATORIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

2. **ACCOUNTING POLICIES - continued**

Foreign currencies

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

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share capital

Redeemable preference shares of £2,000,000 are recognised in line with FRS 102 as equity. They are redeemable at the company's option only.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 6 (2022 - 5).

4. **OPERATING LOSS**

The operating loss is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	469	373
	<u> </u>	<u> </u>

5. **TANGIBLE FIXED ASSETS**

	Computer equipment £
COST	
At 1 April 2022	1,661
Additions	756
	<u> </u>
At 31 March 2023	2,417
	<u> </u>
DEPRECIATION	
At 1 April 2022	543
Charge for year	469
	<u> </u>
At 31 March 2023	1,012
	<u> </u>
NET BOOK VALUE	
At 31 March 2023	1,405
	<u> </u>
At 31 March 2022	1,118
	<u> </u>

IPCA LABORATORIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

6.	FIXED ASSET INVESTMENTS			Shares in group undertakings £
	COST			
	At 1 April 2022 and 31 March 2023			4,892,751
	NET BOOK VALUE			
	At 31 March 2023			4,892,751
	At 31 March 2022			4,892,751
7.	STOCKS			
			2023	2022
			£	£
	Stocks		2,411,325	598,160
8.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
			2023	2022
			£	£
	Trade debtors		2,374,165	1,166,283
	Other debtors		522,424	26,493
			2,896,589	1,192,776
9.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
			2023	2022
			£	£
	Trade creditors		2,989,606	546,665
	Taxation and social security		200,114	15,518
	Other creditors		124,269	55,350
			3,313,989	617,533
10.	CALLED UP SHARE CAPITAL			
	Allotted, issued and fully paid:			
	Number:	Class:	Nominal value:	
				2023
				2022
				£
	914,186	Ordinary	£1	914,186
	1,000,000	Preference	£1	1,000,000
				2,914,186
				1,914,186

11. **RELATED PARTY DISCLOSURES**

During the year dividends of £500,000 (2022: £2,000,000) were received from Onyx Scientific Limited.

At the year end an amount of £499,753 (2022: £Nil) was due to the company and included in other debtors.

During the year the company purchased services from Onyx Scientific Limited in the amount of £70,667 (2022: £Nil). At the year end an amount of £84,800 (2022: £Nil) was due to Onyx Scientific Limited and is included in trade creditors.

During the year the company purchased goods from IPCA Laboratories Limited in the amount of £3,235,190 (2022: £Nil). At the year end an amount of £2,670,239 (2022: £Nil) was due to IPCA Laboratories Limited and is included in trade creditors.

IPCA LABORATORIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2023

12. FRC ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

13. ULTIMATE CONTROLLING PARTY

Ipcalaboratories Limited (incorporated in India) is regarded by the director as the ultimate controlling party.

Consolidated accounts may be obtained from 48 Kandivli Industrial Estate, Kandivli West, Mumbai 400 067, Maharashtra, India.

IPCA LABORATORIES UK LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£	£	£	£
Sales		7,015,521		2,097,521
Cost of sales				
Opening stock	598,160		285,250	
Purchases	7,525,706		1,999,093	
Distribution and packing	797,592		278,871	
Analytical services	179,812		70,324	
Sales commission	180,571		-	
	<u>9,281,841</u>		<u>2,633,538</u>	
Closing stock	(2,411,325)		(598,160)	
		<u>6,870,516</u>		<u>2,035,378</u>
GROSS PROFIT		145,005		62,143
Other income				
Shares in group undertakings		500,000		2,000,000
		<u>645,005</u>		<u>2,062,143</u>
Expenditure				
Wages	291,682		205,360	
Social security	39,153		25,527	
Pensions	5,409		4,635	
Rent	46,213		27,445	
Insurance	7,887		9,117	
Telephone	1,229		1,190	
Post and stationery	1,286		600	
Advertising and sales marketing	27,444		15,540	
Travelling	25,390		14,028	
Motor expenses	-		300	
Repairs and renewals	91		307	
Sundry expenses	1,219		380	
Accountancy	3,336		2,466	
Healthcare costs	1,163		1,083	
Regulatory expenses	252,756		140,133	
Recruitment expenses	10,000		7,000	
Auditors' remuneration	4,000		3,000	
Currency exchange differences	-		264	
Entertainment	-		889	
Bad debts	17,145		-	
	<u>735,403</u>		<u>459,264</u>	
		(90,398)		1,602,879
Finance costs				
Bank charges		147		1,256
		<u>(90,545)</u>		<u>1,601,623</u>
Depreciation				
Computer equipment		468		373
NET (LOSS)/PROFIT		<u>(91,013)</u>		<u>1,601,250</u>

This page does not form part of the statutory financial statements