

GLENMARK PHARMACEUTICALS (KENYA) LIMITED

ANNUAL REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2020

SHAH & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS (KENYA)

P. O. Box 487 - 00606

SARIT CENTRE - NAIROBI

Tel: 3743632 / 3747886

Glenmark Pharmaceuticals (Kenya) Limited
Report of the independent auditor to the members of Glenmark Pharmaceuticals (Kenya) Limited
For the year ended 31st March 2020

Opinion

We have audited the accompanying financial statements of Glenmark Pharmaceuticals (Kenya) Limited, set out on pages 6 to 16, which comprise the Statement of financial position as at 31st March 2020, the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31st March 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, 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 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.

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Report of the independent auditor to the members of Glenmark Pharmaceuticals (Kenya) Limited

For the year ended 31st March 2020

Auditor's responsibilities for the audit of the financial statements(continued)

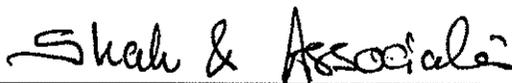
- As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) the company's Statement of financial position and Statement of comprehensive income are in agreement with the books of account.



Shah and Associates
Certified Public Accountants
Nairobi

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..... 2020

*The engagement partner responsible for the audit resulting in this independent auditor's report was CPA
Pratul Chandra Chandaria, Practising Certificate No.213*

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2019-20 Ksh	2018-19 Ksh
Sales	4	1,398,549,990	1,322,936,359
Cost of sales		-646,828,189	-698,669,927
Gross profit		751,721,801	624,266,433
Other income	5	35,600	520,129
Selling & Distribution expenses		-324,682,111	-231,728,707
Administrative expenses		-353,221,564	-314,548,553
Other operating expenses		-23,166,261	-22,544,835
Operating Profit	6	50,687,465	55,964,466
Finance costs	7	-80,442,393	-23,339,554
Profit/(Loss) before tax		-29,754,928	32,624,912
Tax	8	2,624,012	-12,275,451
(Loss)/Profit for the year		-27,130,916	20,349,461
Total Comprehensive Income for the year		-27,130,916	20,349,461

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*Glenmark Pharmaceuticals (Kenya) Ltd**Annual report and financial statements**For the year ended 31st March 2020***STATEMENT OF FINANCIAL POSITION**

	Note	2019-20 Ksh	2018-19 Ksh
EQUITY			
Share capital	10	156,040,000	156,040,000
Retained earnings	10	64,513,925	91,644,841
SHAREHOLDERS' FUNDS		220,553,925	247,684,841
NON-CURRENT LIABILITIES			
Borrowings	11	209,385,200	201,500,000
Lease Liability		39,130,977	-
		248,516,177	201,500,000
		469,070,102	449,184,841
REPRESENTED BY			
NON-CURRENT ASSETS			
Property, plant and equipment	12	6,087,477	6,495,698
Intangible Assets and Right to Use Asset	13	72,512,595	25,821,920
Deferred tax	9	27,913,960	9,896,837
		106,514,032	42,214,456
CURRENT ASSETS			
Inventories	14	45,634,040	1,238,095
Trade receivables	15	1,475,253,793	1,476,186,107
Cash at bank and in hand	16	94,947,398	81,389,697
Tax Recoverable		104,677	1,857,787
		1,615,939,908	1,560,671,686
CURRENT LIABILITIES			
Trade and other payables	17	1,181,923,739	1,138,060,105
Other current financial liabilities	18	40,195,413	6,425,307
Other current liability	19	31,264,686	9,215,889
Current Year tax payable		-	-
		1,253,383,838	1,153,701,301
NET CURRENT ASSETS		362,556,070	406,970,385
		469,070,102	449,184,841

The financial statements on pages 6 to 17 are approved for issue by the board of directors on 2020 and were signed on its behalf by:



 DIRECTOR



 DIRECTOR

The notes on pages 9 to 17 form an integral part of these financial statements

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10. STATEMENT OF CHANGES IN EQUITY

	Share capital Ksh	Retained earnings Ksh	Total Ksh
As at 1st April 2018	156,040,000	71,295,380	227,335,380
(Loss)/Profit for the year	0	20,349,461	20,349,461
Other comprehensive income	0	0	0
Total comprehensive income	0	20,349,461	20,349,461
At 31st March 2019	156,040,000	91,644,841	247,684,841
As at 1st April 2019	156,040,000	91,644,841	247,684,841
(Loss)/Profit for the year	0	-27,130,916	-27,130,916
Other comprehensive income	0	0	0
Total comprehensive income	0	-27,130,916	-27,130,916
At 31st March 2020	156,040,000	64,513,925	220,553,925

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STATEMENT OF CASH FLOWS

	Note	2019-20 Ksh	2018-19 Ksh
Cash flows from operating activities			
(Loss)/Profit before income tax		-29,754,928	32,624,912
Adjustments for:			
Depreciation of property, plant and equipment	12	2,090,726	2,474,135
Amortisation of intangible assets	13	1,811,714	556,726
Amortisation of Right to use Asset	13	5,762,950	-
Gain on Disposal of Plant, Property and Equipment		-35,600	-520,129
Unrealised Exchange Loss/(Gain)		52,504,302	20,073
Interest expense	7	24,676,551	24,346,060
Interest- Lease	7	3,970,831	-
Operating profit/(loss) before working capital changes		61,026,546	59,501,777
Decrease / (Increase) in:			
Inventories		-44,395,945	1,703,287
Trade and other receivables		932,315	-203,637,251
Increase / (Decrease) in:			
Trade and other payables		124,126	244,254,265
Other current and financial liabilities		45,020,905	1,887,685
Cash generated from operations		62,707,946	103,709,764
Tax paid		-13,640,000	-18,905,019
Net cash generated/(used in) operating activities		49,067,946	84,804,745
Cash flows from investing activities			
Purchase of property, plant and equipment	12	-1,682,505	-609,414
Intangible assets	13	-2,000,000	-25,187,500
Disposals of Property Plant and Equipment		35,600	918,177
Net cash generated / (used) in investing activities		-3,646,905	-24,878,737
Cash flows from financing activities			
Interest paid		-24,676,551	-24,346,060
Payment of Lease liabilities		-7,186,788	-
Net cash generated from financing activities		-31,863,339	-24,346,060
Net Increase / (Decrease) in cash and cash equivalents		13,557,701	35,579,948
Cash and cash equivalents at start of the year		81,389,697	45,809,750
Cash and cash equivalents at 31st March 2020		94,947,398	81,389,697

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NOTES TO ACCOUNTS

1. General Information

Glenmark Pharmaceutical Kenya Limited is domiciled in Kenya where it is incorporated under the Kenyan Companies Act as a private company limited by shares. The address of its registered office shown on page 1 and the principal place of business is 9West Building in Westlands, Nairobi. The principal activities are that of importing, marketing and distributing of pharmaceutical products.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income, in these financial statements.

2. Basis of preparation and summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

The financial statements are prepared in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Ksh).

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates.

b) Revenue recognition

Sales represent the fair value of consideration received or receivable for the sale of goods, and are stated net of Value Added Tax, rebates and trade discounts.

Sale of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and the collectibility of the related receivables are reasonably assured.

c) Property, plant and equipment

Items of property, plant and equipment, including investment property, are measured at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the Straight Line method. The following annual rates are used for the depreciation of property, plant and equipment:

	<u>Rate - %</u>
Furniture & fittings	12.5
Computers, copiers & office equipments	20
Vehicles	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO ACCOUNTS (CONTINUED)

2. Basis of preparation and summary of significant accounting policies(continued)

c) Property, plant and equipment (continued)

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

d) Intangible assets

Computer's software is amortised at 20% per annum over a period of 5 years.
Marketing Rights is being amortised over the period of agreement.

e) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the year in which they arise.

f) Inventories

Goods in transit are stated at invoice value

g) Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

h) Taxation

Tax expense in the profit and loss account is the aggregate of the current income tax and deferred income tax.

Current tax

Current tax is provided on the basis of results for the year adjusted in accordance with the fiscal laws of Kenya.

Deferred tax

Deferred tax is provided in full on all temporary differences except those arising at the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, amounts on current account with banking

j) Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

k) Financial liabilities

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

NOTES TO ACCOUNTS (CONTINUED)

2. Basis of preparation and summary of significant accounting policies(continued)

l) IFRS 16 Leases

i) Adoption of IFRS 16 Leases

IFRS 16 became effective for the first time in the financial year beginning 1st January 2019 and has been adopted by the Company. This is applicable for the year of income April 2019 to 31st March 2020.

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The Company has decided to comply with IFRS 16, Leases, which replaced IAS 17, Leases. The Company now recognises lease liabilities relating to leases under which the Company is the lessee that had previously been classified as operating leases. Such liabilities have been measured at 1st August 2019 at the present value of the lease payments discounted using the Company's incremental borrowing rate as at 1st August 2019. Corresponding right-of-use assets have been recognised and measured as if the Company's new accounting policy had been applied since the commencement of each lease but discounted using the Company's incremental borrowing rate as at 1st August 2019.

m) Share capital, share premium, and dividends

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of the par value are classified as 'share premium' in equity.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial risk management objectives and policies

The company's activities expose it to a variety of financial risks including credit liquidity and interest rates risks and changes in market prices of the company's products. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

	2019-20 Ksh	2018-19 Ksh
4 Revenue		
Sale of pharmaceutical products	1,398,549,990	1,322,936,359
5 Other Income		
Profit on Disposal of Property Plant and Equipment	35,600	520,129

6 Operating profit/(loss)

(a) Items charged

The following items have been charged in arriving at operating profit/(loss):

Employee benefits expense (Appendix I (3))	236,294,810	199,309,627
Depreciation of property, plant and equipment	2,090,726	2,474,135
Amortisation (Refer Note 13)	7,574,664	556,726
Auditors' remuneration		
Current period	445,000	462,500

(b) Employee benefits expense

The following items are included in employee benefits expense:

Salaries and Wages	211,583,178	173,860,788
Staff Expenses	24,290,432	25,061,119
National Social Security Fund	421,200	387,720

Glenmark Pharmaceuticals (Kenya) Ltd
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NOTES TO ACCOUNTS (CONTINUED)

	2019-20 Ksh	2018-19 Ksh
7 Finance costs		
Loan interest	24,676,551	24,346,060
Interest- Right to Use Asset	3,970,831	-
Realised exchange (Gain)	-709,290	-1,026,579
Unrealised exchange (Gain)/Loss-Loan	7,885,200	-194,400
Unrealised exchange (Loss)-Payable	44,619,102	214,473
	<u>80,442,393</u>	<u>23,339,554</u>
8 Tax		
Taxation has been provided at 30% on the profit for the year as adjusted per Income Tax Legislation.		
Current Tax	15,393,110	12,169,372
Deferred tax	-18,017,122	106,079
	<u>-2,624,012</u>	<u>12,275,451</u>
The tax on the company's profit before tax differs from the theoretical amount that would		
Profit before tax	-29,754,928	32,624,912
Tax calculated at a tax rate of 30%	-8,926,478	9,787,474
Tax effect of:		
Expenses not deductible for tax purposes	6,047,558	2,487,977
Prior year tax charges	254,908	-
Tax expense	<u>-2,624,012</u>	<u>12,275,451</u>
9 Deferred Tax		
The movement of deferred tax is as follows:		
Deferred tax is calculated using the currently enacted corporation tax rate of 30%.		
The movement on the deferred tax account is as follows:		
At the start of the year	-9,896,837	-10,002,916
Charge to profit and loss account	-18,017,122	106,079
	<u>-27,913,960</u>	<u>-9,896,837</u>

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NOTES TO ACCOUNTS (CONTINUED)

9 Deferred Tax (continued)

Deferred tax charge in the profit and loss account are attributable to the following items:

	At 1st April 2019 Ksh	Charge to profit & loss account Ksh	At 31st March 2020 Ksh
Motor vehicles	5,497	-2,027	3,471
Computer equipments	-22,283	66,647	44,364
Office equipment	172,568	71,588	244,156
Softwares	-10,643	1,500	-9,142
Marketing Rights	1,035	-1,035	-0
Provisions	4,509,015	4,991,233	9,500,248
Lease - Right to use	0	636,748	636,748
Unrealised exchange loss	5,241,648	12,252,467	17,494,115
	<u>9,896,837</u>	<u>18,017,122</u>	<u>27,913,960</u>

10 Share capital

Authorised:

1,750,000 ordinary shares of Shs. 100 each

Issued and fully paid:

As at 31st March 2018, 1,560,400 shares of Shs 100 each

No. of ordinary shares	Issued and paid up capital Shs
<u>1,750,000</u>	<u>175,000,000</u>
<u>1,560,400</u>	<u>156,040,000</u>

11 Borrowings

Loan from Glenmark Pharmaceuticals Limited (USD 2Million)

The effective interest rate is 12%

<u>209,385,200</u>	<u>201,500,000</u>
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12 Property, plant and equipment

	Vehicles Ksh	Furniture & fittings Ksh	Computers, copiers & equipments Ksh	Total Ksh
Year ended 31st March 2019				
Opening carrying value	1,650,273	5,717,885	2,353,001	9,721,160
Additions	-	-	609,414	609,414
Disposals	(2,316,920)	-	(886,092)	-3,203,012
Depreciation on Assets Disposed	1,129,673	-	712,599	1,842,272
Depreciation charge	(300,655)	-1,173,897	(999,583)	-2,474,135
Closing carrying value	<u>162,371</u>	<u>4,543,988</u>	<u>1,789,339</u>	<u>6,495,698</u>
At 31st March 2019				
Cost	324,965	9,184,881	5,313,517	14,823,364
Accumulated depreciation	(162,594)	(4,640,893)	(3,524,179)	(8,327,665)
Net carrying value	<u>162,371</u>	<u>4,543,988</u>	<u>1,789,339</u>	<u>6,495,698</u>
Year ended 31st March 2020				
Opening carrying value	162,371	4,543,988	1,789,339	6,495,698
Additions	-	1,435,005	247,500	1,682,505
Disposal	0	-	-49,500	-49,500
Depreciation on Assets Disposed	0	-	49,500	49,500
Depreciation charge	(40,732)	(1,246,463)	(803,532)	(2,090,726)
Closing carrying value	<u>121,639</u>	<u>4,732,531</u>	<u>1,233,307</u>	<u>6,087,477</u>
At 31st March 2020				
Cost	324,965	10,619,886	5,511,517	16,456,369
Accumulated depreciation	(203,326)	(5,887,355)	(4,278,210)	(10,368,892)
Net carrying value	<u>121,639</u>	<u>4,732,531</u>	<u>1,233,307</u>	<u>6,087,477</u>

*Glenmark Pharmaceuticals (Kenya) Ltd
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NOTES TO ACCOUNTS (CONTINUED)

13 Intangible assets and Right to Use Asset	Software Ksh	Marketing Rights & Brand Acquisition Ksh	Right to Use Asset - Office Premises Ksh	Total Ksh
Year ended 31st March 2019				
Opening carrying value	1,191,147	-	-	1,191,147
Additions	-	25,187,500	-	25,187,500
Disposals	-	-	-	0
Depreciation on Assets Disposed off	-	-	-	0
Depreciation charge	(553,276)	(3,450)	-	-556,726
Closing carrying value	637,871	25,184,050	-	25,821,920
At 31st March 2019				
Cost	3,108,909	25,187,500	-	28,296,409
Accumulated depreciation	-2,471,038	(3,450)	-	-2,474,489
Net carrying value	637,871	25,184,050	-	25,821,920
Year ended 31st March 2020				
Opening carrying value	637,871	25,184,050	-	25,821,920
Additions	-	2,000,000	52,265,339	54,265,339
Disposal	-	-	-	0
Depreciation on Assets Disposed	-	-	-	0
Depreciation charge	-548,889	-1,262,825	-5,762,950	-7,574,664
Closing carrying value	88,982	25,921,224	46,502,389	72,512,595
At 31st March 2020				
Cost	3,108,909	27,187,500	52,265,339	82,561,748
Accumulated depreciation	-3,019,927	-1,266,276	-5,762,950	-10,049,153
Net carrying value	88,982	25,921,224	46,502,389	72,512,595

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P. O. Box 487 - 00606
SARIT CENTRE - NAIROBI
Tel: 3743632 / 3747886

Glenmark Pharmaceuticals (Kenya) Ltd
Annual report and financial statements
For the year ended 31st March 2020

NOTES TO ACCOUNTS (CONTINUED)

	2019-20	2018-19
	Ksh	Ksh
14 Inventories		
Stock in Hand	10,146,379	-
Goods in transit	35,487,661	1,238,095
	<u>45,634,040</u>	<u>1,238,095</u>
15 Trade and other receivables		
Trade receivables	1,359,758,680	1,379,918,176
Other receivables	115,495,112	96,267,931
	<u>1,475,253,793</u>	<u>1,476,186,107</u>
16 Cash and cash equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Bank account	94,828,050	81,371,976
Cash in hand	119,348	17,721
	<u>94,947,398</u>	<u>81,389,697</u>
17 Trade and other payables		
Related Parties Payable (Note 18(iv))	1,181,636,125	1,133,127,672
Other payables	287,613	4,932,434
	<u>1,181,923,739</u>	<u>1,138,060,105</u>
18 Other current financial liabilities		
Lease Liability - Current	10,797,999	-
Accrued Expenses	29,397,414	6,425,307
	<u>40,195,413</u>	<u>6,425,307</u>
19 Other current liability		
Statutory Dues	6,112,881	9,215,889
Advances received from customer	25,151,806	-
	<u>31,264,686</u>	<u>9,215,889</u>

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NOTES TO ACCOUNTS (CONTINUED)

20 Related party transactions	2019-20	2018-19
	<u>Ksh</u>	<u>Ksh</u>
The following transactions were carried out with related parties.		
i) Purchases from related parties		
Purchases comprise of pharmaceuticals product purchased from Glenmark India for transfer pricing basis		
Glenmark Pharmaceuticals Limited	475,143,453	585,004,370
Glenmark Pharmaceuticals SA (PTY) Limited	<u>8,146,227</u>	<u>2,172,064</u>
ii) Interest payment to related party		
Glenmark Pharmaceuticals Limited	<u>24,676,551</u>	<u>24,346,060</u>
iii) Reimbursement of Expenses		
From Glenmark Pharmaceuticals Limited	26,856,631	5,415,845
From Glenmark Pharmaceuticals Egypt S.A.E.	2,475,561	-
From Glenmark Pharmaceuticals SA (PTY) Limited	1,113,766	229,245
To Glenmark Pharmaceuticals SA (PTY) Limited	<u>110,470</u>	<u>-</u>
iii) Key management compensation		
Salaries and other employment benefits	<u>48,279,634</u>	<u>39,504,743</u>
iv) Loans from related parties		
Non-current		
Interest Payable	-	-
Loan Amount	<u>209,385,200</u>	<u>201,500,000</u>
v) Payables due to related parties		
Glenmark Pharmaceuticals SA (PTY) Limited	1,677,879	-
Glenmark Pharmaceuticals Limited	<u>1,179,958,246</u>	<u>1,133,127,672</u>
vi) Receivable from related parties against Reimbursement of Expenses		
Glenmark Pharmaceuticals Egypt S.A.E.	2,580,149	-
Glenmark Pharmaceuticals Limited	<u>18,277,434</u>	<u>-</u>
21 Contingent Liability		
Contingent liabilities as on 31st March'2020 is as follows:		
Interest and Penalties on Income tax based audit done by KRA for period July'12 to Mar'15	<u>8,579,014</u>	<u>8,579,014</u>
Company has filed waiver application for interest and penalties with KRA on 9th October'2018.		
22 Previous year numbers are regrouped wherever required.		

Glenmark Pharmaceuticals (Kenya) Ltd
Schedule of operating expenditure
For the year ended 31st March 2020

SCHEDULE OF OPERATING EXPENDITURE

	2019-20	2018-19
	Ksh	Ksh
1. COST OF SALES		
Opening inventories	1,238,095	2,941,382
Purchases	651,503,936	660,124,360
Direct expenses	39,720,198	36,842,279
Less: Closing inventories	-45,634,040	-1,238,095
Cost of sales	646,828,189	698,669,927
2. SELLING AND DISTRIBUTION EXPENSES		
Sales promotion expenses	192,845,155	136,100,220
Sales & distribution expenses	131,836,956	95,628,487
	324,682,111	231,728,707
3. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	212,004,378	174,248,508
Staff expenses	24,290,432	25,061,119
Total employment costs	236,294,810	199,309,627
Other administration expenses:		
Audit fees	445,000	462,500
Staff Travel expenses	90,745,639	77,089,780
Conveyance Expenses	1,114,473	1,065,024
Bank charges and commissions	414,435	341,729
Charity and Donations	150,000	2,300,000
Legal and professional fees	2,228,588	4,566,537
Office Maintenance Expenses A/c	3,657,405	2,285,732
Newspapers & periodicals	68,320	72,260
Courier and Telephone	3,658,027	2,475,392
Printing and stationery	792,002	617,767
Product registration charges	6,794,536	12,132,030
Meeting expenses	6,858,329	11,830,176
Total other administration expenses	116,926,754	115,238,926
Total administrative expenses	353,221,564	314,548,553

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Glenmark Pharmaceuticals (Kenya) Ltd
Schedule of operating expenditure
For the year ended 31st March 2020

OPERATING EXPENSES

	2019-20	2018-19
	Ksh	Ksh
4. OTHER OPERATING EXPENSES		
Establishment:		
Electricity and water	628,318	616,233
Repairs and maintenance	846,515	899,814
Insurance	3,052,777	3,566,953
Licenses and subscriptions	3,187,137	2,843,955
Rent & Rates	5,786,123	11,587,020
Amortisation of intangible assets	1,811,714	556,726
Amortisation of Right to use Asset	5,762,950	0
Depreciation on property, plant and equipment	2,090,726	2,474,135
Total other operating expenses	23,166,261	22,544,835

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