

Directors' Report and
Financial Statements for the Year Ended 31 March 2018
for
Glenmark Pharmaceuticals Europe R&D Ltd

Report of the Independent Auditors to the Members of
Glenmark Pharmaceuticals Europe R&D Ltd

Opinion

We have audited the financial statements of Glenmark Pharmaceuticals Europe R&D Ltd (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Statement of Financial Position, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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 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

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 in the Directors' Report, 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 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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page two, 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.

Our 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.

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.



Devender Arora ACA (Senior Statutory Auditor)
PBG Associates Ltd
Chartered Accountants & Statutory Auditors
65 Delamere Road,
Hayes, Middx UB4 0NN

Date: 24 May 2018

Income statement
for the Year Ended 31 March 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| TURNOVER | 2 | 3,877,094 | 5,711,669 |
| Administrative expenses | | <u>3,640,491</u> | <u>5,384,233</u> |
| OPERATING PROFIT and PROFIT BEFORE TAXATION | 4 | 236,603 | 327,436 |
| Tax on profit | 5 | <u>(13,405)</u> | <u>(18,432)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>250,008</u> | <u>345,868</u> |

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies regime and in accordance with Financial Reporting Statement 102 Section 1A- small entities.

Statement of Financial Position

31 March 2018

| | Notes | 2018 | | 2017 | |
|--|-------|----------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | | 5,346 | | 10,692 |
| CURRENT ASSETS | | | | | |
| Debtors: amounts falling due within one year | 8 | 2,530,789 | | 1,579,051 | |
| Deferred Tax | | 13,405 | | 18,432 | |
| Cash in hand | | <u>685,620</u> | | <u>1,253,642</u> | |
| | | 3,229,814 | | 2,851,125 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 9 | <u>346,398</u> | | <u>223,063</u> | |
| NET CURRENT ASSETS | | | <u>2,883,416</u> | | <u>2,628,062</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>2,888,762</u> | | <u>2,638,754</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 800,708 | | 800,708 |
| Retained earnings | 11 | | <u>2,088,054</u> | | <u>1,838,046</u> |
| SHAREHOLDERS' FUNDS | | | <u>2,888,762</u> | | <u>2,638,754</u> |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 24 MAY 2018 and were signed on its behalf by:



 Oliver Henry Bourne - Director

Statement of Changes in Equity
for the Year Ended 31 March 2018

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---------------------------------|------------------------------------|---------------------------|-------------------------|
| Balance at 1 April 2016 | 800,708 | 1,492,178 | 2,292,886 |
| Changes in equity | | | |
| Total comprehensive income | - | <u>345,868</u> | <u>345,868</u> |
| Balance at 31 March 2017 | <u>800,708</u> | <u>1,838,046</u> | <u>2,638,754</u> |
| Changes in equity | | | |
| Total comprehensive income | - | <u>250,008</u> | <u>250,008</u> |
| Balance at 31 March 2018 | <u><u>800,708</u></u> | <u><u>2,088,054</u></u> | <u><u>2,888,762</u></u> |

Notes to the Financial Statements
for the Year Ended 31 March 2018

1. **ACCOUNTING POLICIES**

General information and basis of preparation

Glenmark Pharmaceuticals Europe R & D Limited is a company limited by shares incorporated in England. The address of the registered office and principal place of business is given in the company information on page 1 in this financial statement. The financial statements are presented in UK Sterling which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 section 1A small entities, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Cash flow statement exemption

The company, being a subsidiary undertaking of the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statements in accordance with FRS 102.

Related party exemption

The company has taken advantage of the exemption under section 33 of FRS 102 from disclosing transactions with ultimate parent company Glenmark Pharmaceuticals Limited, a company incorporated in India and its wholly owned subsidiaries.

Turnover

Turnover from the rendering of services is recognised by reference to the costs incurred plus an uplift for a service charge. This is invoiced by reference to the costs incurred every month.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative 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 evenly over its expected useful life, as follows:

| | |
|---------------------|--------------|
| Plant and machinery | over 4 years |
| Software | over 5 years |

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

1. ACCOUNTING POLICIES - continued

Leased assets

Operating leases payments are recognised as an expense on a straight line basis over the lease term.

Pensions

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

Debtors

Short term debtors are measured at transaction price which is usually the invoice price, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price which is usually the invoice price.

Provisions

Provisions (i.e. liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

2. TURNOVER

The turnover and profit before taxation are attributable to one principal activity of the company. An analysis of the turnover by geographical market is given below:

| | 2018 £ | 2017 £ |
|-------------------|------------------|------------------|
| Services rendered | 3,877,094 | 5,711,669 |
| By geographical | | |
| UK | - | - |
| Europe | 1,130,873 | 2,665,622 |
| Rest of the world | <u>2,746,221</u> | <u>3,046,047</u> |
| | <u>3,877,094</u> | <u>5,711,669</u> |

3. EMPLOYEES AND DIRECTORS

| | 2018 £ | 2017 £ |
|---------------------|------------------|------------------|
| Wages and salaries | 2,487,983 | 2,703,734 |
| Other pension costs | <u>129,301</u> | <u>108,585</u> |
| | <u>2,617,284</u> | <u>2,812,319</u> |

| | 2018 | 2017 |
|---|-----------|-----------|
| Average number of employees during the year | | |
| Administration | 2 | 1 |
| Development | <u>14</u> | <u>18</u> |
| | <u>16</u> | <u>19</u> |

| | 2018 £ | 2017 £ |
|-------------------------|----------------|-----------|
| Directors' remuneration | <u>329,678</u> | - |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

4. OPERATING PROFIT

| | 2018 | 2017 |
|--|--------|--------|
| | £ | £ |
| This is stated after charging: | | |
| Depreciation of owned fixed assets | 5,346 | 5,528 |
| Auditor' remuneration for audit services | 13,500 | 13,500 |
| Auditor' remuneration for other services | 2,500 | 2,500 |
| Foreign Exchange Loss | 3,186 | 32,872 |

5. TAXATION

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | £ | £ |
| Analysis of charge in period | | |
| Current tax: | | |
| UK corporation tax credit on profit of the period | (13,405) | (18,432) |
| Tax on loss on ordinary activities | (13,405) | (18,432) |
| Factors affecting tax charge for period | | |
| The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows: | | |
| | 2018 | 2017 |
| | £ | £ |
| Profit on ordinary activities before tax | <u>236,603</u> | <u>327,436</u> |
| Standard rate of corporation tax in the UK | 19% | 20% |
| | £ | £ |
| Profit on ordinary activities multiplied by the standard rate of corporation tax | 44,955 | 65,487 |
| Effects of: | | |
| Capital allowances for period in excess of depreciation | 496 | 437 |
| Enhanced R & D expenditure | <u>(58,856)</u> | <u>(84,356)</u> |
| Net Tax effect | <u>(13,405)</u> | <u>(18,432)</u> |

Factors that may affect future tax charges

Taxation losses available to carry forward to future year £ 721,581 (2017: £ 721,581). Under current tax legislation tax relief on these losses will be given at 19%

6. DEFERRED TAX ASSETS

| | 2018 | 2017 |
|---------------------|---------------|---------------|
| | £ | £ |
| Deferred Tax Assets | <u>13,405</u> | <u>18,432</u> |
| | <u>13,405</u> | <u>18,432</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

7. TANGIBLE FIXED ASSETS

| | Plant and Machinery £ |
|--------------------------------------|-----------------------------|
| COST | |
| At 1 April 2017 and 31 March 2018 | <u>204,111</u> |
| DEPRECIATION | |
| At 1 April 2017 | 193,419 |
| Charge for year | <u>5,346</u> |
| At 31 March 2018 | <u>198,765</u> |
| NET BOOK VALUE | |
| At 31 March 2018 | <u>5,346</u> |
| At 31 March 2017 | <u>10,692</u> |

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Amounts owed by group undertakings | 2,508,143 | 1,393,935 |
| VAT | 18,884 | 152,726 |
| Prepayments | <u>3,762</u> | <u>32,390</u> |
| | <u>2,530,789</u> | <u>1,579,051</u> |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 121,037 | 111,634 |
| Amounts owed to group undertakings | 88,346 | - |
| Social security and other taxes | 78,751 | 71,883 |
| Accrued expenses | <u>58,264</u> | <u>39,546</u> |
| | <u>346,398</u> | <u>223,063</u> |

10. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 2018 £ | 2017 £ |
|----------------------------------|--|-------------------|----------------|----------------|
| Number: | Class: | Nominal value: | | |
| 800,708 | Allotted, called up and fully paid: Ordinary shares | £ 1 | <u>800,708</u> | <u>800,708</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

11. **RESERVES**

| | Retained Earnings £ |
|---------------------|---------------------------|
| At 1 April 2017 | 1,838,046 |
| Profit for the year | <u>250,008</u> |
| At 31 March 2018 | <u><u>2,088,054</u></u> |

12. **ULTIMATE CONTROLLING PARTY**

The company is a subsidiary of Glenmark Holding S.A., a company incorporated in Switzerland. The Ultimate Parent Company is Glenmark Pharmaceuticals Limited, a company incorporated in India and its wholly owned subsidiaries.

13. **PREVIOUS YEAR FIGURES**

The previous year figures has been rearranged/regrouped/ reclassified, whenever considered to, necessary facilitate comparison with current year figures.

Profit and Loss Account
for the Year Ended 31 March 2018

| | 2018 | | 2017 | |
|---|-----------|-----------------------|-----------|-----------------------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Other Income | | 3,877,094 | | 5,711,669 |
| Expenditure | | | | |
| Wages and salaries | 2,191,657 | | 2,352,917 | |
| Rent and rates | 182,881 | | 189,574 | |
| Insurance | 10,644 | | - | |
| Light and heat | 18,533 | | 8,633 | |
| Social security | 296,326 | | 350,817 | |
| Pensions | 129,301 | | 108,585 | |
| Hire of plant and machinery | - | | 6,514 | |
| Telephone | 80,920 | | 92,172 | |
| Post and stationery | 4,962 | | 4,274 | |
| Travelling | 194,792 | | 322,671 | |
| Repairs and renewals | 34,860 | | 36,585 | |
| Internet | 4,223 | | 2,774 | |
| Temporary staff and Recruitment expenses | 251,252 | | 534,271 | |
| Courier services | 2,359 | | 2,852 | |
| Sundry expenses | 15,682 | | 10,967 | |
| Subscriptions | 10,159 | | 7,618 | |
| Other Legal and Professional fees | 186,474 | | 1,297,128 | |
| Auditors' remuneration | 13,500 | | 13,500 | |
| Auditors' remuneration for non-audit work | 2,500 | | 2,500 | |
| Foreign exchange losses | 3,186 | | 32,872 | |
| Depreciation of tangible fixed assets | 5,346 | | 5,528 | |
| | | <u>3,639,557</u> | | <u>5,382,752</u> |
| | | 237,537 | | 328,917 |
| Finance costs | | | | |
| Bank charges | | <u>934</u> | | <u>1,481</u> |
| NET PROFIT | | <u><u>236,603</u></u> | | <u><u>327,436</u></u> |