



Lcda. Carolina Garcia M.
Collegiat Public Accountant

Report of the Independent Public Accountant

To the Board of Directors and Shareholders

From the company: **GLENMARK PHARMACEUTICALS VENEZUELA, C.A.**

I have audited the financial statements of the company **GLENMARK PHARMACEUTICALS VENEZUELA, C.A.**, as of March 31 2018, which are attached, expressed in historical values. The preparation of such financial statements is the responsibility of the management of the company. My responsibility is to express an opinion on these financial statements based on my audit.

An audit must be conducted in accordance with auditing standards of general acceptance. Those standards require that you plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes the examination, based on evidence, of the evidence that supports the amounts and disclosures in the financial statements. Also, an audit includes the evaluation of the accounting principles used and the significant estimates made by management, as well as the evaluation of the complete presentation of the financial statements. I believe that my audit does not provide a reasonable basis for issuing an opinion.

The aforementioned financial statements reasonably present the financial situation of **GLENMARK PHARMACEUTICALS VENEZUELA, C.A.**, as of March 31 2018, the results of its operations for the years then ended are in accordance with accounting principles of general acceptance.

In Caracas on the 15th day of May 2018.


Lic. Carolina Garcia M.
C.P.C. 106.888

GLENMARK PHARMACEUTICALS VENEZUELA, C.A.
BALANCE SHEET AS AT MARCH 31, 2018 AND 2017
ORIGINAL CURRENCY: BOLIVARS

	Schedules	As at 31-03-18	As at 31-03-17
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share capital	1	169.954.891	169.954.891
b) Uncapitalized Contributions		16.457.000	16.094.000
c) Reserves and surplus	2	217.873.720	324.806.740
		404.285.611	510.855.633
2. LOAN FUNDS			
a) Secured loans	3	-	-
b) Unsecured loans	4	-	-
		-	-
3. DEFERRED TAX LIABILITY			
	5	-	-
	TOTAL	404.285.609	510.855.629
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	7	5.870.825	5.870.825
b) Less : Depreciation		(5.262.745)	(3.789.634)
c) Net Block		608.079	2.081.191
d) Capital Work-in-progress		-	-
		608.079	2.081.191
2. INVESTMENTS			
3. DEFERRED TAX ASSETS			
	6	14.090.756	11.101.152
4. CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	8	-	-
b) Sundry Debtors	9	-	8.580
c) Cash and bank balances	10	645.419.794	732.907.292
d) Loans and advances	11	2.992.231	13.932.495
e) Prepaid Expenses	12	10.008.909	48.259.913
		658.420.934	795.108.279
Less : CURRENT LIABILITIES AND PROVISIONS			
a) Current liabilities	13	(250.630.333)	(291.257.197)
b) Provisions	14	(18.203.827)	(6.177.795)
		(268.834.160)	(297.434.993)
NET CURRENT ASSETS		389.586.774	497.673.287
	TOTAL	404.285.609	510.855.629

NOTES TO THE FINANCIAL STATEMENTS

20

Schedules referred to above and notes attached there to form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors



GLENMARK PHARMACEUTICALS VENEZUELA, C.A.
ORIGINAL CURRENCY: BOLIVARS

PROFIT AND LOSS FOR THE YEAR ENDED

	Schedules	31-03-18	31-03-17
INCOME			
Sales & Operating Income	15	-	282.948.474
Other income	16	21.540	12.245.326
		<u>21.540</u>	<u>295.193.801</u>
EXPENDITURE			
Cost of sales	17	-	47.135.379
Selling and operating expenses	18	108.471.056	141.717.849
Depreciation/Amortisation		1.473.109	1.557.343
Interest	19	-	-
Exchange Difference		-	-
		<u>109.944.165</u>	<u>190.410.570</u>
PROFIT BEFORE TAX		(109.922.625)	104.783.230
Provision for taxation			
- Current Year		-	-
- Earlier Years			
- Deferred tax		(2.989.604)	(321.336)
NET PROFIT AFTER TAX		<u>(106.933.021)</u>	<u>105.104.566</u>
Balance Profit brought forward			-
NET PROFIT AVAILABLE FOR APPROPRIATION		<u>(106.933.021)</u>	<u>105.104.566</u>
Interim Dividend paid on preference shares		-	-
Tax on dividend paid on preference shares		-	-
Interim Dividend on Equity Shares		-	-
Tax on interim dividend paid on equity shares		-	-
Transfer to Debenture Redemption Reserve		-	-
Transfer to General Reserve		-	-
Profit and loss accumulated (at the beginning)		324.806.740	219.702.175
BALANCE CARRIED TO BALANCE SHEET		<u>217.873.720</u>	<u>324.806.740</u>

NOTES TO THE FINANCIAL STATEMENTS

20

Schedules referred to above and notes attached there to form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board of Directors

**GLENMARK PHARMACEUTICALS VENEZUELA, C.A.
CASH FLOW STATEMENT FOR THE YEAR ENDED**

	As at 31-3-18	As at 31-3-17
A. Cash flow from operating activities:		
Net Profit before tax	(106.933.021)	105.104.566
Adjustments for:		
Depreciation	1.473.109	1.557.343
Interest Expense	-	-
Interest Income	-	-
Income from Investment - Dividends	-	-
(Profit)/Loss on Fixed Assets sold	-	-
Deferred revenue expenditure written off	-	-
Provision for Doubtful Advances	-	-
Provision for Bad & Doubtful Debts	-	-
Provisions	-	-
Unrealised foreign exchange (gain) /loss	(7.420.146)	(7.420.146)
Employee stock option plan	-	-
Deferred Tax	(5.706.026)	(5.706.026)
Operating profit before working capital changes	(118.586.083)	93.535.737
Adjustments for changes in working capital :		
- (increase)/decrease in Sundry Debtors	8.580	58.945.399
- (increase)/decrease in Other Receivables	-	-
- (increase)/decrease in Inventories	-	63.300.082
- increase/(decrease) in Current Liabilities	(40.626.864)	(142.933.779)
- increase/(decrease) in Prepaid Expenses	38.251.004	(4.461.405)
- increase/(decrease) in Loan & Advances	10.940.264	(5.706.450)
Cash generated from operations	(110.013.100)	62.679.584
- Taxes (Paid) / Received (Net of Tax deducted at source)	-	-
Net cash from operating activities	(110.013.100)	62.679.584
B. Cash flow from Investing activities:		
Purchase of fixed assets	-	(91.000)
Capital Work in Progress	-	-
Proceeds from Sale of fixed assets	-	-
Proceeds from Sale of Investments	-	-
Purchase of investments	-	-
Share application money for Subsidiary companies.	-	-
Loan to Subsidiary company	-	-
Finance Lease Rent payment against principal amount	-	-
Interest Received	-	-
Dividend Received	-	-
Net cash used in investing activities	-	(91.000)

C. Cash flow from financing activities:		
Proceeds from fresh issue of	-	-
Share Capital (including Securities Premium)	-	108.086.858
Uncapitalized Contributions	-	6.881.000
Issue expenses of FCCB	-	-
Proceeds / (Repayment) of long term borrowings	-	-
Receipt /(Repayment) of short term borrowings	-	-
Proceeds from Cash Credits (NET)	-	-
Finance Lease Rent (Interest Part only)	-	-
Interest Paid	-	-
Dividend Paid	-	-
Dividend Tax Paid	-	-
Net cash used in financing activities	-	114.967.858
Net Increase/(Decrease) in Cash & Cash Equivalents	(110.013.100)	177.556.442
Cash and cash equivalents as at 31,03,2016 / 31.03.2015	727.705.642	550.149.200
Cash and cash equivalents as at 31,03,2017 /31,03,2016	617.692.542	727.705.642
Cash and cash equivalents comprise		
Cash	-	-
Deposits with Scheduled banks	-	-
Deposits with Non-scheduled Banks	-	-
Balance with Scheduled Banks	-	-
Balance with Non-scheduled Banks	-	-
	645.419.794	727.705.642

"This is the Cash Flow Statement referred to in our report of even date"

GLENMARK PHARMACEUTICALS VENEZUELA, C.A.
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2018

SCHEDULE 20 - NOTES TO THE FINANCIAL STATEMENTS

1) SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in Venezuela (BA VEN-NIF)

ii) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets. Expenditure of revenue nature, incurred in setting up of new projects, is capitalised as an indirect cost towards construction of the fixed assets. Exchange differences relating to the acquisition of fixed assets are adjusted in the cost of the assets.

Depreciation is provided using the straight line method, pro-rata to the period of use of assets, based on the useful lives of fixed assets as estimated by management,

The company has estimated the useful life of its assets as follows:

Category	Estimated useful life (in years)
Furnitures and Fixtures	3
Vehicles	3
Computer Equipments	3

iii) Foreign currency transactions

Foreign currency transactions during the year are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities are translated into bolivars at the exchange rates prevailing on the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to the acquisition of fixed assets, which are adjusted in the cost of the respective fixed assets.

iv) Employee Benefits

The company accrues the liability for labor indemnities of its personnel on basis of current labor law (LOTTT). Under certain conditions, said law establishes the payment of an additional indemnity for termination, therefore, the company records any such payments against the year's result. The company does not have any aacquired obligation with its personnel for retirement benefits after termination of services, such as pension plans, health care programs or the like.

v) Income-tax

Income tax expense represents current estimated tax payable and deferred income tax. Current income tax is the expected tax payable calculated on taxable income of the year in conformity with that set forth in the income tax law. Deferred tax is originated by the temporal differences between taxable income and book income, which is estimated to be realized in a foreseeable future. These differences are represented mainly by certain provisions for expenses deductible when effectively paid, like social contributions and provisions as well as certain revenues taxables at the time of collection. Likewise, also recognized within deferred tax is the fiscal benefit from credit for new investments in fixed assets and allowed fiscal losses, for considering that realization of said benefits is assured beyond any reasonable doubt

vi) Impairment of Assets

The Company assesses at each balancesheet date whether there is any indication that an asset may be impaired. If any such indication exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balancesheet date there is an indication that if a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vii) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2) Remuneration paid /payable to Directors [Directorwise]

2018
31st March

Salaries,perquisites & Other benefits	None
Commission	
Sitting Fees	
Contribution to pension and other employee benefits	

3) SEGMENT INFORMATION

Business segments

The Company is primarily engaged in a single segment business of manufacturing and marketing of pharmaceuticals formulations and active ingredients and is managed as one entity, for its various activities and is governed by a similar set of risks and returns.

4) RELATED PARTY DISCLOSURES

a) Parties where control exists

None

Wholly owned subsidiary companies and Step down subsidiaries

None

1
2
3

b) Related party relationships where transactions have taken place during the period

Subsidiary Companies

1
2

c) Key management personnel (includes directors of the Company)

1 ESTEBAN ABAD
2

Bs 854.922,81

d) Transactions with related parties during the period

2018
31st March

Transactions during the period

Sale of finished products

Glenmark Pharmaceutical
LTD India

Glenmark Generics S.A. -
Argentina

Sale of Investment

Advance received

Advances given

Loan given to

Loan repaid by

Product Development Expenses incurred on behalf of

Purchase of finished goods

\$0,00

\$0,00

Purchase of service

Reimbursement of expenses

Investment in Share Capital

Key management personnel

Remuneration paid

Personal guarantees given by directors

e) Related party balances

Receivable from wholly owned subsidiary companies

Payable to Glenmark Pharmaceuticals LTD

Payable to Glenmark Generics S.A. (Argentina)

Loan Balances

\$24.074.742,55

\$168.508,35

\$24.074.742,55

\$168.508,35

As on
Current Period

As on
Comparitive Period

5) CONTINGENT LIABILITIES NOT PROVIDED FOR

Bank guarantees

Corporate guarantee

Disputed taxes/duties

Labour / Industrial disputes

Open letters of credit

Sundry debtors factored with recourse option

Channel financing with recourse option

Any other contingent liability

6) PRIOR YEAR COMPARATIVES

Prior year's figures have been regrouped wherever necessary.

GLENMARK PHARMACEUTICALS VENEZUELA, C.A.
 SCHEDULES FORMING PART OF THE BALANCE SHEET
 ORIGINAL CURRENCY: BOLIVARS

	Note	As at 31-mar.-18 BOLIVARS	As at 31-mar.-17 BOLIVARS
1. SHARE CAPITAL			
<u>Authorised</u>			
(Previous Period)		169.954.891	169.954.891
Uncapitalized Contributions		16.457.000	16.094.000
		<u>186.411.891</u>	<u>186.048.891</u>
<u>Issued, Subscribed and Paid-up</u>			
Contributions by Capitalizing		-	-
		<u>186.411.891</u>	<u>186.048.891</u>
TOTAL		<u>186.411.891</u>	<u>186.048.891</u>

Notes :

	Note		
2. RESERVES AND SURPLUS			
Securities premium account (APIC)			
Balance at the beginning of the year		-	-
Add: Addition during the year		-	-
Less: Deduction during the year		-	-
Closing balance		<u>-</u>	<u>-</u>
General reserve (Other Reserve)			
Balance at the beginning of the year		-	-
Add: Addition during the year		-	-
Less: Deduction during the year		-	-
Closing balance		<u>-</u>	<u>-</u>
Debenture Redemption Reserve			
Balance at the beginning of the year		-	-
Add: Addition during the year		-	-
Less: Deduction during the year		-	-
Closing balance		<u>-</u>	<u>-</u>
Capital Reserve			
Balance at the beginning of the year		-	-
Add: Addition during the year		-	-
Less: Deduction during the year		-	-
Closing balance		<u>-</u>	<u>-</u>
Profit and loss account accumulated		324.806.740	219.702.175
Profit and loss account balance		(106.933.021)	105.104.566
TOTAL		<u>217.873.720</u>	<u>324.806.740</u>

Note :

	Note		
3. SECURED LOANS			
Loang Term Loans-			
Term Loans from Banks		-	-
Others		-	-
Short Term Loans-			
From Bank		-	-
Others		-	-
TOTAL		<u>-</u>	<u>-</u>

Notes :

4. UNSECURED LOANS

Loang Term Loans-

From Group Companies- Company wise

From Bank

Others

Short Term Loans-

From Group Companies- Company wise

From Bank

Others

Note

TOTAL

Notes :

5. DEFERRED TAX LIABILITY

Depreciation

Provisions

Others- Please specify

TOTAL

6. DEFERRED TAX ASSET

Assets

Provisions for Bad Debt and doubtfull Advances

Others-

TOTAL

7. FIXED ASSETS

Furnitures and Fixtures

Less: Accumulated Depreciation

TOTAL

8. INVENTORIES

(As certified by the management)

Stores and Spares

Finished goods

Provision for Obsolescence

TOTAL

9. SUNDRY DEBTORS

Outstanding for more than six months

Secured, considered good - Secured by way of guarantee, LC etc.

Unsecured, considered good

Unsecured, considered doubtful

Less: Provision for doubtful debts

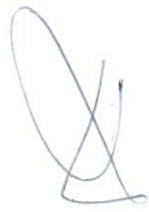
Outstanding for less than six months

Secured, considered good

Unsecured, considered good

Product Deveploment

	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
TOTAL	-	-
	-	-
	-	-
TOTAL	-	-
	14.090.756	11.101.152
TOTAL	14.090.756	11.101.152
	5.870.825	5.870.825
	(5.262.745)	(3.789.634)
TOTAL	608.079	2.081.191
	-	-
	-	-
	-	-
	-	-
	-	17.917.628
	-	(17.917.628)
TOTAL	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	8.580
	-	-
TOTAL	-	8.580



10.	CASH AND BANK BALANCES		
	Cash in hand	20.000	20.000
	Funds in Transit	-	-
	Balances with banks		
	- Current accounts	645.399.794	732.887.292
	- Margin Money Account	-	-
	- Deposit accounts	-	-
	-Other (Please Specify)	-	-
		<u>645.419.794</u>	<u>732.907.292</u>
11.	LOANS AND ADVANCES (unsecured, considered good)		
	Advances to subsidiaries		
	Share application money - pending allotment		
	Capital Advances	-	-
	Advance to Vendors	-	-
	Advances to Suppliers	350.000	12.506.264
	Prepaid Expenses	-	-
	Deposits	-	-
	Advances to Employee	2.642.231	1.426.231
	Judicial Deposit	-	-
		<u>2.992.231</u>	<u>13.932.495</u>
12.	PREPAID		
	Guaranty Deposit	210.677	275.450
	Personnel Insurance	1.886.373	848.300
	Cars Insurance	(2.306.106)	1.886.373
	Office Rent Prepaid	285.450	31.360
	Tax Prepaid	9.932.515	45.218.430
	Inventory Insurance	-	-
		<u>10.008.909</u>	<u>48.259.913</u>
13.	CURRENT LIABILITIES		
	Acceptances		
	Accounts Payable	(4.873.244)	12.935.501
	Unclaimed Dividend	-	-
	Advances from Customers	-	-
	Payable to Group Companies	-	-
	-Glenmark Pharmaceuticals Ltd	(242.663.019)	242.176.019
	-Glenmark Generics - Argentina	(1.685.084)	1.685.084
	Other Liabilities	-	-
	-Social Obligations	-	-
	-Tax Obligations	(1.408.987)	34.460.594
		<u>(250.630.333)</u>	<u>291.257.197</u>
14.	PROVISIONS		
	Proposed dividend	-	-
	Contingency Provision	-	8.634.005
	Taxes Indirect	(1.058.060)	-
	Legal Expenses	(3.900.000)	-
	Audit	(1.222.672)	-
	Rent	(2.161.085)	-
	Regulatory Affairs	(5.613.654)	-
	Miscellaneous	(475.015)	-
	Employees Benefit Provision	(3.773.342)	(2.456.210)
	Provident Fund Scheme payable	-	-
	Provision for Gratuity and leave encashment	-	-
		<u>(18.203.827)</u>	<u>6.177.795</u>
15.	SALES AND OPERATING INCOME		
	Sale of Goods and I P assets (Gross inclusive of Taxes / duties)	-	304.161.218
	Income from Services	-	-
	Less: Sales return	-	(13.477.681)
	Less: Sales discount	-	(3.374.809)
	Less: Taxes on sales	-	(4.360.253)
		<u>-</u>	<u>282.948.474</u>

16	OTHER INCOME		
	Miscellaneous Income	3,011,145	12,245,326
		<u>3,011,145</u>	<u>12,245,326</u>
17	COST OF SALES		
	Consumption of raw & packing materials / purchase of trading goods	-	47,135,379
	Purchase of trading goods	-	-
	(Increase) / decrease in Inventory	-	-
		<u>-</u>	<u>47,135,379</u>
18	SELLING AND OPERATING EXPENSES		
	Salary, Wages and allowance	7,497,295	10,909,275
	Contribution to pension and other employee benefits	25,762,349	87,864,568
	Staff welfare	-	110,151
	Directors' salaries and allowances	450,500	1,400,292
	Directors' contribution to pension and other employee benefits	404,423	2,281,441
	Sales and promotion expenses	1,330,693	45,361,892
	Marketing Expenses	-	1,673,670
	Travelling Expenses	450,391	7,676,976
	Freight outward	-	-
	Telephone expenses	550	320,370
	Rates and taxes	2,586,029	(40,776,405)
	Provision for doubtful debts	-	-
	Electricity charges	5,891	43,278
	Rent	5,994,232	2,126,878
	Repairs and maintenance	17,725,731	2,412,516
	Auditors' remuneration		
	Audit Fees	1,140,000	1,207,136
	Legal Fees		
	Other operating expenses		
	Other Expenses (Income)	(23,300)	3,529,931
	General Expenses	2,363,828	-
	Printing and stationery	78,000	473,452
	Postage and Telegram	2,759,200	139,251
	Legal and Professional expenses	14,841,671	10,634,947
	Register Expenses	25,066,192	4,212,330
	Bank charges	37,382	115,900
		<u>108,471,056</u>	<u>141,717,849</u>
19	INTEREST EXPENSES		
	On loans from bank	-	-
	Other Interest	-	-
		<u>-</u>	<u>-</u>