

Directors' Report and
Financial Statements for the Year Ended 31 March 2019
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 2019 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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

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.

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.

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.

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.



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

Date: 21 May 2019

Glenmark Pharmaceuticals Europe R&D Ltd (Registered number: 06420547)

Income Statement
for the Year Ended 31 March 2019

	Notes	31.3.19 £	31.3.18 £
TURNOVER	2	4,074,457	3,877,094
Administrative expenses		<u>3,845,204</u>	<u>3,640,491</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION		229,253	236,603
Tax on profit	5	<u>-</u>	<u>(13,405)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>229,253</u></u>	<u><u>250,008</u></u>

The notes on pages 8 to 12 form part of these financial statements

Statement of Financial Position
31 March 2019

	Notes	31.3.19		31.3.18	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		-		5,346
CURRENT ASSETS					
Debtors	8	2,097,308		2,530,789	
Deferred Tax		-		13,405	
Cash in hand		<u>1,503,203</u>		<u>685,620</u>	
		3,600,511		3,229,814	
CREDITORS					
Amounts falling due within one year	9	<u>482,496</u>		<u>346,398</u>	
NET CURRENT ASSETS			<u>3,118,015</u>		<u>2,883,416</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,118,015</u>		<u>2,888,762</u>
CAPITAL AND RESERVES					
Called up share capital	10		800,708		800,708
Retained earnings	11		<u>2,317,307</u>		<u>2,088,054</u>
SHAREHOLDERS' FUNDS			<u>3,118,015</u>		<u>2,888,762</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 21 MAY 2019 and were signed on its behalf by:


.....
Oliver Henry Bourne - Director

Statement of Changes in Equity
for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	800,708	1,838,046	2,638,754
Changes in equity			
Total comprehensive income	-	250,008	250,008
Balance at 31 March 2018	<u>800,708</u>	<u>2,088,054</u>	<u>2,888,762</u>
Changes in equity			
Total comprehensive income	-	229,253	229,253
Balance at 31 March 2019	<u>800,708</u>	<u>2,317,307</u>	<u>3,118,015</u>

Notes to the Financial Statements
for the Year Ended 31 March 2019

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 a 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 2019

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:

	31.3.19	31.3.18
	£	£
Services rendered	4,074,457	3,877,094
By geographical		
UK		
	804,078	1,130,873
Europe	<u>3,270,379</u>	<u>2,746,221</u>
Rest of the world		
Total	<u>4,074,457</u>	<u>3,877,094</u>

3. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	2,190,648	2,028,592
Other pension costs	<u>126,624</u>	<u>129,301</u>
	<u>2,317,272</u>	<u>2,157,893</u>

	2019	2018
Average number of employees during the year		
Administration	1	2
Development	<u>15</u>	<u>14</u>
	<u>16</u>	<u>16</u>

	2019	2018
	£	£
Directors' remuneration	<u>381,377</u>	<u>329,678</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

4. OPERATING PROFIT

	31.3.19	31.3.18
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	5,346	5,346
Auditor' remuneration for audit services	13,750	13,500
Auditor' remuneration for other services	2,500	2,500
Foreign Exchange Loss	<u>18,886</u>	<u>3,186</u>

5. TAXATION

	31.3.19	31.3.18
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax credit on profit of the period	-	(13,405)
Tax on loss on ordinary activities	-	(13,405)

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:

	31.3.19	31.3.18
	£	£
Profit on ordinary activities before tax	229,253	236,603
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	43,577	44,955
Effects of:		
Capital allowances for period in excess of depreciation	588	496
Enhanced R & D expenditure	<u>(56,627)</u>	<u>(58,856)</u>
	<u>(12,462)</u>	<u>(13,405)</u>

Factors that may affect future tax charges

Taxation losses available to carry forward to future year £ 787,266 (2018: £ 721,581). Under current tax legislation tax relief on these losses will be given at 19%.

6. DEFERRED TAX ASSETS

	31.3.19	31.3.18
	£	£
Deferred Tax Assets	-	<u>13,405</u>
	-	<u>13,405</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

7. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 April 2018 and 31 March 2019	<u>204,111</u>
DEPRECIATION	
At 1 April 2018	198,765
Charge for year	<u>5,346</u>
At 31 March 2019	<u>204,111</u>
NET BOOK VALUE	
At 31 March 2019	<u>-</u>
At 31 March 2018	<u>5,346</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19 £	31.3.18 £
Amounts owed by group undertakings	2,040,695	2,508,143
VAT	30,620	18,884
Prepayments	<u>25,993</u>	<u>3,762</u>
	<u>2,097,308</u>	<u>2,530,789</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.19 £	31.3.18 £
Trade creditors	20,398	121,037
Amounts owed to group undertakings	94,504	88,346
Social security and other taxes	70,830	78,751
Other creditors	917	-
Accrued expenses	<u>295,847</u>	<u>58,264</u>
	<u>482,496</u>	<u>346,398</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.3.19	31.3.18
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 2019

11. RESERVES

	Retained earnings £
At 1 April 2018	2,088,054
Profit for the year	<u>229,253</u>
At 31 March 2019	<u><u>2,317,307</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 regrouped/ reclassified, whenever necessary, to confirm to the current year presentation.

Detailed Profit and Loss Account
for the Year Ended 31 March 2019

	31.3.19		31.3.18	
	£	£	£	£
Turnover				
Other Income	<u>4,074,457</u>		<u>3,877,094</u>	
		4,074,457		3,877,094
Expenditure				
Wages	2,190,648		2,028,592	
Rent	222,715		182,881	
Service charge	65,511		-	
Rates and taxes	49,163		-	
Insurance	5,900		10,644	
Light and heat	14,846		18,533	
Social security	273,263		296,326	
Pensions	126,624		129,301	
Telephone	47,619		80,920	
Post and stationery	7,235		4,962	
Travelling	271,914		194,792	
Repairs and renewals	47,837		34,860	
Internet	-		4,223	
Recruitment expenses	28,333		251,252	
Courier services	1,366		2,359	
Sundry expenses	30,576		15,682	
Subscriptions	7,937		10,159	
Legal fees	204,886		186,474	
Auditors' remuneration	13,750		13,500	
Auditors' remuneration for non audit work	2,500		2,500	
Foreign exchange losses	18,886		3,186	
Depreciation of tangible fixed assets	5,346		5,346	
Recharges from Group Companies	197,635		163,065	
Staff welfare	<u>9,968</u>		<u>-</u>	
		<u>3,844,458</u>		<u>3,639,557</u>
		229,999		237,537
Finance costs				
Bank charges		<u>746</u>		<u>934</u>
NET PROFIT		<u><u>229,253</u></u>		<u><u>236,603</u></u>