

# **GLENMARK PHARMACEUTICALS CANADA INC.**

## **Financial Statements**

**March 31, 2019**

*Audited*

## Independent Auditor's Report

---

### To the Shareholders

### GLENMARK PHARMACEUTICALS CANADA INC.

#### Opinion

I have audited the accompanying financial statements of GLENMARK PHARMACEUTICALS CANADA INC., which comprise the balance sheets as at March 31, 2019, and the Statements of Income, deficit and cash flows for the years then ended, and notes to financial statement, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of GLENMARK PHARMACEUTICALS CANADA INC. as at March 31, 2019, and the result of its financial operations and its cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

#### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards 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. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:



## Independent Auditor's Report (cont'd)

---

- 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audits.

  
  
**D ARORA AND CO. CPA**  
Chartered Professional Accountant

Burnaby, BC  
April 25, 2019

# GLENMARK PHARMACEUTICALS CANADA INC.

## Balance Sheet

March 31, 2019

Audited

	Note	2019 \$ CAD	2018 \$ CAD
<b>Assets</b>			
<b>Current Assets</b>			
Cash		554,155	1,307,479
Accounts receivable	6.	664,191	382,175
Inventory	5.	914,662	918,117
Other current assets	8.	94,485	261,665
<b>Total Current Assets</b>		<b>2,227,493</b>	<b>2,869,436</b>
<b>Non-Current assets</b>			
Advance for assets	4.	80,000	80,000
Future tax recoverable	7.	185,695	195,246
Property, plant and equipment	3.	17,493	-
<b>Total assets</b>		<b>2,510,681</b>	<b>3,144,682</b>
<b>Liabilities and equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	9.	915,121	1,619,820
<b>Total liabilities</b>		<b>915,121</b>	<b>1,619,820</b>
<b>Equity</b>			
Share capital	16.	2,110,600	2,110,600
Deficit		(515,040)	(585,738)
<b>Total Equity</b>		<b>1,595,560</b>	<b>1,524,862</b>
<b>Total liabilities and Equity</b>		<b>2,510,681</b>	<b>3,144,682</b>

Approved on Behalf of the Board:




The accompanying notes are an integral part of these financial statements.

# GLENMARK PHARMACEUTICALS CANADA INC.

## Statement of Deficit

For the Year Ended March 31, 2019

*Audited*

	2019 \$ CAD	2018 \$ CAD
Deficit, beginning	(585,738)	(615,963)
Net income	70,698	30,225
<b>Deficit, ending</b>	<b>(515,040)</b>	<b>(585,738)</b>



The accompanying notes are an integral part of these financial statements.

# GLENMARK PHARMACEUTICALS CANADA INC.

## Statement of Income

For the Year Ended March 31, 2019

Audited

	Note	2019 \$ CAD	2018 \$ CAD
<b>Sales</b>	12.	2,435,642	2,079,956
Cost of materials	14.	2,037,448	1,554,949
Salaries & benefit expenses		797,504	690,404
Other operating expenses	15.	1,539,160	1,325,993
		<b>4,374,112</b>	<b>3,571,346</b>
<b>Loss from operations</b>		<b>(1,938,470)</b>	<b>(1,491,390)</b>
Other income	13.	2,018,719	1,548,393
<b>Income before taxes</b>		<b>80,249</b>	<b>57,003</b>
Future income taxes recovery		9,551	26,778
<b>Net Income</b>		<b>70,698</b>	<b>30,225</b>



The accompanying notes are an integral part of these financial statements.

# GLENMARK PHARMACEUTICALS CANADA INC.

## Statement of Cash Flows

For the Year Ended March 31, 2019

Audited

	2019 \$ CAD	2018 \$ CAD
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 70,698	\$ 30,225
<b>Items not affecting cash</b>		
Depreciation	1,253	-
<b>Changes in non-cash working capital</b>		
Accounts receivable	(282,016)	(244,900)
Inventory	3,455	320,560
Other current assets & future tax recoverable	176,731	(146,589)
Accounts payable and accrued liabilities	(704,699)	734,967
	<b>(734,578)</b>	<b>694,263</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant & equipment	(18,746)	-
Advance for assets	-	(80,000)
	<b>(18,746)</b>	<b>(80,000)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common shares	-	400,000
<b>Net increase (decrease) in cash</b>	<b>(753,324)</b>	<b>1,014,263</b>
Cash at beginning of year	1,307,479	293,216
<b>Cash at end of year</b>	<b>\$ 554,155</b>	<b>\$ 1,307,479</b>



The accompanying notes are an integral part of these financial statements.

# GLENMARK PHARMACEUTICALS CANADA INC.

## Notes to the Financial Statements

For the Year Ended March 31, 2019

*Audited*

### 1. Nature of operations and basis of presentation

#### a. Nature of operations

Glenmark Pharmaceuticals Canada Inc., (the Company) was incorporated under the New Brunswick Business Corporations Act. The company is a wholly owned subsidiary of Glenmark Holding S.A., (The Holding Company) Switzerland. The company is primarily engaged in the business of distribution, marketing and sale of generic pharmaceutical products in Canada.

#### b. Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE) .

### 2. Significant Accounting Policies

#### a. Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership are transferred to the buyer and there is no continuing management involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, discounts and allowances.

#### b. Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have financial impact on future periods. Significant areas of estimation include, estimated useful lives of property, plant and equipment, net realizable values of inventories, accrued liabilities, future income tax, disclosure of contingencies and provisions for allowances.

#### c. Property, plant and equipment

Property, plant and equipment is recorded at cost, or deemed cost, less accumulated depreciation. For financial reporting purposes, depreciation is determined on a straight-line basis using estimated useful lives of plant and equipment to 5 years. while accelerated depreciation methods are used for income tax purposes. .

#### d. Inventory

Inventory is stated at the lower of cost or net realizable value.(determined on a first-in, first-out basis)

#### e. Related party transactions

Parties are considered related to the company if the company has the ability to, directly or indirectly, control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be other entities or individuals. Related party transactions are unsecured, non-interest bearing and without terms of repayment. Related party transactions occurred during the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed by the related parties.



7



# GLENMARK PHARMACEUTICALS CANADA INC.

## Notes to the Financial Statements

For the Year Ended March 31, 2019

Audited

### 2. Significant Accounting Policies (Cont'd)

#### f. Income taxes

The company follows future taxes method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for future income tax consequences attributable to differences between financial statement's carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured based on enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The assessment of probability of future taxable income in which deferred asset can be utilized is based on the company's forecast adjusted for any non-taxable income and expenses and any limits to the use of unused tax loss or credit.

A future tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that is probable that future taxable profits will be available for set off.

### 3. Property, plant and equipment

	2019		2018	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
	\$	\$	\$	\$
Furniture and fixtures	18,746	(1,253)	17,493	-

### 4. Advance for assets

The company has paid an advance of \$80,000 to acquire a license in Canada to commercialize and distribute topiramate tablets. The total cost of the license is \$160,000 and the balance is still payable.

### 5. Inventory

The closing inventory consists of finished products with the value of \$ 914,662 as on March 31, 2019. (prior year \$ 918,117)

### 6. Accounts receivable

	2019	2018
	\$ CAD	\$ CAD
Accounts receivable	2,017,877	1,369,995
Provision for allowances and discounts	(1,313,590)	(936,483)
Provision for distribution fee	478	(27,225)
Provision for cash discount	(40,574)	(24,112)
<b>Total</b>	<b>664,191</b>	<b>382,175</b>



# GLENMARK PHARMACEUTICALS CANADA INC.

## Notes to the Financial Statements

For the Year Ended March 31, 2019

Audited

### 7. Future tax recoverable

Future Tax recoverable has been calculated based on statutory Canadian federal and provincial income tax rates. Corporate tax returns are subject to audit and reassessment by the Canada Revenue Agency. The results of any assessments will be accounted for in the year in which they are determined:

	2019 \$ CAD	2018 \$ CAD
Income for the year	80,249	57,003
Provision for income tax recovery based on combined statutory income tax rate	(9,551)	(26,778)
Future tax recoverable	185,695	195,246

The company has following non-capital losses as on March 31, 2019, that can be used to set off future taxable income. These non-capital losses will expire 20 years from the respective tax years in which they are incurred

	Loss \$ CAD
2015	136,695
2016	531,736
2017	32,304
<b>Total</b>	<b>\$700,735</b>

### 8. Other current assets

	2019 \$ CAD	2018 \$ CAD
Rent deposit	21,342	9,230
HST/GST refundable	73,143	252,435
<b>Total</b>	<b>94,485</b>	<b>261,665</b>

### 9. Accounts payable and accrued liabilities

	2019 \$ CAD	2018 \$ CAD
Glenmark Pharmaceuticals Limited. India (note 10)	464,187	823,850
Glenmark Pharmaceuticals Inc. USA (note 10)	14,966	573,229
Provision for expenses	258,150	119,146
Other accounts payable	177,818	103,595
<b>Total</b>	<b>915,121</b>	<b>1,619,820</b>



# GLENMARK PHARMACEUTICALS CANADA INC.

## Notes to the Financial Statements

For the Year Ended March 31, 2019

Audited

### 10. Related party transactions

Related party transactions consist of purchases and expenses from related companies: Transactions are in normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. The amount due are unsecured, non-interest bearing and are due on demand.

	2019 \$ CAD	2018 \$ CAD
<b>Glenmark Pharmaceuticals Inc. USA - under common control</b>		
Reimbursement of expenses	64,851	128,781
Accounts payable	14,966	573,228
<b>Glenmark Pharmaceuticals Limited, India - under common control</b>		
Reimbursement of distribution loss	2,018,719	1,548,393
Purchases	2,025,530	1,230,428
Accounts payable	\$ 464,187	\$ 823,850

### 11. Financial Instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Company's financial instruments consist of cash, receivables, payables, accrued liabilities and related-party transactions. The following analysis provides information about the company's risk exposure and concentration as at March 31, 2019.

#### a. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of funds from its customers and other related sources, such as inventory.

#### b. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices and government regulations.

#### c. Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuation of the foreign exchange rates and the degree of volatility of these rates. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Unless otherwise noted, management is of the opinion that the company is not exposed to significant other price risks arising from these financial instruments.



10

# GLENMARK PHARMACEUTICALS CANADA INC.

## Notes to the Financial Statements

For the Year Ended March 31, 2019

*Audited*

### 12. Income from operations

	2019	2018
	\$ CAD	\$ CAD
Gross sales	6,852,782	4,512,710
Allowances and discounts	(4,417,140)	(2,432,754)
<b>Total</b>	<b>2,435,642</b>	<b>2,079,956</b>

### 13. Other income (expenses)/Economic dependence

During the year, Glenmark Pharmaceuticals Canada Inc. (GPCI) charged its affiliate, Glenmark Pharmaceuticals Limited (GPL) India for the reimbursement of losses for distribution of goods in Canadian Market.

	2018	2017
	\$ CAD	\$ CAD
Reimbursement from GPL India	2,018,719	1,548,393

### 14. Cost of materials

	2019	2018
	\$ CAD	\$ CAD
Opening inventory	918,117	1,238,677
Purchase during the year	2,025,530	1,230,428
Closing inventory	(914,662)	(918,117)
Other direct cost	8,463	3,961
<b>Total</b>	<b>2,037,448</b>	<b>1,554,949</b>

During the year, Company has scrapped goods worth \$294,918 (Prior year: NIL).



# GLENMARK PHARMACEUTICALS CANADA INC.

## Notes to the Financial Statements

For the Year Ended March 31, 2019

Audited

### 15. Other expenses

	2019 \$ CAD	2018 \$ CAD
Professional fees	559,854	396,450
Regulatory expenses	244,766	359,625
Sales commission	240,000	240,000
Government dues	87,271	-
Sales & marketing research	82,479	73,512
Legal fees	69,697	115,825
Office rent	61,951	42,258
General expenses	42,329	30,149
Foreign exchange gain / (loss)	40,805	(3,555)
Travelling expenses	39,951	36,335
Advertisement and publicity	31,950	1,300
Auditor's remuneration	13,030	9,000
Telephone expenses	7,772	5,100
Conference expenses	7,302	11,807
Bank charges	5,028	5,361
Office supplies	3,155	2,521
Depreciation	1,253	-
Postage and courier charges	567	305
<b>Total</b>	<b>1,539,160</b>	<b>1,325,993</b>

### 16. Share capital

#### Authorized:

One class of common shares, without nominal or par value, unlimited as to number

#### Issued and outstanding shares

	2019 \$ CAD	2018 \$ CAD
2110600 Common shares, fully paid up	2,110,600	2,110,600

### 17. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.



*P. PARIKH & ASSOCIATES*  
*CHARTERED ACCOUNTANTS*

AUDIT REPORT  
AS OF  
MARCH, 2019

**GLENMARK**  
**PHARMACEUTICALS INC.**  
**NEW JERSEY**

**US GAAP**

**Independent Auditor's Report**

To,  
Board of Directors, Stockholders,  
Glenmark Pharmaceuticals Inc.

We have audited the accompanying financial statements of **Glenmark Pharmaceuticals Inc.**, which comprise the Balance Sheet as of March 31, 2019 and the related Statement of Operations, Stockholders' Equity and Cash Flows for the year then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**BRANCH OFFICES**

**INDIA** - Mumbai, Vadodara, Kochi, New Delhi.

**OVERSEAS** - Dubai, London, New York, Melbourne.



**P. PARIKH & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

H.O. 501, SUJATA, OFF. NARSI NATHA STREET, MUMBAI 400 009. TEL.2344 3549, 2343 7853. FAX. 2341 5455.

web : [www.pparikh.com](http://www.pparikh.com).

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glenmark Pharmaceuticals Inc., as of March 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in United States of America.

*Govind Srivastava*

Govind Srivastava, Partner  
**P. Parikh & Associates**  
55, Wallstreet, Suite 530,  
New York, NY-10005,  
May 26, 2019



**BRANCH OFFICES**

**INDIA** - Mumbai, Vadodara, Kochi, New Delhi.  
**OVERSEAS** - Dubai, London, New York, Melbourne.



**GLENMARK PHARMACEUTICALS INC., USA**  
**BALANCE SHEET AS ON MARCH 31, 2019**

ASSETS	Schedule	As on March	As on March
		31, 2019	31, 2018
		USD	USD
<b>Current Assets</b>			
Cash and Cash equivalents	1	22,022,100	37,831,069
Accounts receivable	2	81,477,718	103,032,759
Inventories	3	130,481,337	110,633,182
Prepaid expenses and other current assets	4	59,971,194	92,371,420
<b>Total current assets</b>		<b>293,952,349</b>	<b>343,868,430</b>
<b>Non - Current Assets</b>			
Property, plant and equipments	5	23,168,620	26,038,746
Intangible assets	5	5,765,827	8,103,495
Capital Work in Progress	5	131,141,074	95,092,133
Deferred Tax Assets	6	1,159,804	2,373,190
<b>Total non current assets</b>		<b>161,235,325</b>	<b>131,607,564</b>
<b>Total Assets</b>		<b>455,187,674</b>	<b>475,475,994</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	7	93,539,094	313,881,427
Other liabilities	8	4,150,719	10,170,506
<b>Total current liabilities</b>		<b>97,689,813</b>	<b>324,051,933</b>
<b>Total liabilities</b>		<b>97,689,813</b>	<b>324,051,933</b>
<b>Stockholder's equity</b>			
Common stock, class A, \$0.01 par value, authorized 5000 shares, issued and outstanding 667 (P. Y. Common stock, class A, \$1 par value, authorized 50,000,000 shares, issued and outstanding 46,665,819)	9	6.67	46,665,819
Common Stock class B, Nil (P.Y. Common stock, class B, \$1 par value, authorized 3,00,000 shares, issued and outstanding -Nil)			
Preferred stock, Nil (P.Y. Preferred Stock \$1 par value, authorized 1,000,000 shares, issued and outstanding -Nil)			
Reserves and Surplus		357,497,853	104,758,242
<b>Total Stockholder's equity</b>		<b>357,497,860</b>	<b>151,424,061</b>
<b>Total liabilities and stockholder's equity</b>		<b>455,187,674</b>	<b>475,475,994</b>

*The accompanying notes are an integral part of these financial statements*

For GLENMARK PHARMACEUTICALS INC.



Director

Director




**GLENMARK PHARMACEUTICALS INC., USA**  
**STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2019**

	Schedule	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018
		USD	USD
Net Sales	10	456,628,834	477,813,879
Cost of sales	12	366,354,761	393,885,901
<b>Gross Profit</b>		<b>90,274,073</b>	<b>83,927,978</b>
Operating Expenses, Selling, General and Administrative Expenses	14	69,999,331	62,617,197
Depreciation / Amortisation	5	5,915,359	6,555,242
<b>Operating Income / (Loss)</b>		<b>14,359,383</b>	<b>14,755,539</b>
Interest Expense	13	1,756,119	2,003,497
<b>Net Operating Income / (Loss)</b>		<b>12,603,265</b>	<b>12,752,042</b>
Other Income / (Loss)	11	3,607,950	2,560,512
<b>Profit Before Tax and Exceptional Item</b>		<b>16,211,215</b>	<b>15,312,554</b>
Exceptional Item		7,202,205	-
<b>Profit Before Tax</b>		<b>9,009,010</b>	<b>15,312,554</b>
Provision for Income Taxes	15	2,935,213	7,421,865
<b>Net Income / (Loss)</b>		<b>6,073,797</b>	<b>7,890,689</b>
Basic Earnings / (Loss) per common share		10,449	0.17
Face value per share		0.01	1.00
Basic average number of shares outstanding		581	46,665,819

*The accompanying notes are an integral part of these financial statements*

For GLENMARK PHARMACEUTICALS INC.

Director

Director



**GLENMARK PHARMACEUTICALS INC., USA**  
**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	For the Year	For the Year
	Ended March 31, 2019 USD	Ended March 31 2018 USD
<b>A. Cash flow from operating activities</b>		
Net Income / (Loss)	9,009,010	15,312,554
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation/Amortization	5,915,359	6,555,242
Reversal of Foreign withholding tax	86,284	-
Interest income	(122,648)	(2,849)
Interest expense	1,878,767	2,006,346
<b>Operating profit before working capital changes</b>	<b>16,766,772</b>	<b>23,871,293</b>
<b>Adjustments for changes in working capital</b>		
(Increase)/Decrease in Accounts Receivables	21,555,041	3,629,918
(Increase)/Decrease in Inventory	(19,848,155)	36,529,871
(Increase)/Decrease in Other Current Assets	44,492,029	34,492,725
Increase/(Decrease) in Accounts Payable and other Current Liabilities	(226,362,120)	(54,063,392)
Increase/(Decrease) in Other Liabilities	-	(4,687,500)
Taxes Paid	(3,899,910)	(5,936,876)
<b>Net cash from operating activities</b>	<b>(167,296,343)</b>	<b>33,836,039</b>
<b>B. Cash flow from investing activities</b>		
Loan Given	(10,000,000)	-
Additions to fixed assets	(36,756,506)	(35,529,481)
Interest Income	122,648	2,849
<b>Net cash generated from investing activities</b>	<b>(46,633,858)</b>	<b>(35,526,632)</b>
<b>C. Cash flow from financing activities</b>		
Issue of shares	200,000,000	-
Interest paid	(1,878,767)	(2,006,346)
<b>Net cash from financing activities</b>	<b>198,121,233</b>	<b>(2,006,346)</b>
<b>Net increase/(decrease) in cash</b>	<b>(15,808,969)</b>	<b>(3,696,939)</b>
<b>Cash and Cash equivalents:</b>		
Beginning of the year	37,831,069	41,528,008
End of the year	<b>22,022,100</b>	<b>37,831,069</b>

*The accompanying notes are an integral part of these financial statements*

For GLENMARK PHARMACEUTICALS INC.



Director



Director



**GLENMARK PHARMACEUTICALS INC., USA**  
**SCHEDULES TO FINANCIAL STATEMENTS**

	As on March 31, 2019	As on March 31, 2018
	USD	USD
<b>1 Cash and Cash equivalents</b>		
Cash	1,139	1,139
Bank deposits	22,020,961	37,829,930
<b>Total</b>	<b>22,022,100</b>	<b>37,831,069</b>
<b>2 Accounts receivable</b>		
The age profile of accounts receivable is given below:		
<b>Period (in days)</b>		
0 -90	60,784,382	101,125,206
90-180	136,678	1,189,056
180-365	164,803	652,940
More than 365	20,391,856	65,557
<b>Accounts receivable</b>	<b>81,477,718</b>	<b>103,032,759</b>
<b>3 Inventories (Including stock in transit)</b>		
Raw Material	3,604,562	3,447,078
Packing Material	2,126,910	945,904
Semi Finished Goods	383,523	23,391
Work-in-Progress	245,485	-
Finished Goods Dosage	124,120,857	106,216,809
	<b>130,481,337</b>	<b>110,633,182</b>
<b>4 Prepaid expenses and other current assets</b>		
Employee loan	2,009	2,469
Receivable from Glenmark Generics S.A., Argentina	105,497	105,497
Receivable from Glenmark Therapeutic Inc., USA	121,593	15,144
Receivable from Glenmark Pharmaceuticals Canada Inc	11,213	444,850
Receivable from Glenmark Specialty SA	22,302,542	41,496,013
Receivable from Glenmark Pharmaceuticals Brazil	138,704	51,006
Receivable from Glenmark Pharmaceuticals R&D Europe Limited	2,800	-
Short Term loan receivable from Glenmark Therapeutic Inc., USA	10,119,515	-
Advances to be received in Cash and Kind	6,471,218	36,589,983
Deposits	570,136	575,591
Prepaid expenses	17,136,307	12,193,010
	<b>56,981,534</b>	<b>91,473,563</b>
Advance Tax (Net of Provision for Tax)	2,989,660	897,857
<b>Total</b>	<b>59,971,194</b>	<b>92,371,420</b>
<b>5 Property, plant and equipment, net.</b>		
Leasehold Land\Premises	4,736,406	4,736,406
Freehold Land	780,000	780,000
Factory Building	12,779,325	12,779,325



**GLENMARK PHARMACEUTICALS INC., USA**  
**SCHEDULES TO FINANCIAL STATEMENTS**

	As on March 31, 2019	As on March 31, 2018
	USD	USD
Plant & Machinery	15,337,576	15,337,576
Equipments	2,021,745	1,589,945
Furniture & Fixtures	391,944	391,945
	<u>36,046,996</u>	<u>35,615,197</u>
Accumulated depreciation	(12,878,376)	(9,576,451)
	<u>23,168,620</u>	<u>26,038,746</u>
Work In progress	131,141,074	95,092,133
<b>Total</b>	<u>154,309,694</u>	<u>121,130,879</u>
<b>Intangible assets</b>		
Computer Software	6,904,824	6,629,059
Product Development	60,498,855	60,498,855
	<u>67,403,679</u>	<u>67,127,914</u>
Amortization	(61,637,852)	(59,024,419)
	<u>5,765,827</u>	<u>8,103,495</u>
<b>6 Deferred Tax Assets</b>		
Deferred Tax Assets	1,159,804	2,373,190
<b>Total</b>	<u>1,159,804</u>	<u>2,373,190</u>
<b>7 Accounts payable</b>		
Trade payable - domestic	9,637,621	5,505,719
Payable to Glenmark Pharmaceuticals S.A., Switzerland	9,166,474	3,950,719
Payable to Glenmark Pharmaceuticals Europe Limited	40,981	28,610
Payable to Glenmark Life Sciences Limited, India	12,825,436	-
Payable to Glenmark Pharmaceuticals Limited, India	61,868,582	304,396,379
<b>Total</b>	<u>93,539,094</u>	<u>313,881,427</u>
<b>8 Other Liabilities</b>		
Other Liabilities	4,150,719	10,170,506
<b>Total</b>	<u>4,150,719</u>	<u>10,170,506</u>



Amount in USD

7. FIXED ASSETS

	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	As on	Additions during the year	Disposals during the year	Adjustment	As on March 31, 2019	For the Year	As on March 31, 2019	As on March 31, 2019	As on 31-03-2018
	1-4-2018				1-4-2018	Year	As on March 31, 2019	As on March 31, 2019	31-03-2018
<b>Tangible assets</b>									
Leasehold Land/ Premises	4,736,406	-	-	-	2,116,653	518,253	2,634,906	2,101,500	2,619,753
Freehold Land	780,000	-	-	-	780,000	-	-	780,000	780,000
Factory Building	12,779,325	-	-	-	12,779,325	327,675	1,147,758	11,631,567	11,959,242
Plant and Machinery	15,337,576	-	-	-	15,337,576	2,149,079	7,678,610	7,658,966	9,808,044
Furniture and Fixtures	391,944	-	-	-	391,944	19,331	282,367	109,578	128,909
Equipments	1,589,945	431,800	-	-	847,148	287,587	1,134,735	887,009	742,798
<b>Intangible assets</b>									
- Computer software	6,629,059	275,764	-	-	2,612,643	1,100,026	3,712,669	3,192,155	4,016,416
- Product Development/ Brands	60,498,855	-	-	-	56,411,775	1,513,408	57,925,183	2,573,672	4,087,080
<b>TOTAL</b>	102,743,110	707,564	-	-	68,600,869	5,915,359	74,516,228	28,934,447	34,142,242
Previous Year									

Capital Work-in-process including Capital advan

131,141,074 95,092,133



GLENMARK PHARMACEUTICALS INC., USA  
 FIXED ASSETS SCHEDULE AS ON MARCH 31, 2019

Note No. 5

Assets	Amount in USD							Total	
	Leasehold Land	Freehold Land	Factory Building	Plant & Machinery	Furniture & Fixture	Equipment	Computer Software		Product Development
At the beginning of the year	2,619,753	780,000	11,959,242	9,808,045	128,909	742,798	4,016,415	4,087,080	34,142,242
Additions during the year	-	-	-	-	-	431,800	275,764	-	707,564
Depreciation charge for the year	518,253	-	327,675	2,149,079	19,331	287,587	1,100,026	1,513,408	5,915,359
Adjustments	-	-	-	-	-	-	-	-	-
<b>At the end of the year</b>	<b>2,101,500</b>	<b>780,000</b>	<b>11,631,567</b>	<b>7,658,966</b>	<b>109,578</b>	<b>887,011</b>	<b>3,192,153</b>	<b>2,573,672</b>	<b>28,934,447</b>



**GLENMARK PHARMACEUTICALS INC., USA**  
**SCHEDULES TO FINANCIAL STATEMENTS**

	For the Year Ended 31-03-2019	For the Year Ended 31-03-2018
	USD	USD
<b>10 Sales and Operating Income</b>		
Sale of goods and I P assets	456,628,834	477,813,879
	<u>456,628,834</u>	<u>477,813,879</u>
<b>11 Other Income</b>		
Miscellaneous income	3,607,950	2,560,512
	<u>3,607,950</u>	<u>2,560,512</u>
<b>12 Cost of Sales</b>		
Purchase of Trading goods and other costs	386,202,916	357,356,029
(Increase) / decrease in inventory	(19,848,155)	36,529,872
	<u>366,354,761</u>	<u>393,885,901</u>
<b>13 Interest Expense</b>		
Interest Expenses (net)	1,756,119	2,003,497
	<u>1,756,119</u>	<u>2,003,497</u>





**GLENMARK PHARMACEUTICALS INC., USA**  
**SCHEDULES TO FINANCIAL STATEMENTS**

	For the Year Ended 31-03-2019	For the Year Ended 31-03-2018
	USD	USD
<b>14 Selling and Operating Expenses</b>		
Salary and allowances	42,731,868	38,733,356
Sales promotion expenses (net)	1,954,297	829,225
Travelling expenses	1,950,363	2,205,560
Telephone expenses	261,935	246,708
Rates and taxes	458,635	375,269
Insurance premium	1,122,358	940,194
Freight outward	5,189,955	5,446,124
Electricity charges	328,793	266,128
Rent	3,125,206	2,035,985
Repairs & Maintenance	115,351	52,073
<b>Auditors' remuneration</b>		
Audit fees	140,000	140,000
Other matters	-	-
Out of pocket expenses	-	-
Other operating expenses		
Other Expenses	2,955,456	1,987,401
Conference Expenses	818,721	698,698
Printing & Stationery	218,131	215,774
Postage & Telegram	8,581	14,589
Legal & Professional Expenses	6,055,004	5,970,628
Subscription	534,445	335,095
Recruitment	1,898,028	1,920,051
Bank Charges	132,204	204,340
	<b>69,999,331</b>	<b>62,617,197</b>
<b>15 Tax Expense</b>		
Current Tax	1,721,824	4,026,926
Deferred Tax Expense / (Credit)	1,213,389	3,394,939
	<b>2,935,213</b>	<b>7,421,865</b>



**GLENMARK PHARMACEUTICALS INC., USA**  
**STATEMENT OF STOCKHOLDER'S EQUITY**

Note No. 9  
Amount in USD

	Common Stock	Additional Paid in Capital	Reserves	Total Shareholders Equity
<b>BALANCE as at March 31, 2017</b>	46,665,819	-	96,867,553	143,533,372
Issue of shares during the year	-	-	-	-
Net income	-	-	7,890,689	7,890,689
<b>BALANCE as at March 31, 2018</b>	46,665,819	-	104,758,242	151,424,061
Issue of shares during the year	1.50	-	-	1.50
<b>Transfer of Par Value to Additional Paid in Capital</b>				
- Due to reverse stock split	(46,665,814)	46,665,814	-	-
Additional paid up capital received during the year	-	200,000,000	-	200,000,000
Net income	-	-	6,073,797	6,073,797
<b>BALANCE as at March 31, 2019</b>	6.67	246,665,814	110,832,039	357,497,859



NOTES TO THE FINANCIAL STATEMENTS

1) BUSINESS ACTIVITY/ NATURE OF OPERATIONS

Glenmark Pharmaceuticals Inc., is a wholly owned subsidiary of Glenmark Holding S.A. (the "Holding"), a Company incorporated in Switzerland.

The Company distributes Formulations and Active Pharmaceutical Ingredients mainly to North America through alliances and agreements with other pharmaceutical companies. With strong ties to the Parent company, the Company will have unlimited resources in both research and development.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

These financial statements are in conformity with accounting principles generally accepted in the United States of America.

b. Depreciation on Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to the acquisition and installation of fixed assets. Depreciation is calculated using straight line method over the estimated useful lives of the assets. Useful lives of assets are as follows:

CATEGORY	YEARS
Software	3-5
Equipment	3-7
Furniture & Fixtures	3-7
Leasehold Improvements	5-8
Buildings	39

c. Product Development Expenditure

Capital expenditure on research and development is capitalized as fixed assets. Development cost relating to the new and improved product and/or process development is recognized as an intangible asset to the extent that it is expected that such asset will generate future economic benefits.

Product Development cost is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Product development costs are amortized over the useful life, not exceeding 10 years, once the product to which they relate is commercialized.

Licenses and registration expenditures for the use of third-party products are capitalized and amortized on a straight-line basis over 5 years.



**d. Revenue Recognition**

Net Sales are recognized when the product is shipped to customers, at which title and the risks and rewards of ownership pass to the customer.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, VAT and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Provisions for chargeback, rebates, discounts and medical aid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler. Such provisions are presented as a reduction from revenues.

**e. Accounts Receivable**

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within various days from the invoiced date based on agreement with customers. The Company does not accrue interest on past due accounts receivable. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews each accounts receivable balance that is past due and estimates the portion, if any, of the balance that will not be collected and records a general allowance to cover those amounts.

**f. Inventory**

Inventories are stated at the lower of the cost (determined by first-in, first-out method) or market value.



**g. Leases**

**i) Finance Leases**

Assets acquired under finance lease are recognized as assets with corresponding liabilities in the Balance Sheet at the inception of the lease, at amounts equal to higher of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**ii) Operating Leases**

Lease payments for operating leases are recognized on a straight line basis over the lease term. Lease income from operating leases is recognized immediately and amortized as a reduction to lease expense over the initial lease term.

**h. Income Taxes**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

The effect on deferred tax assets and liabilities because of a change in tax rates is recognized in statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

**3) EMPLOYEE RETIREMENT PLAN**

The Company has 401(k) retirement savings plan which covers substantially all employees. The Company matches employee contributions up to specified limits. Company contributions totaled \$ 2,017,178 and \$509,008 during the years ended March 31, 2019 and 2018, respectively.



**4) LEASES**

The Company leases its facility under a non-cancelable operating agreement which expires March 31, 2021.

Future minimum lease payments on non-cancelable facility operating leases are as follows as of March 31, 2019:

<b>Year Ending March 31,</b>	<b>Amount in \$</b>
Within 1 year	2,351,123
1 to 5 years	4,788,117
After 5 years	-

**5) SEGMENT INFORMATION****Business Segment**

The Company is primarily engaged in a single business of marketing of pharmaceutical products and is managed as one entity, for its various activities and is governed by a similar set of risks and returns.

**6) REVERSE STOCK SPLIT:**

The company effectuated a one-for-one hundred thousand (1-for-100,000) share reverse stock split of the Class A Common Voting Stock, which was also reclassified as the Common Stock, and reduced the par value from \$1.00 per share (pre-Reverse Stock Split) to \$0.01 per share (post-Reverse Stock Split); and increased the authorized share capital to Five Thousand (5,000) shares of Common Stock, \$0.01 par value per share. The difference in par value of issued shares was classified as Additional Paid-in Capital.

The company also eliminated the authorized but unissued shares of the Class B Common Non-Voting Stock and the Preferred Stock.

Pursuant to the above, the Company issued additional Two Hundred (200) shares of Common Stock to the Stockholder at a price of One Million Dollars (\$1,000,000) per share.

**7) Exceptional Items**

During the year, the company has de-prioritized certain intangibles projects which were not physibile due to cost overrun and delays aggregating to USD 7,202,205 and same has been charged as "exceptional items" to Income statement.



8) RELATED PARTY TRANSACTIONS

Related party relationship where transactions have taken place during the year

- Glenmark Pharmaceuticals Ltd, India (Parent Company) (GPL)
- Glenmark Holding S.A., Switzerland (Holding Company) (GHSA)
- Glenmark Pharmaceuticals S.A., Switzerland (Fellow Subsidiary Company) (GPSA)
- Glenmark Therapeutics Inc., USA (Fellow Subsidiary Company) (GTI)
- Glenmark Life Sciences Limited , India (Fellow subsidiary Company) (GLS)
- Glenmark Generics S.A.Argentina (Fellow subsidiary Company)(GGSA)
- Glenmark Pharmaceuticals (Europe) Limited, UK (Fellow subsidiary Company) (GPEL)
- Glenmark Pharmaceuticals R&D (Europe)Limited, UK (Fellow subsidiary Company) (GPEL R&D)
- Glenmark Pharmaceuticals Canada Inc. (Fellow Subsidiary Company) (GPCI)
- Glenmark Specialty S.A.Switzerland (Fellow Subsidiary Company) (GSSA)
- Glenmark Farmaceutica Brazil Ltd. (Fellow Subsidiary Company) (GFL)

Key management personnel (including directors of the Company)

- Robert Matsuk
- Sanjeev Krishan
- P. Chinnappa Reddy

Transactions with related parties during the year

(Amount in USD)

	<u>FY18-19</u>	<u>FY17-18</u>
<b>Transactions with related parties during the year</b>		
Transactions with GPL India	302,087,124	301,392,363
Transactions with GLS India	6,549,485	-
Transactions with GSA, Switzerland	75,025,909	50,214,178
Transactions with GPEL,UK.	40,981	28,610
Transactions with GPELR&D,UK.	2800	-
Transactions with GTI-USA.	150,058	38,981
Transactions with GGSA -Argentina.	-	105,497
Loan taken from GHSA	110,000,000	144,500,000
Loan repaid to GHSA	110,000,000	144,500,000
Additional Share capital received from GHSA during the year	200,000,000	-
Loan given to GTI-USA during the year	10,000,000	--
Interest earned on Loan given to GTI-USA during the year.	119,515	-
Interest payable on loan taken from GHSA	1,878,767	2,006,346
Interest paid during the year on loan from GHSA	1,878,767	2,006,346
Transactions with GPCI,Canada.	49,103	113,522
Transactions with GSSA,Switzerland	9,686,495	14,688,030
Transactions with GP-Brazil	87,698	57,766
Remuneration to Key Management Personnel		
- Robert Matsuk	1,547,332	1,294,944
- Fred Grossman	N.A.	1,333,616
- Sanjeev Krishnan	959,638	919,865
- Robert Jackson	N.A.	792,238
- P.Chinnapa Reddy	404,352	388,630



**Related party balances – Receivable/ (Payable)**

**(Amount in USD)**

<b>Related party balances</b>	<b>FY18-19</b>	<b>FY17-18</b>
Glenmark Pharmaceuticals Limited, India (Net)	(61,868,582)	(304,396,379)
Glenmark Life Sciences Limited , India (Net)	(12,825,436)	-
Glenmark Pharmaceuticals S.A., Switzerland (Net)	(9,166,474)	(3,950,719)
Glenmark Pharmaceuticals Europe Limited	(40,981)	(28,610)
Glenmark Therapeutic Inc., USA	121,593	15,144
Glenmark Generics S.A., Argentina	105,497	105,497
Glenmark SpecialityS.A.Switzerland	22,302,542	41,496,013
Glenmark Pharmaceuticals Canada Inc	11,213	444,850
Glenmark Pharmaceutica Brazil Ltd.	138,704	51,006
Glenmark Generics Limited .UK R&D	2,800	-
Loan & Interest receivable from GTI-USA	10,119,515	-

**9) MAJOR CUSTOMERS AND SUPPLIERS**

The top five largest receivables represented about 88% of total accounts receivables and top five suppliers represented about 92% of total suppliers.

**10) EARNINGS PER SHARE**

Basic earnings per share is computed by dividing income available to common stock holders by number of shares of common stock outstanding for the year.

**11) COMPARATIVE FIGURES**

- a. Previous years' figures have not been regrouped/ reclassified.
- b. The figures in these financial statements have been rounded off to the nearest US \$.

**For GLENMARKPHARMACEUTICALS INC.USA**



**Robert Matsuk  
Director**



**P Chinnappa Reddy  
Director**





*P. PARIKH & ASSOCIATES*  
*CHARTERED ACCOUNTANTS*

AUDIT REPORT  
AS OF  
MARCH, 2019

**GLENMARK  
THERAPEUTICS INC.  
NEW JERSEY**

**US GAAP**

**P. PARIKH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

H.O. 501, SUJATA, OFF. NARSI NATHA STREET, MUMBAI 400 009. TEL.2344 3549, 2343 7853. FAX.2341545.  
web: [www.pparikh.com](http://www.pparikh.com).

**Independent Auditor's Report**

To,  
Board of Directors, Stockholders,  
Glenmark Therapeutics Inc.,

We have audited the accompanying financial statements of **Glenmark Therapeutics Inc.**, which comprise the Balance Sheet as of March 31, 2019 and the related Statement of Income, Stockholders' Equity and Cash Flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**BRANCH OFFICES**

**INDIA** - Mumbai, Vadodara, Kochi, New Delhi.  
**OVERSEAS** - Dubai, London, New York, Melbourne.



**P. PARIKH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

H.O. 501, SUJATA, OFF. NARSI NATHA STREET, MUMBAI 400 009. TEL. 2344 3549, 2343 7853. FAX 2341545.  
web: [www.pparikh.com](http://www.pparikh.com).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glenmark Therapeutics Inc., as of March 31, 2019, the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in United States of America.

*Govind Srivastava*

Govind Srivastava, Partner  
**P. Parikh & Associates**  
55, Wallstreet, Suite 530,  
New York, NY-10005.  
May 26, 2019



**BRANCH OFFICES**

**INDIA** - Mumbai, Vadodara, Kochi, New Delhi.  
**OVERSEAS** - Dubai, London, New York, Melbourne.

**GLENMARK THERAPEUTICS INC., USA  
BALANCE SHEET AS ON MARCH 31, 2019**

ASSETS	Sch	31st March 2019	31st March 2018
		USD	USD
<b>Current Assets</b>			
Cash and Cash equivalents	1	492,850	398,071
Accounts receivable	2	64,126	167,146
Inventories	3	535,161	-
Prepaid expenses and other current assets	4	152,530	-
<b>Total current assets</b>		<b>1,244,667</b>	<b>565,217</b>
<b>Non - Current Assets</b>			
Property, plant and equipments	5	0	(0)
Intangible assets	6	9,803,836	-
Work In progress	6	302,102	-
Deferred Tax Assets	7	4,451,365	905,128
<b>Total Non - current assets</b>		<b>14,557,303</b>	<b>905,128</b>
<b>Total Assets</b>		<b>15,801,970</b>	<b>1,470,345</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	8	4,326,668	15,144
Other liabilities	9	11,394,083	26,165
<b>Total current liabilities</b>		<b>15,720,751</b>	<b>41,309</b>
<b>Total liabilities</b>		<b>15,720,751</b>	<b>41,309</b>
<b>Stockholder's equity</b>			
Common Stock - \$0.01 par value (\$1.00 par value PY); shares authorised: 5,000 shares of Common Stock par value \$0.01 Per Share (PY 15,000,000 shares of Common Stock par value \$1.00 Per Share) 101 (P.Y. 10,020,000 ) Shares issued		1	10,020,000
Additional paid-in capital		10,019,999	-
		<b>10,020,000</b>	<b>10,020,000</b>
Retained Earnings		(9,938,781)	(8,590,964)
<b>Total Stockholder's equity</b>		<b>81,219</b>	<b>1,429,036</b>
<b>Total liabilities and stockholder's equity</b>		<b>15,801,970</b>	<b>1,470,345</b>

*The accompanying notes are an integral part of these financial statements*

**For GLENMARK THERAPEUTICS INC.**

**Director**

**Director**



**GLENMARK THERAPEUTICS INC., USA**  
**STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	Sch	For the year	For the year
		ended March 31, 2019	ended March 31, 2018
		<b>USD</b>	<b>USD</b>
Net Sales	10	1,531,963	-
Cost of sales	12	59,206	-
<b>Gross Profit</b>		<b>1,472,757</b>	<b>-</b>
Operating Expenses, Selling, general and Administrative Expenses	14	5,681,781	285,185
Depreciation / Amortisation	5,6	696,164	-
<b>Operating Income / (Loss)</b>		<b>(4,905,188)</b>	<b>(285,185)</b>
Interest Expense		119,515	-
<b>Net Operating Income / (Loss)</b>		<b>(5,024,703)</b>	<b>(285,185)</b>
Other Income / (Expense)	11	131,649	432,383
<b>Income / (Loss) before Provision of Income Taxes</b>		<b>(4,893,054)</b>	<b>147,198</b>
Income Tax Expense / (Credit)	15	(3,545,237)	66,579
<b>Net Income / (Loss)</b>		<b>(1,347,817)</b>	<b>80,619</b>
Basic Earnings / (Loss) per common share		(10,682)	.0008
Face Value per share		0.01	1.00
Basic average number of shares outstanding		126	10,020,000

*The accompanying notes are an integral part of these financial statements*

For GLENMARK THERAPEUTICS INC.



Director



Director



**GLENMARK THERAPEUTICS INC., USA**  
**CASH FLOW STATEMENT AS ON MARCH 31, 2019**

Particulars	31st March 2019 USD	31st March 2018 USD
<b>A. Cash flow from operating activities</b>		
Net Income / (Loss)	(4,893,054)	147,198
Adjustments to reconcile net income / (loss) to net cash from operating activities		
Amortisation	696,164	-
Interest expense	119,515	-
<b>Operating profit before working capital changes</b>	<b>(4,077,375)</b>	<b>147,198</b>
<b>Adjustments for changes in working capital</b>		
(Increase)/Decrease in Accounts Receivables	103,020	398,272
(Increase)/Decrease in Inventory	(535,161)	-
(Increase)/Decrease in Other Current Assets	(152,530)	-
Increase/(Decrease) in Accounts Payable	5,679,442	(998,677)
Income Taxes Paid	(1,000)	(1,800)
<b>Net cash from operating activities</b>	<b>1,016,396</b>	<b>(455,007)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Intangibles	(10,500,000)	-
Fixed Assets Work in Process	(302,102)	-
<b>Net cash generated from investing activities</b>	<b>(10,802,102)</b>	<b>-</b>
<b>C. Cash flow from financing activities</b>		
Loan taken	10,000,000	-
Interest paid	(119,515)	-
<b>Net cash from financing activities</b>	<b>9,880,485</b>	<b>-</b>
<b>Net increase/(decrease) in cash</b>	<b>94,779</b>	<b>(455,007)</b>
<b>Cash and Cash equivalents:</b>		
Beginning of the year	398,071	853,078
End of the year	<b>492,850</b>	<b>398,071</b>

*The accompanying notes are an integral part of these financial statements*

**For GLENMARK THERAPEUTICS INC.**

**Director**

**Director**



**GLENMARK THERAPEUTICS INC., USA**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	As on March 31, 2019 USD	As on March 31, 2018 USD
<b>1 Cash and Cash equivalents</b>		
Cash	-	-
Balance in current accounts	492,850	398,071
<b>Total</b>	<b>492,850</b>	<b>398,071</b>
<b>2 Accounts receivable</b>		
The age profile of accounts receivable is given below:		
<b>Period (in days)</b>		
0 -90	64,126	167,146
90-180	-	-
180-365	-	-
More than 365	-	-
<b>Total</b>	<b>64,126</b>	<b>167,146</b>
<b>3 Inventories</b>		
Finished Goods	535,161	-
<b>Total</b>	<b>535,161</b>	-
<b>4 Prepaid expenses and other current assets</b>		
<i>Other assets:</i>		
Prepaid expenses	150,980	-
Short term - deposit	1,550	-
<b>Total</b>	<b>152,530</b>	-
<b>5 Property, plant and equipment, net.</b>		
Leasehold Land\Premises	-	-
Plant & Machinery	-	-
Equipments	25,540	25,540
Furniture & Fixtures	-	-
<b>Sub total</b>	25,540	25,540
Accumulated depreciation	(25,540)	(25,540)
<b>Total</b>	<b>0</b>	<b>(0)</b>



**GLENMARK THERAPEUTICS INC., USA**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Particulars	As on March	As on March
	31, 2019	31, 2018
	USD	USD
<b>6 Intangible assets</b>		
Brands	10,500,000	-
<b>Sub total</b>	<b>10,500,000</b>	-
Amortisation	(696,164)	-
<b>Total</b>	<b>9,803,836</b>	-
AUC Intangible Assets	302,102	-
<b>Grand Total</b>	<b>10,105,938</b>	-
<b>7 Deferred Tax Assets</b>		
Deferred Tax Assets	4,451,365	905,128
<b>Total</b>	<b>4,451,365</b>	<b>905,128</b>
<b>8 Accounts payable</b>		
Trade payable - domestic	4,205,075	15,144
Trade payable - Inter Company	121,593	-
<b>Total</b>	<b>4,326,668</b>	<b>15,144</b>
<b>9 Other liabilities</b>		
Loan Payable - Inter company	10,119,515	-
Net Payroll	582	-
Flexible Expenses Payable	8,441	173
Garnishment Reserve	2,029	-
Other liabilities	1,255,465	25,992
Insurance Payable	8,051	-
<b>Total</b>	<b>11,394,083</b>	<b>26,165</b>





**GLENMARK THERAPEUTICS INC.****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	For the year ended March 31, 2019 USD	For the year ended March 31, 2018 USD
<b>10 Sales and Operating Income</b>		
Sales - Others	1,531,963	-
<b>Total</b>	<u><u>1,531,963</u></u>	<u><u>-</u></u>
<b>11 Other Income</b>		
Miscellaneous income	131,649	304,592
Vendor balance written back	-	127,791
	<u><u>131,649</u></u>	<u><u>432,383</u></u>
<b>Total</b>	<u><u>1,663,612</u></u>	<u><u>432,383</u></u>
<b>12 Cost of Sales</b>		
Cost of Goods Sold - Others	59,206	-
<b>Total</b>	<u><u>59,206</u></u>	<u><u>-</u></u>
<b>13 Interest Expense</b>		
Interest Expenses (net)	119,515	-
<b>Total</b>	<u><u>119,515</u></u>	<u><u>-</u></u>



**GLENMARK THERAPEUTICS INC.****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	For the year ended March 31, 2019 USD	For the year ended March 31, 2018 USD
<b>14 Selling and Operating Expenses</b>		
Salary and allowances	1,429,143	246,562
Travelling expenses	200,230	-
Telephone expenses	2,297	-
Rent, Rates and taxes	6,066	5,335
Rent	2,400	-
<b>Auditors' remuneration</b>		
Audit fees	15,000	18,000
Conference Expenses	29,387	-
Printing & Stationery	111	-
Postage & Telegram	542	-
Legal & Professional Expenses	2,316,175	12,500
Subscription	40,672	-
Recruitment	416,564	-
Bank Charges	971	177
Other Expenses	3,240	2,611
Advertisement and Publicity	756,400	-
Sales & Marketing Research	462,583	-
	<u>5,681,781</u>	<u>285,185</u>
<b>15 Tax Expense</b>		
Current Tax	1,000	1,800
Deferred Tax Expense / (Credit)	(3,546,237)	64,779
<b>Total</b>	<u>(3,545,237)</u>	<u>66,579</u>



**GLENMARK THERAPEUTICS INC.**  
**NOTES TO FIXED ASSETS AS ON MARCH 31, 2019**

<u>Assets</u>	<u>Brands</u>	<u>Total</u>
<b>Net book value</b>		
At the beginning of the year		
Additions during the year	10,500,000	10,500,000
Deletion during the year		
Amortisation charge for the year	696,164	696,164
<b>At the end of the year</b>	<u><u>9,803,836</u></u>	<u><u>9,803,836</u></u>



**GLENMARK THERAPEUTICS INC., USA**  
**STATEMENT OF STOCKHOLDER'S EQUITY**

	<b>31st March 2019</b>	<b>31st March 2018</b>
	<b>USD</b>	<b>USD</b>
<b>Balance as at March 31, 2018</b>	<b>10,020,000</b>	<b>10,020,000</b>
Total number of authorised shares	5,000	15,000,000
Shares issued and fully paid up	1	10,020,000
Additional Paid up Capital due to reverse stock split	10,019,999	-
<b>Balance as at March 31, 2019</b>	<b>10,020,000</b>	<b>10,020,000</b>



**GLENMARK THERAPEUTICS INC., USA**  
**STATEMENT OF RETAINED EARNINGS**

<b>Particulars</b>	<b>31st March 2019 USD</b>	<b>31st March 2018 USD</b>
Net Profit / (Loss) After Taxes	(1,347,817)	80,619
Add: Balance brought forward	(8,590,964)	(8,671,583)
<b>Retained Earnings</b>	<b>(9,938,781)</b>	<b>(8,590,964)</b>



**NOTES TO THE FINANCIAL STATEMENTS**

**1. Company's activity**

The company is primarily engaged in the business of marketing and distribution of specialty pharmaceutical products in North America. The Company is a 100% wholly owned subsidiary of Glenmark Holding S.A. (the "Holding"), a Switzerland company.

**2. Significant accounting policies**

The accompanying financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

- **Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. The company capitalizes all costs relating to the acquisition and installation of fixed assets. The estimated useful life of the equipment is 3-5 years. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

- **Revenue Recognition**

Revenue is recognized when the sale is completed and the product is shipped from the Company's facility.

Other income consists of recovery of expenses incurred on behalf of Glenmark Pharmaceuticals SA.

- **Brand Acquisition:**

The Company acquired rights to seven branded dermatology products from Exeltis USA on November 06, 2018 at a purchase consideration of \$10,500,000. This gives the company an immediate entry into the topical branded products segment. The company also entered into transitional services agreement wherein Exeltis will provide certain sale & distribution and other transition services to the company in order to avoid interruption of the distribution of the Products or any adverse effect at all as a consequence of the Transaction.



- **Reverse Stock Split:**

The company effectuated a one-for-one hundred thousand (1-for-100,000) share reverse stock split of the Class A Common Voting Stock, which was also reclassified as the Common Stock, and reduced the par value from \$1.00 per share (pre-Reverse Stock Split) to \$0.01 per share (post-Reverse Stock Split); and increased the authorized share capital to Five Thousand (5,000) shares of Common Stock, \$0.01 par value per share. The difference in par value of issued shares was classified as Additional Paid-in Capital.

**3. Segment Information**

**Business Segment**

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

**Geographical Segment**

The Operations of the Company are confined to United States of America.

**4. Related Party Transactions**

**Transactions with related parties during the year (\$):**

	<b>2018-19</b>	<b>2017-18</b>
Expenses paid by GPI-USA on our behalf	150,058	38,981
Loan taken from GPI-USA	10,000,000	-
Interest Payable on Loan taken from GPI-USA	119,515	-
Service income received from Glenmark Pharmaceuticals SA	131,649	304,592



**GLENMARK THERAPEUTICS INC., U.S.A.**

**Related Party Balances (\$):**

	<b>2018-19</b>	<b>2017-18</b>
Investment by Glenmark Holdings S.A.	10,020,000	10,020,000
Payable to Glenmark Pharmaceuticals Inc., USA (Loan & Interest)	(10119,515)	0
Receivable from Glenmark Pharmaceuticals SA	64,126	167,146
Payable to Glenmark Pharmaceuticals Inc., USA	(121,593)	(15,144)

**Key management personnel (including directors of the Company)**

- Mr.P Chinnappa Reddy
- Mr. Robert Matsuk

**5. Comparative Figures**

- a. Previous years' figures have been regrouped/ reclassified where necessary to conform to the presentation adopted in the current year.
- b. The figures in these accounts have been rounded off to the nearest US \$.

**For GLENMARK THERAPEUTICS INC.,USA**



**Director**



**Director**

