

Opinion

We have audited the financial statements of Glenmark Pharmaceuticals Europe Limited (the 'company') for the year ended 31 March 2020 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, 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 2020 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 Strategic Report and the Report of the Directors, 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.

Opinions 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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 Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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)
PBG Associates Limited
Chartered Accountants and Statutory Auditors
65 Delamere Road
Hayes, Middx
UB4 0NN

Date: 23 June 2020

Profit and Loss Account
for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
TURNOVER	2	68,654,276	53,343,182
Cost of sales		<u>49,353,554</u>	<u>33,593,766</u>
GROSS PROFIT		19,300,722	19,749,416
Administrative expenses		<u>18,045,146</u>	<u>18,773,886</u>
		1,255,576	975,530
Other operating income	3	<u>49,955</u>	<u>65,931</u>
OPERATING PROFIT	5	1,305,531	1,041,461
Interest payable and similar expenses	6	<u>(944,433)</u>	<u>(951,610)</u>
PROFIT BEFORE TAXATION		361,098	89,851
Tax on profit	8	<u>66,542</u>	<u>31,574</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>294,556</u></u>	<u><u>58,277</u></u>

Statement of Comprehensive Income
for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		294,556	58,277
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>294,556</u>	<u>58,277</u>

Balance Sheet
31 March 2020

	Notes	2020		2019	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		6,605,798		6,593,074
Tangible assets	10		230,672		299,889
Investment	11		<u>555,415</u>		<u>555,415</u>
			7,391,885		7,448,378
CURRENT ASSETS					
Stocks	12	10,347,726		10,389,146	
Debtors	13	29,698,362		28,835,398	
Cash at bank and in hand		<u>15,230,693</u>		<u>14,316,457</u>	
		55,276,781		53,541,001	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>49,383,166</u>		<u>47,998,435</u>	
NET CURRENT ASSETS			<u>5,893,615</u>		<u>5,542,566</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,285,500</u>		<u>12,990,944</u>
CAPITAL AND RESERVES					
Called up share capital	16	6,285,121		6,285,121	
Retained earnings	17	<u>7,000,379</u>		<u>6,705,823</u>	
SHAREHOLDERS' FUNDS			<u>13,285,500</u>		<u>12,990,944</u>
			<u>13,285,500</u>		<u>12,990,944</u>

The financial statements were approved by the Board of Directors on its behalf by:

23 JUNE 2020
..... and were signed on


.....
Oliver Henry Bourne - Director

Statement of Changes in Equity
for the Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	6,285,121	6,647,546	12,932,667
Changes in equity			
Total comprehensive income	<u>-</u>	<u>58,277</u>	<u>58,277</u>
Balance at 31 March 2019	<u>6,285,121</u>	<u>6,705,823</u>	<u>12,990,944</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>294,556</u>	<u>294,556</u>
Balance at 31 March 2020	<u><u>6,285,121</u></u>	<u><u>7,000,379</u></u>	<u><u>13,285,500</u></u>

Notes to the Financial Statements
for the Year Ended 31 March 2020

1. **ACCOUNTING POLICIES**

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards including financial Reporting Standards including Financial Reporting Standard 102- The Financial Reporting Standards Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been constantly applied to all years presented unless otherwise stated.

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 is wholly owned subsidiary of Glenmark Pharmaceuticals Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in section 33 of FRS 102 from disclosing transactions with Glenmark Pharmaceuticals limited and its wholly owned subsidiaries.

Turnover

Turnover represent the value of goods sold and work carried out in respect of services provided to customers. Turnover is stated net of value added tax and it includes shipping and handling costs, which generally are included in the list price to the customer.

Revenue from sale of goods is recognised when title to the product, ownership and risk have been transferred to the customer, which can be on the date of shipment or the date of receipt by the customer.

Turnover is recorded net of trade promotion and discount, which is recognised as incurred, generally at the time of sale. Accruals for expected promotion and discount payouts to customer are included as accruals in the Balance Sheet.

Revenue from services is recognised on completion of such services. In case of re Out- license services, revenue is recognised on a milestone basis.

Tangible fixed assets

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 25% straight line

Plant and machinery include Computer Equipment, Furniture & fittings and Office Equipment.

Investments

Long-term investments are stated at cost. Provision, where necessary, is made to recognise a permanent diminution in the value of the investments.

Stocks - inventories (finished goods)

Inventories are valued at the lower of weighted average cost and net realizable value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Potential taxation arising from the revaluation of fixed assets is not provided for until there is a firm commitment to sell the asset.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

1. **ACCOUNTING POLICIES - continued**

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalized in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The Interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rental paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

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

Intangible fixed assets

Product development expenditure

Product development expenditure relating to the new and improved products and/or process development is recognised as an intangible asset to the extent that such asset will generate future economic benefits.

Product development expenditure is reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying value may be recoverable.

Product development costs are amortised over the useful life, not exceeding 10 years, once the product to which the expenditure relate is commercialized.

Assets under Construction reflect development costs for the products which are not launched at the year end and therefore these assets have not been amortised.

Software fees

Software fees is amortised over a period of 5 years.

2. **TURNOVER**

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

	2020	2019
	£	£
Sales	68,295,311	53,296,250
Fees	<u>358,965</u>	<u>46,932</u>
	<u>68,654,276</u>	<u>53,343,182</u>
An analysis of turnover by geographical market is given below		
UK	33,407,850	31,616,993
Europe	<u>35,246,426</u>	<u>21,726,189</u>
	<u>68,654,276</u>	<u>53,343,182</u>

All the company's activities are from continued operation during the current year and previous year.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

3. **OTHER OPERATING INCOME**

	2020	2019
	£	£
Misc. Receipts	-	14,201
Interest Income	<u>49,955</u>	<u>51,730</u>
	<u>49,955</u>	<u>65,931</u>

4. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	7,863,728	7,003,621
Social security costs	965,389	876,723
Other pension costs	<u>418,691</u>	<u>512,949</u>
	<u>9,247,808</u>	<u>8,393,293</u>

The average monthly number of employees during the year was as follows:

	2020	2019
Management and administrative	73	69
Sales	<u>16</u>	<u>17</u>
	89	86

5. **OPERATING PROFIT**

The profit/loss before tax is stated after charging:

	2020	2019
	£	£
Other operating leases	334,068	334,070
Depreciation-owned assets	124,437	144,258
Development costs amortisation	976,875	764,780
Auditors remuneration	16,000	16,000
Provision on Stock	147,008	1,829,502
Car Lease	60,370	74,804
Foreign exchange differences losses /(Gain)	<u>892,575</u>	<u>181,390</u>

	2020	2019
	£	£
Directors' remuneration	988,279	952,907
Directors' pension contribution to money purchase schemes	<u>29,697</u>	<u>28,376</u>
	<u>1,017,976</u>	<u>981,283</u>

The number of directors to whom the retirement benefits were accruing:

Money purchase schemes	2	2
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Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc.	676,634	660,927
Pension contribution to money purchase schemes	<u>17,240</u>	<u>16,665</u>
	<u>693,874</u>	<u>677,592</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Finance cost	<u>944,433</u>	<u>951,610</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

7. **AUDITOR'S REMUNERATION**

	2020	2019
	£	£
Fees payable to the company's auditors for the Audit of Company's Financial statements	13,200	13,200
Audit of Financial statements for Non Audit services	<u>2,800</u>	<u>2,800</u>
	<u>16,000</u>	<u>16,000</u>

8. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	66,542	31,574
Excess provision of prior years	-	-
Total current tax	<u>66,542</u>	<u>31,574</u>
Deferred taxation	-	-
Tax on profit	<u>66,542</u>	<u>31,574</u>

Factors affecting the tax charges

	2020	2019
	£	£
Profit before tax	<u>361,098</u>	<u>89,851</u>
Profit on ordinary activities		
Multiplied by the standard rate of corporate tax in UK of 19% (2019-19%)	68,608	17,072
Effects of:		
Capital allowances in excess of Depreciation	(2,066)	(12,200)
Group relief for previous years	-	-
Disallowed expenditure	-	13,296
Group Relief	-	<u>13,406</u>
Current tax charge	<u>66,542</u>	<u>31,574</u>

9. **INTANGIBLE FIXED ASSETS**

	Development costs	Computer software	Totals
	£	£	£
COST			
At 1 April 2019	13,366,422	696,158	14,062,580
Additions	<u>672,509</u>	<u>317,090</u>	<u>989,599</u>
At 31 March 2020	<u>14,038,931</u>	<u>1,013,248</u>	<u>15,052,179</u>
AMORTISATION			
At 1 April 2019	7,426,491	43,015	7,469,506
Amortisation for year	<u>765,744</u>	<u>211,131</u>	<u>976,875</u>
At 31 March 2020	<u>8,192,235</u>	<u>254,146</u>	<u>8,446,381</u>
NET BOOK VALUE			
At 31 March 2020	<u>5,846,696</u>	<u>759,102</u>	<u>6,605,798</u>
At 31 March 2019	<u>5,939,931</u>	<u>653,143</u>	<u>6,593,074</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

10. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2019	145,595	582,977	455,458	1,184,030
Additions	-	-	55,220	55,220
At 31 March 2020	<u>145,595</u>	<u>582,977</u>	<u>510,678</u>	<u>1,239,250</u>
DEPRECIATION				
At 1 April 2019	63,500	505,055	315,586	884,141
Charge for year	<u>28,463</u>	<u>27,030</u>	<u>68,944</u>	<u>124,437</u>
At 31 March 2020	<u>91,963</u>	<u>532,085</u>	<u>384,530</u>	<u>1,008,578</u>
NET BOOK VALUE				
At 31 March 2020	<u>53,632</u>	<u>50,892</u>	<u>126,148</u>	<u>230,672</u>
At 31 March 2019	<u>82,095</u>	<u>77,922</u>	<u>139,872</u>	<u>299,889</u>

11. INVESTMENT

	Total £
Investments in shares of Glenmark Generics SA, Argentina	
COST	
At 1 April 2019 and 31 March 2020	<u>555,415</u>
NET BOOK VALUE	
At 31 March 2020	<u>555,415</u>
At 31 March 2019	<u>555,415</u>

12. STOCKS

	2020 £	2019 £
Finished goods	<u>10,347,726</u>	<u>10,389,146</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	7,400,610	5,014,778
Amounts owed by group undertakings	22,095,278	23,555,180
Prepayments	<u>202,474</u>	<u>265,440</u>
	<u>29,698,362</u>	<u>28,835,398</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

14. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade creditors	3,157,831	1,464,034
Amounts owed to group undertakings	40,247,831	39,782,053
Social security and other taxes	670,698	976,000
Other creditors	55,203	100,025
Accrued expenses	<u>5,251,603</u>	<u>5,676,323</u>
	<u>49,383,166</u>	<u>47,998,435</u>

15. **LEASING AGREEMENTS**

The following are committed future lease payments under operating leases:

	Land and Buildings		Other operating leases	
	2020	2019	2020	2019
	£	£	£	£
Expiring:				
within one year	655,042	382,108	21,926	47,272
between one and five years	2,620,168	2,620,168	13,251	61,666
in more than five years	<u>1,910,539</u>	<u>2,565,581</u>	-	-
	<u>5,185,749</u>	<u>5,567,857</u>	<u>35,177</u>	<u>108,938</u>

16. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
6,285,121	Ordinary Shares	£ 1	<u>6,285,121</u>	<u>6,285,121</u>

17. **RESERVES**

	Retained Earnings £
At 1 April 2019	6,705,823
Profit for the year	<u>294,556</u>
At 31 March 2020	<u>7,000,379</u>

18. **ULTIMATE PARENT COMPANY**

Glenmark Pharmaceuticals Limited (incorporated in India) is regarded by the directors as being the company's ultimate parent company.

The company is a subsidiary of Glenmark Pharmaceuticals Limited, a company incorporated in India, listed on Bombay Stock Exchange and National Stock Exchange of India.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2020

19. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2020	2019
	£	£
Profit for the financial year	294,556	58,277
Net addition to shareholders' funds	-	-
Opening shareholders' fund	<u>12,990,944</u>	<u>12,932,667</u>
Closing shareholders' fund	<u>13,285,500</u>	<u>12,990,944</u>

20. **PREVIOUS YEAR FIGURES**

The previous year figures has been regrouped/ reclassified, whenever necessary, to confirm to the current year presentation.

Trading and Profit and Loss Account
for the Year Ended 31 March 2020

	2020		2019	
	£	£	£	£
Sales		68,654,276		53,343,182
Cost of sales				
Opening stock	10,389,146		8,774,083	
Purchases	46,965,106		31,785,740	
Other direct costs	<u>2,347,028</u>		<u>3,423,089</u>	
	59,701,280		43,982,912	
Closing stock	<u>(10,347,726)</u>		<u>(10,389,146)</u>	
		<u>49,353,554</u>		<u>33,593,766</u>
GROSS PROFIT		19,300,722		19,749,416
Other income				
Misc. Receipts	-		14,201	
Interest Income	<u>49,955</u>		<u>51,730</u>	
		<u>49,955</u>		<u>65,931</u>
		19,350,677		19,815,347
Expenditure				
Salaries	6,875,449		6,050,714	
Rent	334,068		334,070	
Insurance	55,108		38,367	
Light and heat	36,240		33,722	
Rates	96,841		79,660	
Amortisation of intangible fixed assets	976,875		764,780	
Depreciation of tangible fixed assets	124,437		144,258	
Directors' salaries	988,279		952,907	
Directors' pensions contribution	29,697		28,376	
Social security	965,389		876,723	
Pensions	388,994		484,573	
Telephone	105,443		103,854	
Post and stationery	17,596		18,231	
Travelling	690,685		860,852	
Office expenses	44,461		48,797	
Repairs and maintenance	31,919		32,882	
Regulatory costs	1,595,738		1,680,093	
Recruitment expenses	160,992		171,716	
Courier services	15,543		15,392	
Sundry expenses	110,853		113,247	
Service Charges	97,936		25,288	
Loss/(Gain) on sale on FA	-		(280)	
Bank Charges	5,840		8,834	
Car lease	60,370		74,804	
Foreign Exchange (gains)/ loss	892,575		181,390	
Subscriptions	352,130		262,161	
Sales promotion	1,708,820		3,523,866	
Consultancy fees	367,446		311,750	
Other Legal and professional	273,195		667,949	
Auditors' remuneration	<u>16,000</u>		<u>16,000</u>	
Carried forward	17,418,919	19,350,677	17,904,976	19,815,347

This page does not form part of the statutory financial statements

Trading and Profit and Loss Account
for the Year Ended 31 March 2020

	2020		2019	
	£	£	£	£
Brought forward	17,418,919	19,350,677	17,904,976	19,815,347
Recharges from Group Company	<u>626,227</u>		<u>868,910</u>	
		<u>18,045,146</u>		<u>18,773,886</u>
		1,305,531		1,041,461
Finance costs				
Finance cost		<u>944,433</u>		<u>951,610</u>
NET PROFIT		<u><u>361,098</u></u>		<u><u>89,851</u></u>