



GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.
(Registration Number: 201809487R)
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2021**

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

CORPORATE INFORMATION

For the financial year ended 31 March 2021

DIRECTORS

CSABA KANTOR
KAIZAD ADI HAZARI (RESIGNED 15 APRIL 2021)
RINAT LIVNE (APPOINTED 15 SEPTEMBER 2020)

SECRETARY

JULIA KWOK YUNG CHU

REGISTERED OFFICE

6 SHENTON WAY
#38-01 OUE DOWNTOWN
SINGAPORE 068809

AUDITOR

PKF-CAP LLP

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GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

The directors are pleased to present their statement to the member together with the audited financial statements of Glenmark Pharmaceuticals Singapore Pte. Ltd. (the "Company") for the financial year ended 31 March 2021.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Csaba Kantor
Kaizad Adi Hazari (Resigned on 15 April 2021)
Rinat Livne (Appointed on 15 September 2020)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

SHARE OPTIONS

No options to take up unissued shares of the Company were granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company, whether granted before or during the financial year.

There were no unissued shares of the Company under option at the end of the financial year.

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

AUDITOR

The auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Csaba Kantor

Csaba Kantor
Director

17 May 2021



Rinat Livne
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Glenmark Pharmaceuticals Singapore Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out of pages 6 to 26.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD. (CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 our 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD. (CONT'D)**

Report on the Audit of the Financial Statements (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PKF-CAP LLP
Public Accountants and
Chartered Accountants

Singapore

17 May 2021

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Note	2021 SGD	2020 SGD
Revenue	4	2,652,731	3,212,633
Other income		9,615	-
Expenses			
Employee benefits expense	5	(2,232,043)	(2,623,629)
Other operating expenses		(292,366)	(432,611)
Finance cost		(2,339)	(5,902)
Total expenses		<u>(2,526,748)</u>	<u>(3,062,142)</u>
Profit before taxation	6	135,598	150,491
Income tax expense	7	<u>(19,928)</u>	<u>(10,029)</u>
Profit after taxation, representing total comprehensive income for the year		<u>115,670</u>	<u>140,462</u>

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

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 SGD	2020 SGD
Non-current asset			
Plant and equipment	8	17,638	154,031
Current assets			
Trade receivables	9	854,415	1,133,779
Other receivables	10	40,270	64,328
Cash and bank balances	11	209,629	139,178
		<u>1,104,314</u>	<u>1,337,285</u>
Total assets		<u>1,121,952</u>	<u>1,491,316</u>
Non-current liability			
Lease liabilities	12	-	32,283
Current liabilities			
Other payables and accruals	13	103,659	458,825
Provision for taxation	7	17,544	12,936
Lease liabilities	12	18,822	121,015
		<u>140,025</u>	<u>592,776</u>
Net assets		<u>981,927</u>	<u>866,257</u>
Equity			
Share capital	14	650,010	650,010
Retained earnings		331,917	216,247
Total equity		<u>981,927</u>	<u>866,257</u>

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

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

	Share capital SGD	Retained earnings SGD	Total SGD
Balance as at 1 April 2019	650,010	75,785	725,795
Total comprehensive income for the financial year	-	140,462	140,462
Balance as at 31 March 2020	650,010	216,247	866,257
Total comprehensive income for the financial year	-	115,670	115,670
Balance as at 31 March 2021	650,010	331,917	981,927

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

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.**STATEMENT OF CASH FLOWS**

For the financial year ended 31 March 2021

	Note	2021 SGD	2020 SGD
Cash flows from operating activities:			
Profit before taxation		135,598	150,491
Adjustments for:			
Depreciation of plant and equipment	8	2,051	1,523
Depreciation of right-of-use assets	8	103,703	119,017
Gain on lease modification		(864)	-
Interest expense		2,339	5,902
Operating cash flows before changes in working capital		242,827	276,933
Changes in working capital			
Trade receivables		279,364	(587,928)
Other receivables		24,058	(3,902)
Trade and other payables		(355,166)	431,345
Cash generated from operation		191,083	116,448
Tax paid		(15,321)	(7,203)
Net cash generated from operating activities		175,762	109,245
Cash flow from investing activity			
Purchase of plant and equipment	8	(3,819)	-
Net cash used in investing activity		(3,819)	-
Cash flow from financing activity			
Payment of lease liabilities	15	(101,492)	(121,961)
Net cash used in financing activity		(101,492)	(121,961)
Net increase/(decrease) in cash and bank balances		70,451	(12,716)
Cash and bank balances at beginning of financial year		139,178	151,894
Cash and bank balances at end of financial year	11	209,629	139,178

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

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore as a limited private company. The registered office of the Company is located at 6 Shenton Way #38-01 OUE Downtown Singapore 068809.

The principal activities of the Company are sale and marketing of pharmaceutical products. It's main business activity mainly relates to provision of marketing services to its holding Company on a cost-plus basis.

The immediate and ultimate holding company is Glenmark Pharmaceuticals Limited, a company incorporated in India.

2. Significant accounting policies

2.1 Basis of preparation

The Coronavirus Disease 2019 ("COVID-19") pandemic and the aftermath of the pandemic has brought about disruption to the business operations of the Company. It has also led to an unprecedented level of market volatilities and economic uncertainties. These events and conditions have been considered in the preparation of the financial statements as at reporting date.

The financial statements are presented in SGD Dollars ("SGD" or "S\$"), which is the functional currency of the Company.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost basis except as otherwise disclosed in the accounting policies below.

(i) Adoption of new FRS and INT FRS

Accounting policies adopted are consistent with those of the previous financial year, except that in the current financial year, the Company adopted all the new or revised FRS and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

(ii) *Standards issued but not yet effective*

The Company has not applied the following FRS and Amendments to FRS that are relevant to the Company that have been issued but are not yet effective:

	<u>Effective for annual periods beginning on or after</u>
Amendment to FRS 116 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018 - 2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.2 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is measured at the amount expected to be paid to the tax authorities, using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in profit or loss except that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.2 Income taxes (Cont'd)

(ii) *Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Company provides marketing services to its ultimate holding Company. The transactions price is based on cost incurred in providing the services plus a fixed percentage of such costs. Revenue is recognised when services have been rendered.

2.4 Employee benefits

(i) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore which is a defined contribution pension scheme. These contributions are recognised as an employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.4 Employee benefits (Cont'd)

(ii) Employee leave entitlement

Employee entitlement to annual leave is recognised as a liability when it accrues to the employee. The estimated liability for leave is recognised for services rendered by employees up to the reporting date with changes during the reporting year recognised in profit or loss.

2.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and cash at bank.

2.6 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.7 Financial assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company has only financial assets measured at amortised cost during the reporting period and as at reporting date.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.7 Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.8 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, plus directly attributable transaction costs. The Company's financial liabilities comprise trade and other payables. The Company does not have any financial liabilities at fair value through profit or loss.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.9 Plant and equipment

All plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Office equipment	3 years
Computer equipment	5 years
Right-of-use asset (Office)	Over the lease term
Right-of-use asset (Vehicle)	Over the lease term

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.9 Plant and equipment (Cont'd)

Repair and maintenance expenses are taken to profit or loss during the financial year in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company, and depreciated over the remaining useful life of the asset.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Gains or losses on disposal are determined by comparing proceeds with the carrying amount and are included in profit or loss from operations.

2.10 Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs to sell, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.11 Related parties

A related party is defined as follows:

- (i) A person or close family member of the person's family is related to the Company if that person:
- Has control or joint control over the Company;
 - Has significant influence over the Company; or
 - Is a member of the key management personnel of the Company or of a parent of the company.
- (ii) An entity is related to the Company if any of the following conditions apply:
- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
 - The entity is controlled or jointly controlled by a person identified in (i).
 - A person identified in (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.12 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right of control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of Significant Accounting Policies (Cont'd)

2.12 Leases (Cont'd)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date of the underlying assets is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

The Company's right-of-use assets are presented within plant and equipment (Note 8).

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in lease payments (e.g. changes to future payments resulting from a change in an index or rate to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Note 12.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Leases – estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore it uses incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. Revenue

As consideration for the services rendered, the Company earns a service fee income from its ultimate holding Company calculated at 105% of the operating expenses it incurs.

5. Employee benefits expense

	2021	2020
	SGD	SGD
Staff salaries and bonus	1,376,534	2,076,684
Skill development levy	220	227
Other employee benefits	855,289	546,718
	<u>2,232,043</u>	<u>2,623,629</u>

6. Profit before tax

The following items have been included in arriving at profit before tax:-

	Note	2021	2020
		SGD	SGD
Travelling expenses		45,279	178,158
Employee benefits expense	5	2,232,043	2,623,629
Office rental		-	1,769
		<u>-</u>	<u>1,769</u>

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7. Income tax expense

Tax expense attributable to profit is as follows:

	2021	2020
	SGD	SGD
Current income tax:		
- Income tax expense for current financial year	17,544	12,936
- Under/(Over) provision in respect of prior year	2,384	(2,907)
	<u>19,928</u>	<u>10,029</u>

The income tax expense on the result of the financial year differs from the amount of income tax determine by applying the Singapore Standard rate of income tax to the profit before taxation due to the following:-

	2021	2020
	SGD	SGD
Profit before taxation	<u>135,598</u>	<u>150,491</u>
Tax expense calculated at a tax rate of 17%	23,052	25,583
Effect of non-deductible expenses	11,171	-
Effect of partial tax exemption	(17,425)	(13,984)
Under/(Over) provision in respect of prior years	2,384	(2,907)
Others	746	1,337
	<u>19,928</u>	<u>10,029</u>

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Plant and equipment

	Computer equipment	Office equipment	Right of use - Vehicle	Right of use - Office	Total
Cost	SGD	SGD	SGD	SGD	SGD
As at 1 April 2019	3,299	2,587	-	-	5,886
Effect of adopting FRS 116	-	-	111,034	158,323	269,357
As at 31 March 2020	3,299	2,587	111,034	158,323	275,243
Additions	1,913	1,906	-	-	3,819
Effect on lease modification	-	-	(111,034)	-	(111,034)
As at 31 March 2021	5,212	4,493	-	158,323	168,028

Accumulated depreciation

As at 1 April 2019	385	287	-	-	672
Charges for the year	660	863	45,945	73,072	120,540
As at 31 March 2020	1,045	1,150	45,945	73,072	121,212
Charges for the year	818	1,233	30,631	73,072	105,754
Effect on lease modification	-	-	(76,576)	-	(76,576)
As at 31 March 2021	1,863	2,383	-	146,144	150,390

Carrying amount

As at 31 March 2020	2,254	1,437	65,089	85,251	154,031
As at 31 March 2021	3,349	2,110	-	12,179	17,638

9. Trade receivables

	2021 SGD	2020 SGD
Amount due from ultimate holding Company	854,415	1,133,779

The amount due from ultimate holding Company is normally due within 30 days. It is recognised at its original invoice amount which represent its fair value on initial recognition and is denominated in SGD Dollars.

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. Other receivables

	2021	2020
	SGD	SGD
Deposits	14,000	25,142
Prepayments	22,785	36,164
GST receivables	3,485	3,022
	<u>40,270</u>	<u>64,328</u>

The carrying amounts of other receivables approximate their fair values as at the reporting date.

Other receivables are denominated in Singapore dollars.

11. Cash and bank balances

	2021	2020
	SGD	SGD
Cash at bank	<u>209,629</u>	<u>139,178</u>

The carrying amount of cash and bank balances approximate its fair value and is denominated in SGD Dollars.

12. Lease liabilities

	2021	2020
	SGD	SGD
Current lease liabilities	18,822	121,015
Non-current lease liabilities	-	32,283
Total lease liabilities	<u>18,822</u>	<u>153,298</u>

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. Lease liabilities (Cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	At 1 April 2020	Cash flows	Non-cash <u>Movements</u>		At 31 March 2021
	SGD	SGD	Accretion of interests SGD	Modification of lease liabilities SGD	SGD
Liabilities					
Lease liabilities	153,298	(101,492)	2,339	(35,323)	18,822

	At 1 April 2019	Cash flows	Non-cash <u>movements</u> Interest expense	At 31 March 2020
	SGD	SGD	SGD	SGD
Liabilities				
Lease liabilities	269,357	(121,961)	5,902	153,298

13. Other payables and accruals

	2021 SGD	2020 SGD
Other payables	86	12,558
Accrued operating expenses	103,573	446,267
	<u>103,659</u>	<u>458,825</u>

The carrying amounts of other payables and accruals approximate their fair values.

Other payables and accruals are denominated in Singapore dollars.

14. Share capital

	2021		2020	
	Number of ordinary shares	SGD	Number of ordinary shares	SGD
Issued and fully paid ordinary shares:				
As at beginning and end of financial year	650,010	650,010	650,010	650,010

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

14. Share capital (Cont'd)

The ordinary shares have no par value, carry one vote per shares without restrictions and their holders are entitled to receive dividend when declared by the Company.

At 31 March 2021, the Company has no Share Option Scheme.

15. Leases

The Company has lease contracts for vehicle and office. The Company's obligations under the lease are secured by the lessor's title to the leased asset. The Company is restricted from assigning and subleasing the leased asset.

(a) Carrying amount of right-of-use asset classified within plant and equipment

	SGD
At 1 April 2019	269,357
Depreciation	<u>(119,017)</u>
At 31 March 2020	150,340
Depreciation	(103,703)
Effect on lease modification	<u>(34,458)</u>
As at 31 March 2021	<u>12,179</u>

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are disclosed in Note 12.

(c) Amounts recognised in profit or loss

	2021	2020
	SGD	SGD
Depreciation of right-of-use asset	103,703	119,017
Interest expense on lease liabilities	2,339	5,902
Total recognised in profit or loss	<u>106,042</u>	<u>124,919</u>

(d) Total cash outflow

The Company had total cash outflows for lease of S\$101,492 (2020: SGD121,961)

GLENMARK PHARMACEUTICALS SINGAPORE PTE. LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties at terms agreed between the parties:

Transactions with immediate and ultimate holding company

	2021	2020
	SGD	SGD
Service fee income from the ultimate holding Company	2,652,731	3,212,633
Compensation to key management personnel		
Salaries and other short-term benefits	1,770,043	2,616,896

17. Financial risk management objectives and policies

The directors of the Company manage the financial risks of the Company on an informal basis. Corporate governance practices and oversights by top management exist to minimise any financial risks that may arise. Any financial risks that may arise would be minimal due to the nature of the Company's business, other than as disclosed below.

(i) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of the fluctuations in cash flows.

Financial liability of the Company comprises other payables and accruals that have no contractual maturities but are typically settled within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

17. Financial risk management objectives and policies (Cont'd)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss for the Company.

The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company has significant concentration of credit risk since it has only one customer which is the ultimate holding company at reporting date.

In view of the financial strength of the ultimate holding Company, management does not consider the Company's credit risk to be significant.

18. Capital management

The Company's objective when managing capital is to safeguard the Company's abilities to pay its debts as they fall due in order to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. There are no changes to the Company's objectives, policies or processes for the current financial year.

Capital comprises all components of equity, including share capital and retained earnings.

19. Fair value of financial assets and liabilities

The Company has no financial instruments valued using valuation techniques during the financial year and as at the reporting date.

20. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on the date of the directors' statement.