

GLENMARK PHARMACEUTICALS SOUTH AFRICA PROPRIETARY LIMITED
(Registration number 2001/020429/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

These annual financial statements were prepared by:
AF Naberman CA(SA)

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act
71 of 2008.
Issued
18 May 2021

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The manufacturing and distribution of pharmaceutical products
Directors	S Dasguta Dr. A Chopra
Registered office	First Floor Block A 34 Monte Carlo Crescent Kaylami Park Midrand 1686
Business address	First Floor Block A 34 Monte Carlo Crescent Kaylami Park Midrand 1686
Postal address	PO Box 5537 Halfway House 1685
Holding company	Glenmark South Africa Proprietary Limited incorporated in South Africa
Ultimate holding company	Glenmark Pharmaceuticals Limited incorporated in India
Bankers	Standard Bank Limited
Auditors	Mazars
Company registration number	2001/020429/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: AF Naberman CA(SA)
Issued	18 May 2021

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Index

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

	Page
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4 - 6
Practitioner's Compilation Report	7
Directors' Report	8 - 9
Statement of Financial Position	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Accounting Policies	14 - 24
Notes to the Annual Financial Statements	25 - 39
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	40 - 41
Tax Computation	42

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Companies Act of South Africa. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 8 to 39, which have been prepared on the going concern basis were approved by the directors on 18 May 2021 and were signed on their behalf by:



S Dasgupta



Dr. A Chopra

Independent Auditor's Report

To the Shareholder of Glenmark Pharmaceuticals South Africa Proprietary Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Glenmark Pharmaceuticals South Africa Proprietary Limited set out on pages 10 to 39, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Glenmark Pharmaceuticals South Africa Proprietary Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Impact of the outbreak of COVID-19 on the Financial Statements

The South-African economy has been deeply impacted by the COVID-19 pandemic and the resulting nation-wide lockdown which has been in effect since 27 March 2020. After the initial lockdown the government implemented a risk-based lockdown level approach which saw the easing of certain limitations. The impact of the outbreak of COVID-19 had taken place during the financial year of the company and is reflected in its results. However, despite the socio-economic uncertainty, the business managed to generate profits.

We draw attention to the directors' view of the impact of COVID-19 as disclosed in paragraph 10 of the Directors' Report. Whilst the situation is still evolving the directors have reviewed the entity's cash flow forecast for the period to 31 March 2022 and having regard for the current financial position, the directors are satisfied that the entity has access to adequate resources for the continued operational existence of the company for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Glenmark Pharmaceuticals South Africa Proprietary Limited Annual Financial Statements for the year ended 31 March 2021", which includes the Directors' Report as required by the Companies Act of South Africa as well as the Detailed Income Statement and Tax Computation. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine 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, 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.

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 ISAs 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 ISAs, 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 the directors.
- Conclude on the appropriateness of the directors' 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.



Mazars

Partner: Gerhard de Beer

Registered Auditor

1 June 2021

Johannesburg

Practitioner's Compilation Report

To Glenmark Pharmaceuticals South Africa Proprietary Limited

I have compiled the annual financial statements of Glenmark Pharmaceuticals South Africa Proprietary Limited, as set out on pages 10 - 39, based on information you have provided. These financial statements comprise the statement of financial position of Glenmark Pharmaceuticals South Africa Proprietary Limited as at 28 February 2021, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards. I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to me to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with International Financial Reporting Standards.



Virtual CFO
AF Naber
31 May 2021
Pretoria

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Glenmark Pharmaceuticals South Africa Proprietary Limited for the year ended 31 March 2021.

1. Incorporation

The company was incorporated on 28 August 2001 and obtained its certificate to commence business on the same day.

2. Nature of business

Glenmark Pharmaceuticals South Africa Proprietary Limited was incorporated in South Africa and is engaged in the distribution of pharmaceutical products. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

No dividends were declared or paid to the shareholder during the year under review.

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
S Dasguta	Indian	Appointed 15 April 2021
Dr. A Chopra	Indian	Appointed 15 April 2021
K Hazari	Indian	Resigned 15 April 2021
S Vasudevan	Indian	Resigned 15 April 2021

7. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

8. Holding company

The company's holding company is Glenmark South Africa Proprietary Limited which holds 100% (2020: 100%) of the company's equity. Glenmark South Africa Proprietary Limited is incorporated in South Africa.

9. Ultimate holding company

The company's ultimate holding company is Glenmark Pharmaceuticals Limited which is incorporated in India.

**Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Directors' Report**

10. Impact of Covid-19 pandemic

The company was classified as an essential service provider and continued to operate throughout all lockdown levels imposed by the South African Government. The travel and other other restrictions imposed adversely impacted sales of certain product lines, specifically malaria medication. New products were however introduced, which together with strong sales on existing product lines resulted in the company showing a profit for the first time since incorporation.

The pandemic has not significantly impacted the company's ability to collect outstanding amounts from its debtors.

The impact of the pandemic continues to evolve, the directors continue to pay close attention thereto and evaluate its impact on the financial position and operating results.

11. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

12. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

13. Auditors

Mazars continued in office as auditors for the company for 2021.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Statement of Financial Position as at 31 March 2021

Figures in Rand	Notes	2021	2020
Assets			
Current Assets			
Inventories	3	27,124,888	16,380,174
Trade and other receivables	4	31,732,231	44,601,361
Cash and cash equivalents	5	57,655,219	28,446,452
		116,512,338	89,427,987
Non-Current Assets			
Property, plant and equipment	6	218,086	198,265
Intangible assets	7	8,500,000	8,500,000
Right-of-use asset	8	560,469	1,229,002
Deferred tax	9	21,806,442	26,298,715
		31,084,997	36,225,982
Total Assets		147,597,335	125,653,969
Equity and Liabilities			
Liabilities			
Current Liabilities			
Trade and other payables	10	110,211,789	99,368,072
Lease liabilities	11	675,120	706,672
		110,886,909	100,074,744
Non-Current Liabilities			
Lease liabilities	11	-	646,623
Total Liabilities		110,886,909	100,721,367
Equity			
Share capital	12	4,800,400	4,800,400
Loan from parent	13	94,500,000	94,500,000
Retained income		(62,589,974)	(74,367,798)
		36,710,426	24,932,602
Total Equity and Liabilities		147,597,335	125,653,969

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	14	123,586,750	152,952,054
Cost of sales	15	(63,331,494)	(80,930,390)
Gross profit		60,255,256	72,021,664
Other operating gains (losses)	16	13,904,308	(19,593,765)
Other operating expenses		(58,460,081)	(53,367,559)
Operating profit (loss)	17	15,699,483	(939,660)
Investment income	18	669,779	856,195
Finance costs	19	(99,165)	(160,600)
Profit (loss) before taxation		16,270,097	(244,065)
Taxation	20	(4,492,273)	78,232
Profit (loss) for the year		11,777,824	(165,833)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		11,777,824	(165,833)

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Loan from parent	Retained income	Total equity
Balance at 01 April 2019	500	4,799,900	4,800,400	94,500,000	(74,201,965)	25,098,435
Loss for the year	-	-	-	-	(165,833)	(165,833)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	-	(165,833)	(165,833)
Balance at 01 April 2020	500	4,799,900	4,800,400	94,500,000	(74,367,798)	24,932,602
Profit for the year	-	-	-	-	11,777,824	11,777,824
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	11,777,824	11,777,824
Balance at 31 March 2021	500	4,799,900	4,800,400	94,500,000	(62,589,974)	36,710,426
Notes	12	12	12			

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash generated from operations	21	29,439,141	12,706,195
Interest income		669,779	856,195
Finance costs		-	-
Net cash from operating activities		30,108,920	13,562,390
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(122,813)	(77,538)
Sale of property, plant and equipment	6	-	150
Net cash from investing activities		(122,813)	(77,388)
Cash flows from financing activities			
Payment on lease liabilities		(777,340)	(706,674)
Total cash movement for the year		29,208,767	12,778,328
Cash at the beginning of the year		28,446,452	15,668,124
Total cash at end of the year	5	57,655,219	28,446,452

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, indefinite useful life intangible assets are tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows are prepared for each group of assets. Expected future cash flows used to determine the value-in-use of intangible assets are inherently uncertain and could materially change over time.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of property, plant and equipment are determined based on company replacement policies for the various assets. Individual assets which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1.3 Property, plant and equipment (continued)

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write-off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	5 years
Office equipment	Straight line	5 years
Computer software	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Intangible asset acquired separately are measured on initial recognition at cost and following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1.4 Intangible assets (continued)

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The residual value, useful life and amortisation method for intangible assets are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Gains and losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss on derecognition.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Intellectual property rights purchased (Covarex)	Indefinite

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost.

Financial liabilities:

- Amortised cost.

Note 24 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

1.5 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 4).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 16).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 4).

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 24 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 16).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 10).

Cash and cash equivalents

Cash refers to cash on hand and demand deposits with banks and other financial institutions.

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are stated at carrying amount which is deemed to approximate amortised cost.

Cash and cash equivalents expose the company to credit risk. Refer to note 24 for details of risk exposure and management thereof.

**Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies**

1.5 Financial instruments (continued)

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and/or unutilised capital allowances to the extent that it is probable that future taxable profit will be available against which the unused tax losses and/or unutilised capital allowances can be utilised. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1.6 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the entity should assess whether:

- The contract involves the use of an identified asset;
- The right to obtain all the economic benefits from the use of the asset throughout the period of use; and
- The entity has the right to direct the use of the asset. The entity has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Lessee

A lease liability and corresponding right-of-use assets are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expenses (note 16) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies

1.7 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Right-of-use assets

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct cost.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the period of the lease term. If a lease transfers ownership of the underlying asset or the cost of the right-to-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease

The depreciation charge for every year is recognised in profit or loss.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost formula.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Loans from the parent company which are repayable at the discretion of the subsidiary are classified as equity.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those expended to be settled wholly before 12 months after the end of the annual reporting period in which the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as the related service is rendered.

**Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Accounting Policies**

1.12 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Sales of goods - pharmaceutical products

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Consideration payable to a customer is treated as a reduction of revenue unless the payment to a customer is in exchange for a distinct goods or service. Logistic fees, advertising and marketing allowances, data sharing fees and other related allowances payable to customers are offset against revenue. The company recognises revenue when it transfers control of a product or service to a customer.

Sale of goods - pharmaceutical products

The company sells pharmaceutical products to leading wholesale and retail pharmacies in South Africa.

Revenue is recognised when the control of the goods are transferred, being at the point where the customer takes possession of the pharmaceutical products.

Interest is recognised in profit and loss, using the effective interest method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

There were no new standards nor amendments to standards and interpretations applicable for the first time during the year under review which had a material impact on the financial statements.

2.2 Standards and Interpretations early adopted

The company has chosen not to early adopt any new standards or interpretations.

2.3 Standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not effective for the 31 March 2021 reporting period. These standards are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

3. Inventories

Pharmaceutical products	27,124,888	13,667,415
Packaging material	-	2,712,759
	27,124,888	16,380,174

4. Trade and other receivables

Financial instruments:

Trade receivables	30,883,089	44,361,660
-------------------	------------	------------

Non-financial instruments:

Deposits	239,701	239,701
VAT	609,441	-

Total trade and other receivables	31,732,231	44,601,361
--	-------------------	-------------------

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The company only deals with a relatively small number of large enterprises that have never defaulted on payments. Forward looking information does not provide any indicators that this will change. Accordingly no provision for expected credit losses were recognised.

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
4. Trade and other receivables (continued)		
Rand Amount		
Rand	30,871,346	44,070,549
US Dollar	11,743	291,111
	30,883,089	44,361,660
Foreign currency amount		
US Dollar	790	16,255
Rand per unit of foreign currency:		
US Dollar	14.864	17.910
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	57,655,219	28,446,452

All the company's bank balances are denominated in South African Rand.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

6. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	95,428	(93,108)	2,320	95,428	(79,020)	16,408
Office equipment	486,014	(270,953)	215,061	363,202	(186,817)	176,385
Computer software	23,836	(23,131)	705	23,836	(18,364)	5,472
Total	605,278	(387,192)	218,086	482,466	(284,201)	198,265

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	16,408	-	(14,088)	2,320
Office equipment	176,385	122,813	(84,137)	215,061
Computer software	5,472	-	(4,767)	705
	198,265	122,813	(102,992)	218,086

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	47,663	-	(12,756)	(18,499)	16,408
Office equipment	161,984	77,538	-	(63,137)	176,385
Computer software	10,336	-	(97)	(4,767)	5,472
	219,983	77,538	(12,853)	(86,403)	198,265

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand **2021** **2020**

7. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Intellectual property rights purchased (Covarex)	8,500,000	-	8,500,000	8,500,000	-	8,500,000

Reconciliation of intangible assets - 2021

	Opening balance	Total
Intellectual property rights purchased (Covarex)	8,500,000	8,500,000

Reconciliation of intangible assets - 2020

	Opening balance	Total
Intellectual property rights purchased (Covarex)	8,500,000	8,500,000

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

7. Intangible assets (continued)

Impairment testing for indefinite useful life intangible assets

The useful life of the product development cost (Covarex) is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the company.

An impairment assessment is performed on indefinite useful life intangible assets annually, or more frequently if there are indicators that the balance might be impaired. Finite useful life intangible assets are reviewed annually, but only assessed for impairment when there are indicators that the balance might be impaired. Impairment testing is performed by comparing the recoverable amount to the carrying value of the intangible asset.

The recoverable amount of cash generating units are determined as the higher of value in use and fair value less costs to sell.

Value in use:

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management. The estimated future cash flows and discount rates are pre-tax based on assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:

- an assessment of products in question against existing market conditions taking into account past performance.

Key assumptions on the impairment test for indefinite useful life assets were as follows:

Product	Carrying value	Period covered by forecast	Average growth in turnover	Weighted Average cost of capital (% per annum)
Covarex	8,500,000	4 years	0%	21.71 %

Cash flows were projected based on actual operating results and forecasts as listed above.

A sensitivity analysis has been performed adjusting the growth rate by 1%. This analysis did not result in any material impact on the valuation of the product development cost (Covarex).

8. Right-of-use asset

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right-of-use of asset	1,899,367	(1,338,898)	560,469	1,899,367	(670,365)	1,229,002

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand 2021 2020

8. Right-of-use asset (continued)

Reconciliation of right-of-use asset - 2021

	Opening balance	Depreciation	Total
Right-of-use asset	1,229,002	(668,533)	560,469

Reconciliation of right-of-use asset - 2020

	Opening balance	Additions	Depreciation	Total
Right-of-use asset	-	1,899,367	(670,365)	1,229,002

The right of use asset relates to the lease of the office building. The lease term is 3 years.

9. Deferred tax

Deferred tax liability

IFRS 16 Right -of-use asset		(156,932)	(344,121)
-----------------------------	--	-----------	-----------

Deferred tax asset

Temporary differences on leave pay provision		265,321	143,794
IFRS 16 Lease liability		189,034	378,923
Deferred tax balance from temporary differences other than unused tax losses		454,355	522,717
Tax losses available for set off against future taxable income		21,509,019	26,120,119
		21,963,374	26,642,836
Total deferred tax asset		21,963,374	26,642,836

There is no expiry date on the assessed tax losses. The entity expects to utilise the assessed loss against future taxable earnings.

Deferred tax liability		(156,932)	(344,121)
Deferred tax asset		21,963,374	26,642,836
Total net deferred tax asset		21,806,442	26,298,715

10. Trade and other payables

Financial instruments:

Trade payables		108,475,808	96,539,429
Accrued expenses		1,078,000	572,800

Non-financial instruments:

Payroll liabilities		657,981	560,913
VAT		-	1,694,930
		110,211,789	99,368,072

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
10. Trade and other payables (continued)		
Exposure to currency risk		
The company is exposed to currency risk related to trade payables because certain wholesale transactions are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The currency in which the company deals primarily is US Dollars.		
There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.		
The net carrying amounts, in Rand, of trade and other payables, excluding non-financial instruments, are denominated in the following currencies.		
Rand Amount		
Rand	10,180,577	11,067,163
US Dollar	99,359,259	88,300,910
New Zealand Dollar	671,953	-
	110,211,789	99,368,073
Foreign currency amount		
US Dollar	6,690,947	4,930,472
New Zealand Dollar	64,600	-
Rand per unit of foreign currency:		
US Dollar	14.830	17.910
New Zealand Dollar	10.370	-
11. Lease liabilities		
Minimum lease payments due		
- within one year	700,880	777,340
- in second to fifth year inclusive	-	700,880
	700,880	1,478,220
less : future finance charges	(25,760)	(124,925)
Present value of minimum lease payments	675,120	1,353,295
Non-current liabilities	-	646,623
Current liabilities	675,120	706,672
	675,120	1,353,295
12. Share capital		
Authorised		
1,000 Ordinary shares of R1 each	1,000	1,000
Issued		
500 Ordinary shares of R1 each	500	500
Share premium	4,799,900	4,799,900
	4,800,400	4,800,400

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
13. Loan from parent		
Glenmark South Africa Proprietary Limited	94,500,000	94,500,000
The loan is unsecured, bears no interest and is repayable at the discretion of the subsidiary.		
14. Revenue		
Revenue from contracts with customers		
Sale of goods - pharmaceutical products	194,070,390	234,219,824
Amounts payable to customers - distribution fees, logistic fees and other allowances	(70,483,640)	(81,267,770)
	123,586,750	152,952,054
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition		
At a point in time		
Sale of goods - pharmaceutical products	194,070,390	234,219,824
Amounts payable to customers - distribution fees, logistic fees and other allowances	(70,483,640)	(81,267,770)
	123,586,750	152,952,054
15. Cost of sales		
Sale of goods	58,250,090	75,695,626
Freight charges	4,374,458	3,742,312
Expired products	706,946	1,492,452
	63,331,495	80,930,390
16. Other operating gains (losses)		
Gains (losses) on disposals, scrappings and settlements		
Property, plant and equipment	6	- (12,703)
Fair value gains (losses)		
Foreign exchange profits (losses)	13,904,308	(19,581,062)
Total other operating gains (losses)	27,808,616	(39,174,827)
17. Operating profit (loss)		
Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external		
Statutory and quality related audit fees	295,166	274,855
Tax and secretarial services	-	8,976
	295,166	283,831

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
17. Operating profit (loss) (continued)		
Remuneration, other than to employees		
Professional services	2,342,840	9,199,480
Legal fees	-	51,028
	<u>2,342,840</u>	<u>9,250,508</u>
Employee costs		
Salaries, wages, bonuses and other benefits	22,935,783	18,557,799
Retirement benefit plans: defined contribution expense	1,118,355	733,050
Total employee costs	<u>24,054,138</u>	<u>19,290,849</u>
Leases		
Operating lease charges		
Small assets	47,268	145,620
Depreciation and amortisation		
Depreciation of property, plant and equipment	102,992	86,403
Depreciation of right-of-use assets	668,533	670,365
Total depreciation and amortisation	<u>771,525</u>	<u>756,768</u>
Other		
Advertising	13,844,026	12,216,929
Distribution cost	4,119,145	6,172,380
Promotions	3,961,291	901,072
Donations	3,028,946	78,000
Drug registration fees	1,585,945	189,014
18. Investment income		
Interest income		
Bank and other cash	669,779	856,195
19. Finance costs		
Lease liability under IFRS 16	99,165	160,600

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
20. Taxation		
Major components of the tax (income) expense		
Deferred		
Originating and reversing temporary differences	4,492,273	(78,232)
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting (loss) profit	16,270,097	(244,065)
Tax at the applicable tax rate of 28% (2020: 28%)	4,555,627	(68,338)
Tax effect of adjustments on taxable income		
Non-deductible expenses	-	21,840
Learnership allowances	(63,354)	(31,734)
	4,492,273	(78,232)

No provision has been made for 2021 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 76,817,908 (2020: R 93,286,140).

21. Cash generated from operations

Profit (loss) before taxation	16,270,097	(244,065)
Adjustments for:		
Depreciation	771,525	756,768
Losses on disposals, scrappings and settlements of assets and liabilities	-	12,703
Interest income	(669,779)	(856,195)
Finance costs	99,165	160,600
Changes in working capital:		
Inventories	(10,744,714)	4,496,641
Trade and other receivables	12,906,860	13,266,795
Trade and other payables	10,805,987	(4,887,052)
	29,439,141	12,706,195

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

22. Related parties

Relationships		
Ultimate holding company	Glenmark Pharmaceuticals Limited	
Holding company	Glenmark South Africa Proprietary Limited	
Fellow subsidiaries	Glenmark Pharmaceuticals Kenya Proprietary Limited	
	Glenmark Specialities SA	

Related party balances

Loan accounts - Owing (to) by related parties		
Glenmark South Africa Proprietary Limited	(94,500,000)	(94,500,000)
Amounts included in trade receivables regarding related parties		
Glenmark Pharmaceuticals Kenya Proprietary Limited	-	291,111
Amounts included in trade payables regarding related parties		
Glenmark Pharmaceuticals Limited	(85,606,671)	(88,300,910)
Glenmark Specialities SA	(13,652,588)	-

Related party transactions

Sales to related parties		
Glenmark Pharmaceuticals Kenya Proprietary Limited	876,368	1,169,407
Purchases from related parties		
Glenmark Pharmaceuticals Limited	30,901,038	46,746,957
Glenmark Pharmaceuticals Kenya Proprietary Limited	-	164,295
Glenmark Specialities SA	14,002,909	-

23. Directors' and prescribed officer's emoluments

Prescribed officers	Emoluments	Total
2021		
For services rendered	3,006,231	3,006,231
2021		
For services rendered	3,814,249	3,814,249

Prescribed officers are involved in the strategic and operational processes of the company.

No emoluments were paid to the directors during the year from the company.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020
-----------------	------	------

24. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Notes	Amortised cost	Total
Trade and other receivables	4	30,883,089	30,883,089
Cash and cash equivalents	5	57,655,219	57,655,219

2020

	Notes	Amortised cost	Total
Trade and other receivables	4	44,361,660	44,361,660
Cash and cash equivalents	5	28,446,452	28,446,452

Categories of financial liabilities

2021

	Notes	Amortised cost	Total
Trade and other payables	10	109,553,807	109,553,807

2020

	Notes	Amortised cost	Total
Trade and other payables	10	97,112,229	97,112,229

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand

2021

2020

24. Financial instruments and risk management (continued)

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Foreign exchange risk.

The directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on loans receivable and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand **2021** **2020**

24. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	4	30,883,089	-	30,883,089	44,361,660	-	44,361,660
Cash and cash equivalents	5	57,655,219	-	57,655,219	28,446,452	-	28,446,452
		88,538,308	-	88,538,308	72,808,112	-	72,808,112

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company manages liquidity risk by reviewing future commitments and credit facilities to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The table below analyses the company's financial liabilities relevant maturity groupings based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Notes to the Annual Financial Statements

Figures in Rand	2021	2020	
24. Financial instruments and risk management (continued)			
2021			
	Less than 1 year	Total	
Current liabilities			
Trade and other payables	108,475,806	108,475,806	
Lease liabilities	700,880	700,880	
	<u>108,475,806</u>	<u>108,475,806</u>	
2020			
	Less than 1 year	1 to 2 years	Total
Non-current liabilities			
Lease liabilities	-	700,880	700,880
Current liabilities			
Trade and other payables	10 96,539,429	-	96,539,429
Lease liabilities	777,340	-	777,340
	<u>(97,316,769)</u>	<u>(700,880)</u>	<u>(98,017,649)</u>

Foreign currency risk

Details of foreign currency risk exposure are contained in the relevant notes throughout these financial statements.

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Detailed Income Statement

Figures in Rand	Notes	2021	2020
Revenue	14	123,586,750	152,952,054
Cost of sales	15	(63,331,494)	(80,930,390)
Gross profit		60,255,256	72,021,664
Other operating gains (losses)			
Loss on disposal of assets		-	(12,703)
Foreign exchange gains (losses)		13,904,308	(19,581,062)
	16	13,904,308	(19,593,765)
Expenses (Refer to page 41)		(58,460,081)	(53,367,559)
Operating profit (loss)	17	15,699,483	(939,660)
Investment income	18	669,779	856,195
Finance costs	19	(99,165)	(160,600)
Profit (loss) before taxation		16,270,097	(244,065)
Taxation	20	(4,492,273)	78,232
Profit (loss) for the year		11,777,824	(165,833)

Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021
Detailed Income Statement

Figures in Rand	Notes	2021	2020
Other operating expenses			
Advertising		(13,844,026)	(12,216,929)
Audit fees	17	(295,166)	(283,831)
Bank charges		(89,959)	(78,525)
Computer expenses		(266,511)	(58,969)
Consumables		-	(19,811)
Depreciation property, plant and equipment		(102,992)	(86,403)
Depreciation right-of-use assets		(668,533)	(670,365)
Distribution cost		(4,119,145)	(6,172,380)
Donations		(3,028,946)	(78,000)
Drug registration fee		(1,585,945)	(189,014)
Employee costs		(24,054,138)	(19,290,849)
Insurance		(108,580)	(86,550)
Lease rentals on operating lease		(47,268)	(145,620)
Legal fees		-	(51,028)
Motor vehicle expenses		(745,722)	(842,207)
Organisational and agency cost		(32,387)	(153,081)
Postage		(137,829)	(10,991)
Printing and stationery		-	(76,521)
Professional fees		(2,342,840)	(9,199,480)
Promotions		(3,961,291)	(901,072)
Recruitment		(465,052)	-
Repairs and maintenance		(8,586)	(220,818)
Royalties and license fees		(814,270)	(464,595)
Security		(6,467)	(5,924)
Staff welfare		(152,326)	(282,461)
Subscriptions		(174,408)	-
Sundry staff expenses		-	(54,993)
Telephone and fax		(357,847)	(278,287)
Training		(133,575)	(11,317)
Transport and freight		(73,987)	(152,398)
Travel - local		(749,250)	(1,052,026)
Travel - overseas		(9,247)	(123,897)
Utilities		(83,788)	(109,217)
		(58,460,081)	(53,367,559)

Glenmark Pharmaceuticals South Africa Proprietary Limited
 (Taxpayer reference number)
(Registration number: 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2021

Tax Computation

Figures in Rand	2021
Net profit per income statement	16,270,097
Permanent differences (Non-deductible/Non taxable items)	
Registered learnerships - Section 12H allowances	(226,667)
Temporary differences	
Depreciation - Property, plant and equipment	102,992
Depreciation - Right of Use Asset	668,553
Finance costs - Lease liabilities	99,565
Leave pay provision - current year	947,573
Wear and tear	(102,992)
Leave pay provision - prior year	(513,549)
Lease payments	(777,340)
	424,802
Calculated tax profit for the year	16,468,232
Assessed loss brought forward	(93,286,140)
Assessed loss for 2021 - carried forward	(76,817,908)
Tax thereon @ 28% in the Rand	-