

**GLENMARK PHARMACEUTICALS (KENYA) LIMITED**

**ANNUAL REPORTS & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2021**

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Annual Report and Financial Statements*  
*For the year ended 31st March 2021*

---

**CONTENTS**

	<b>PAGE</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Statement of Directors' Responsibilities</b>	<b>3</b>
<b>Report of the Independent Auditor</b>	<b>4 - 5</b>
<b>Financial Statements</b>	
<b>Statement of Comprehensive Income</b>	<b>6</b>
<b>Statement of Financial Position</b>	<b>7</b>
<b>Statement of Changes in Equity</b>	<b>8</b>
<b>Statement of Cash Flows</b>	<b>9</b>
<b>Notes</b>	<b>10 - 16</b>

**The following does not form an integral part of these Financial Statements:**

**Schedule of Operating Expenditure**

**Appendix I & II**

**COMPANY INFORMATION**

**Board of directors**

Kaizad Hazari (Resigned w.e.f. 15th April'21)  
Sujesh Vasudevan (Resigned w.e.f. 15th April'21)  
Dr. Alok Chopra (Appointed w.e.f. 15th April'21)  
Suprio Dasgupta (Appointed w.e.f. 15th April'21)  
Dr. Catherine Mwendwa Maina

**Company Registrars**

Phoenix Registrars Ltd  
P. O. Box 489-00606  
Nairobi.

**Registered office**

L.R. No. 1870/01/210  
3rd Floor, Corner Plaza Building  
Corner Plaza, Westlands  
Parklands Road.  
P.O. Box 489-00606  
Nairobi,  
Kenya.

**Auditor**

Shah & Associates  
Certified Public Accountants,  
P.O.Box 487-00606,  
Nairobi,  
Kenya.

**Principal bankers**

Bank of India Limited  
P.O. Box 69  
Kenya.

Diamond Trust Bank Kenya Ltd  
Ground Floor,  
09 West Building,  
Westlands, Nairobi

*Glenmark Pharmaceuticals (Kenya) Ltd  
Annual Report and Financial Statements  
For the year ended 31st March 2021*

---

**REPORT OF THE DIRECTORS**

The Directors submit their report together with the Audited Financial Statements for the year ended 31st March 2021.

**PRINCIPAL ACTIVITIES**

The Company Imports, Markets and Distributes Pharmaceutical Products.

**RESULTS FOR THE YEAR**

	<u>Ksh</u>
Profit before tax	39,997,017
Tax	<u>(7,034,128)</u>
Profit for the year transferred to retained earnings	<u><u>32,962,889</u></u>

**DIVIDENDS**

The Directors do not recommend the declaration of a Dividend for the year.

**DIRECTORS**

The Directors who held office at the date of this report are shown on Page 1.

**DISCLOSURE OF INFORMATION TO AUDITORS**

With respect to each Director at the time this report was approved:

- a) there is, so far as the Director is aware, no relevant audit information of which the company's Auditor is unaware; and
- b) the Director has taken all the steps the Director ought to have taken as a Director so as to be aware of any relevant Audit information and to establish that the Company's Auditor is aware of that information

**AUDITORS**

The Auditor, Shah & Associates, having expressed their willingness, will continue in office in accordance with section 719 of the Companies Act 2015.

**By Order of the Board**

 .....  


**DIRECTOR**

DATE.....18<sup>th</sup> May.....2021

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Kenyan Companies Act, 2015 requires the Directors to prepare Financial Statements for each Financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the company maintains proper accounting records that are sufficient to show and explain the transactions of the company and disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the company, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the preparation and presentation of these Financial Statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The Directors acknowledge that the Independent Audit of the Financial Statements does not relieve them of their responsibilities.

Approved by the Board of Directors on ..... 18<sup>th</sup> May ..... 2021 and signed on its behalf by:

*Ahona*

.....

**Director**

*Aluph*

.....

**Director**

**Glenmark Pharmaceuticals (Kenya) Limited**  
**Report of the Independent Auditor to the Members of Glenmark Pharmaceuticals (Kenya) Limited**  
**For the year ended 31st March 2021**

---

**Opinion**

We have Audited the accompanying Financial Statements of Glenmark Pharmaceuticals (Kenya) Limited , set out on pages 6 to 17, which comprise the Statement of Financial Position as at 31st March 2021, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying Financial Statements give a true and fair view of the financial position of the company as at 31st March 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

**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 *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Directors are responsible for the other information. Other information comprises the information included in the Annual Report, but 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 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.

**Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, 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.

**Glenmark Pharmaceuticals (Kenya) Limited**

**Report of the independent auditor to the members of Glenmark Pharmaceuticals (Kenya) Limited**

**For the year ended 31st March 2021**

**Auditor's responsibilities for the audit of the financial statements(continued)**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional

- 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.
- 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 the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal requirements**

In our opinion the information given in the report of the Directors on page 2 is consistent with the Financial Statements

*Shah & Associates*

**Shah and Associates**

**Certified Public Accountants**

**Nairobi**

..... 19<sup>th</sup> May ..... 2021

**The Engagement Partner Responsible for the Audit resulting in this Independent Auditor's Report is CPA  
Pratul Chandra Chandaria, Practising Certificate No.213**

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Annual Report and Financial Statements*  
*For the year ended 31st March 2021*

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>Note</b>	<b>2020-21 Ksh</b>	<b>2019-20 Ksh</b>
Sales	<b>4</b>	1,596,075,677	1,398,549,990
Cost of Sales		(748,889,009)	(646,828,189)
<b>Gross Profit</b>		<b>847,186,668</b>	<b>751,721,801</b>
Other Income	<b>5</b>	(95,090)	35,600
Selling & Distribution Expenses		(339,492,664)	(324,682,111)
Administrative Expenses		(353,582,752)	(353,221,564)
Other Operating Expenses		(22,366,336)	(23,166,261)
<b>Operating Profit</b>	<b>6</b>	<b>131,649,826</b>	<b>50,687,465</b>
Finance Costs	<b>7</b>	(91,652,810)	(80,442,393)
<b>Profit/(Loss) before Tax</b>		<b>39,997,017</b>	<b>(29,754,928)</b>
Tax	<b>8</b>	(7,034,128)	2,624,012
<b>Profit/(Loss)for the Year</b>		<b>32,962,889</b>	<b>(27,130,916)</b>
<b>Total Comprehensive Income for the Year</b>		<b>32,962,889</b>	<b>(27,130,916)</b>



**Glenmark Pharmaceuticals (Kenya) Ltd**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2021**

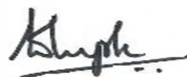
**STATEMENT OF FINANCIAL POSITION**

	Note	2020-21 Ksh	2019-20 Ksh
<b>EQUITY</b>			
Share Capital	10	156,040,000	156,040,000
Retained Earnings	10	97,476,814	64,513,925
<b>SHAREHOLDERS' FUNDS</b>		<b>253,516,814</b>	<b>220,553,925</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	219,020,000	209,385,200
Lease Liability		34,043,817	39,130,977
		<b>253,063,817</b>	<b>248,516,177</b>
		<b>506,580,631</b>	<b>469,070,102</b>
<b>REPRESENTED BY</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	12	6,579,608	6,087,477
Intangible Assets and Right to Use Asset	13	62,048,546	72,512,595
Deferred Tax	9	44,678,176	27,913,959
		<b>113,306,330</b>	<b>106,514,032</b>
<b>CURRENT ASSETS</b>			
Inventories	14	15,766,059	45,634,040
Trade Receivables	15	1,534,123,586	1,475,253,793
Cash at Bank and in Hand	16	124,223,407	94,947,398
Tax Recoverable		7,216,332	104,677
		<b>1,681,329,385</b>	<b>1,615,939,908</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	17	1,203,636,763	1,181,923,739
Other Current Financial Liabilities	18	46,500,507	40,195,413
Other Current Liability	19	37,917,814	31,264,686
		<b>1,288,055,084</b>	<b>1,253,383,838</b>
<b>NET CURRENT ASSETS</b>		<b>393,274,301</b>	<b>362,556,070</b>
		<b>506,580,631</b>	<b>469,070,102</b>

The Financial Statements on pages 6 to 17 are approved for issue by the Board of Directors on ..... 2021 and were signed on its behalf by:



DIRECTOR



DIRECTOR

The Notes on Pages 9 to 17 form an integral part of these Financial Statements

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Annual Report and Financial Statements*  
*For the year ended 31st March 2021*

**10. STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital Ksh</b>	<b>Retained earnings Ksh</b>	<b>Total Ksh</b>
<b>As at 1st April 2019</b>	156,040,000	91,644,841	247,684,841
Loss for the Year	0	(27,130,916)	(27,130,916)
Other Comprehensive Income	0	0	0
Total Comprehensive Income	0	(27,130,916)	(27,130,916)
<b>At 31st March 2020</b>	<b>156,040,000</b>	<b>64,513,925</b>	<b>220,553,925</b>
<b>As at 1st April 2020</b>	156,040,000	64,513,925	220,553,925
Profit for the Year	0	32,962,889	32,962,889
Other Comprehensive Income	0	0	0
Total Comprehensive Income	0	32,962,889	32,962,889
<b>At 31st March 2021</b>	<b>156,040,000</b>	<b>97,476,814</b>	<b>253,516,814</b>

**Glenmark Pharmaceuticals (Kenya) Ltd**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2021**

**STATEMENT OF CASH FLOWS**

	Note	2020-21 Ksh	2019-20 Ksh
<b>Cash Flows from Operating Activities</b>			
<b>Profit/(Loss) before Tax</b>		<b>39,997,017</b>	<b>(29,754,928)</b>
<b>Adjustments for:</b>			
Depreciation of Property, Plant and Equipment	12	1,924,283	2,090,726
Amortisation of Intangible Assets	13	1,321,351	1,811,714
Amortisation of Right to use Asset	13	9,142,698	5,762,950
Loss/(Gain) on Disposal of Plant, Property and Equipment		95,090	(35,600)
Unrealised Exchange Loss		28,068,284	52,504,302
Interest expense	7	19,506,309	24,676,551
Interest- Lease	7	5,746,026	3,970,831
<b>Operating profit/(loss) before working capital changes</b>		<b>105,801,058</b>	<b>61,026,546</b>
<b>Decrease / (Increase) in:</b>			
Inventories		29,867,981	(44,395,945)
Trade and other receivables		(58,869,794)	932,315
<b>Increase / (Decrease) in:</b>			
Trade and other payables		5,487,165	124,126
Other Current and Financial Liabilities		11,677,340	45,020,905
<b>Cash generated from operations</b>		<b>93,963,749</b>	<b>62,707,946</b>
Tax Paid		(30,910,000)	(13,640,000)
<b>Net Cash Generated/(Used In) Operating Activities</b>		<b>63,053,749</b>	<b>49,067,946</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, Plant and Equipment	12	(2,604,304)	(1,682,505)
Intangible Assets	13	0	(2,000,000)
Disposals of Property Plant and Equipment		92,800	35,600
<b>Net Cash Generated / (Used) in Investing Activities</b>		<b>(2,511,504)</b>	<b>(3,646,905)</b>
<b>Cash Flows from Financing Activities</b>			
Interest Paid		(19,506,309)	(24,676,551)
Payment of Lease Liabilities		(11,759,928)	(7,186,788)
<b>Net Cash Generated from Financing Activities</b>		<b>(31,266,237)</b>	<b>(31,863,339)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>29,276,009</b>	<b>13,557,701</b>
<b>Cash and Cash Equivalents at start of the year</b>		<b>94,947,398</b>	<b>81,389,697</b>
<b>Cash and Cash Equivalents at 31st March 2021</b>		<b>124,223,407</b>	<b>94,947,398</b>

## NOTES TO ACCOUNTS

### 1. General Information

Glenmark Pharmaceutical Kenya Limited is Domiciled in Kenya where it is Incorporated under the Kenyan Companies Act as a Private Company Limited by Shares. The address of its registered office shown on page 1 and the principal place of business is 9West Building in Westlands, Nairobi. The Principal Activities are that of Importing, Marketing and Distributing of Pharmaceutical Products.

For Kenyan Companies Act reporting purposes, the Balance Sheet is represented by the Statement of Financial Position and the Profit and Loss account by the Statement of Comprehensive Income, in these Financial Statements.

### 2. Basis of preparation and summary of significant accounting policies

The Principal Accounting Policies adopted in the preparation of these Financial Statements are set out below:

#### a) Basis of preparation

The Financial Statements are prepared in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Ksh).

The preparation of Financial Statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of estimates and assumptions. It also requires Management to exercise its judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates.

#### b) Revenue Recognition

Sales represent the fair value of consideration received or receivable for the sale of goods, and are stated net of Value Added Tax, rebates and trade discounts.

Sale of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and the collectibility of the related receivables are reasonably assured.

#### c) Property, Plant and Equipment

Items of property, Plant and Equipment, including Investment Property, are measured at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the Straight Line method. The following annual rates are used for the depreciation of property, plant and equipment:

	<u>Rate - %</u>
Furniture & Fittings	12.5
Computers, Copiers & Office Equipments	20
Vehicles	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

Property, Plant and Equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**NOTES TO ACCOUNTS (CONTINUED)**

**2. Basis of Preparation and Summary of Significant Accounting Policies(continued)**

**c) Property, Plant and Equipment (continued)**

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

**d) Intangible Assets**

Computer's software is amortised at 20% per annum over a period of 5 years.

Marketing Rights is being amortised over the period of agreement.

**e) Translation of Foreign Currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the year in which they arise.

**f) Inventories**

Goods in Transit are stated at invoice value

**g) Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred.

**h) Taxation**

Tax expense in the Statement of Comprehensive Income is the aggregate of the current Income Tax and Deferred Income Tax.

**Current tax**

Current tax is provided on the basis of results for the year adjusted in accordance with the fiscal laws of Kenya.

**Deferred Tax**

Deferred Tax is provided in full on all temporary differences except those arising at the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax liability is settled.

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

**i) Cash and Cash Equivalents**

Cash and Cash Equivalents include cash in hand, amounts on current account with banking institutions.

**j) Financial Assets**

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

**k) Financial Liabilities**

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

**NOTES TO ACCOUNTS (CONTINUED)**

**2. Basis of Preparation and Summary of Significant Accounting Policies(continued)**

**l) IFRS 16 Leases**

**i) Adoption of IFRS 16 Leases**

IFRS 16 became effective for the first time in the financial year beginning 1st January 2019 and has been adopted by the Company. This is applicable for the year of income April 2020 to 31st March 2021.

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The Company has decided to comply with IFRS 16, Leases, which replaced IAS 17, Leases. The Company now recognises lease liabilities relating to leases under which the Company is the lessee that had previously been classified as operating leases. Such liabilities have been measured at 1st August 2019 at the present value of the lease payments discounted using the Company's incremental borrowing rate as at 1st August 2019. Corresponding right-of-use assets have been recognised and measured as if the Company's new accounting policy had been applied since the commencement of each lease but discounted using the Company's incremental borrowing rate as at 1st August 2019.

**m) Share capital, Share premium, and Dividends**

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of the par value are classified as 'share premium' in equity.

**n) Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**3 Financial Risk Management Objectives and Policies**

The Company's activities expose it to a variety of financial risks including credit liquidity and interest rates risks and changes in market prices of the company's products. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is extended to customers with an established credit history.

	<b>2020-21</b>	<b>2019-20</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>4 Revenue</b>		
Sale of Pharmaceutical Products	1,686,071,433	1,392,385,332
Less: Returns/Expired Stock Refunds	<u>(89,995,756)</u>	<u>6,164,658</u>
	<u><b>1,596,075,677</b></u>	<u><b>1,398,549,990</b></u>
<b>5 Other Income</b>		
(Loss)/Profit on Disposal of Property Plant and Equipment	<u>(95,090)</u>	<u>35,600</u>
<b>6 Operating Profit/(Loss)</b>		
<b>(a) Items charged</b>		
The following items have been charged in arriving at operating profit/(loss):		
Employee benefits expense (Appendix I (3))	255,349,114	236,294,810
Depreciation of property, plant and equipment	1,924,283	2,090,726
Amortisation (Refer Note 13)	10,464,049	7,574,664
Auditors' remuneration		
Current period	<u>606,700</u>	<u>445,000</u>
<b>(b) Employee Benefits Expense</b>		
The following items are included in employee benefits expense:		
Salaries and Wages	226,193,574	211,583,178
Staff Expenses	28,717,060	24,290,432
National Social Security Fund	<u>438,480</u>	<u>421,200</u>

**Glenmark Pharmaceuticals (Kenya) Ltd**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2021**

**NOTES TO ACCOUNTS (CONTINUED)**

	<b>2020-21</b>	<b>2019-20</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>7 Finance Costs</b>		
Loan interest	19,506,309	24,676,551
Interest- Right to Use Asset	5,746,026	3,970,831
Realised exchange (Gain)/Loss	38,332,191	(709,290)
Unrealised exchange Loss-Loan	9,634,799	7,885,200
Unrealised exchange Loss-Payable	18,433,484	44,619,102
	<b>91,652,810</b>	<b>80,442,393</b>

**8 Tax**

Taxation has been provided at 25% and 30% on the Profit for the year as adjusted per Income Tax Legislation.

Current Tax	23,798,345	15,393,110
Deferred Tax	(16,764,217)	(18,017,122)
	<b>7,034,128</b>	<b>(2,624,012)</b>

The tax on the company's profit before tax differs from the theoretical amount that would arise using the corporation tax rate as follows:

**Profit before Tax**

April'20 to December'20	975,258	
Jan'21 to March'21	39,021,759	
<b>Total Profit before Tax for the Year</b>	<b>39,997,017</b>	<b>(29,754,928)</b>

**Tax on above**

Tax @ 25% for Apr'20 to Dec'20	243,814	
Tax @ 30% for Jan'21 to Mar'21	11,706,528	
<b>Total Tax for the Year</b>	<b>11,950,342</b>	<b>(8,926,478)</b>

Tax effect of:

Expenses not deductible for tax purposes	(4,916,214)	6,047,558
Prior year tax charges	0	254,908
<b>Tax expense</b>	<b>7,034,128</b>	<b>(2,624,012)</b>

**9 Deferred Tax**

The movement of deferred tax is as follows:

Deferred tax is calculated using the currently enacted corporation tax rate of 30%.

The movement on the deferred tax account is as follows:

At the start of the Year	(27,913,960)	(9,896,837)
Charge/(Credit) to Profit and Loss Account	(16,764,217)	(18,017,122)
	<b>(44,678,176)</b>	<b>(27,913,960)</b>

**Glenmark Pharmaceuticals (Kenya) Ltd**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2021**

**NOTES TO ACCOUNTS (CONTINUED)**

**9 Deferred Tax (continued)**

Deferred Tax charge in the Profit and Loss Account are attributable to the following items:

	At 1st April 2020 Ksh	Charge to profit & loss account Ksh	At 31st March 2021 Ksh
Motor Vehicles	3,471	2,716	6,187
Computer Equipments	44,364	(43,848)	515
Office Equipment	244,156	271,341	515,497
Softwares	(9,142)	1,040	(8,102)
Marketing Rights	(0)	0	0
Provisions	9,500,248	3,547,671	13,047,920
Lease - Right to Use Asset	636,748	1,065,988	1,702,737
Unrealised Exchange Loss	17,494,115	11,919,308	29,413,423
	<u>27,913,959</u>	<u>16,764,217</u>	<u>44,678,176</u>

**10 Share Capital**

**Authorised:**

1,750,000 ordinary shares of Shs. 100 each

**Issued and Fully Paid:**

As at 31st March 2021, 1,560,400 shares of Shs 100 each

No. of ordinary shares	Issued and paid up capital Shs
<u>1,750,000</u>	<u>175,000,000</u>
<u>1,560,400</u>	<u>156,040,000</u>

**11 Borrowings**

Loan from Glenmark Pharmaceuticals Limited (USD 2Million)

The effective interest rate is 9% for the year (PY - 12%).

<u>219,020,000</u>	<u>209,385,200</u>
--------------------	--------------------

**12 Property, Plant and Equipment**

	Vehicles Ksh	Furniture & fittings Ksh	Computers, copiers & equipments Ksh	Total Ksh
<b>Year ended 31st March 2020</b>				
Opening carrying value	162,371	4,543,988	1,789,339	6,495,698
Additions	-	1,435,005	247,500	1,682,505
Disposals	-	-	(49,500)	(49,500)
Depreciation on Assets Disposed	-	-	49,500	49,500
Depreciation charge	(40,732)	(1,246,463)	(803,532)	(2,090,726)
Closing Carrying Value	<u>121,639</u>	<u>4,732,531</u>	<u>1,233,307</u>	<u>6,087,477</u>
<b>At 31st March 2020</b>				
Cost	324,965	10,619,886	5,511,517	16,456,369
Accumulated depreciation	(203,326)	(5,887,355)	(4,278,210)	(10,368,892)
Net Carrying Value	<u>121,639</u>	<u>4,732,531</u>	<u>1,233,307</u>	<u>6,087,477</u>
<b>Year ended 31st March 2021</b>				
Opening carrying value	121,639	4,732,531	1,233,307	6,087,477
Additions	-	718,314	1,885,990	2,604,304
Disposal	0	-	(450,000)	(450,000)
Depreciation on Assets Disposed	0	-	262,110	262,110
Depreciation charge	(40,621)	(1,405,076)	(478,586)	(1,924,283)
Closing Carrying Value	<u>81,019</u>	<u>4,045,769</u>	<u>2,452,820</u>	<u>6,579,608</u>
<b>At 31st March 2021</b>				
Cost	324,965	11,338,200	6,947,507	18,610,673
Accumulated depreciation	(243,947)	(7,292,431)	(4,494,687)	(12,031,065)
Net Carrying Value	<u>81,019</u>	<u>4,045,769</u>	<u>2,452,820</u>	<u>6,579,608</u>



**NOTES TO ACCOUNTS (CONTINUED)**

<b>13 Intangible Assets and Right to Use Asset</b>	<b>Software Ksh</b>	<b>Marketing Rights &amp; Brand Acquisition Ksh</b>	<b>Right to Use Asset - Office Premises Ksh</b>	<b>Total Ksh</b>
<b>Year ended 31st March 2020</b>				
Opening carrying value	637,871	25,184,050	-	25,821,920
Additions	-	2,000,000	52,265,339	54,265,339
Depreciation Charge	(548,889)	(1,262,825)	(5,762,950)	(7,574,664)
<b>Closing Carrying Value</b>	<b>88,982</b>	<b>25,921,224</b>	<b>46,502,389</b>	<b>72,512,595</b>
<b>At 31st March 2020</b>				
Cost	3,108,909	27,187,500	52,265,339	82,561,748
Accumulated Depreciation	(3,019,927)	(1,266,276)	(5,762,950)	(10,049,153)
<b>Net Carrying Value</b>	<b>88,982</b>	<b>25,921,224</b>	<b>46,502,389</b>	<b>72,512,595</b>
<b>Year ended 31st March 2021</b>				
Opening carrying value	88,982	25,921,224	46,502,389	72,512,595
Depreciation Charge	(61,976)	(1,259,375)	(9,142,698)	(10,464,049)
<b>Closing Carrying Value</b>	<b>27,006</b>	<b>24,661,849</b>	<b>37,359,691</b>	<b>62,048,546</b>
<b>At 31st March 2021</b>				
Cost	3,108,909	27,187,500	52,265,339	82,561,748
Accumulated Depreciation	(3,081,903)	(2,525,651)	(14,905,648)	(20,513,202)
<b>Net Carrying Value</b>	<b>27,006</b>	<b>24,661,849</b>	<b>37,359,691</b>	<b>62,048,546</b>

**Glenmark Pharmaceuticals (Kenya) Ltd**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2021**

**NOTES TO ACCOUNTS (CONTINUED)**

	<b>2020-21</b>	<b>2019-20</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>14 Inventories</b>		
Stock in Hand	-	10,146,379
Goods in Transit	15,766,059	35,487,661
	<u>15,766,059</u>	<u>45,634,040</u>
<b>15 Trade and Other Receivables</b>		
Trade receivables	1,429,218,162	1,359,758,680
Other receivables	104,905,424	115,495,112
	<u>1,534,123,586</u>	<u>1,475,253,793</u>
<b>16 Cash and Cash Equivalents</b>		
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Bank Account	124,168,252	94,828,050
Cash in Hand	55,155	119,348
	<u>124,223,407</u>	<u>94,947,398</u>
<b>17 Trade and Other Payables</b>		
Related Parties Payable (Note 20(v))	1,155,278,504	1,181,636,125
Other Payables	48,358,259	287,613
	<u>1,203,636,763</u>	<u>1,181,923,739</u>
<b>18 Other Current Financial Liabilities</b>		
Lease Liability - Current	12,078,881	10,797,999
Accrued Expenses	34,421,626	29,397,414
	<u>46,500,507</u>	<u>40,195,413</u>
<b>19 Other Current Liability</b>		
Statutory Dues	9,486,856	6,112,881
Other Amounts Due to Creditors	28,430,958	25,151,806
	<u>37,917,814</u>	<u>31,264,686</u>

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Annual Report and Financial Statements*  
*For the year ended 31st March 2021*

**NOTES TO ACCOUNTS (CONTINUED)**

<b>20 Related Party Transactions</b>	<b>2020-21</b>	<b>2019-20</b>
	<b>Ksh</b>	<b>Ksh</b>
The following transactions were carried out with Related Parties.		
<b>i) Purchases from Related Parties</b>		
Purchases comprise of pharmaceuticals product purchased from Glenmark India for transfer pricing basis		
Glenmark Pharmaceuticals Limited	472,627,804	475,143,453
Glenmark Pharmaceuticals SA (PTY) Limited	<u>5,864,543</u>	<u>8,146,227</u>
<b>ii) Interest Payment to Related Party</b>		
Glenmark Pharmaceuticals Limited	<u>19,506,309</u>	<u>24,676,551</u>
<b>iii) Reimbursement of Expenses</b>		
From Glenmark Pharmaceuticals Limited	2,091,403	26,856,631
From Glenmark Pharmaceuticals Egypt S.A.E.	-	2,475,561
From Glenmark Pharmaceuticals SA (PTY) Limited	-	1,113,766
To Glenmark Pharmaceuticals SA (PTY) Limited	<u>-</u>	<u>110,470</u>
<b>iiii) Key Management Compensation</b>		
Salaries and Other Employment Benefits	<u>51,457,756</u>	<u>48,279,634</u>
<b>iv) Loans from Related Parties</b>		
<b>Non-current</b>		
Loan Amount	<u>219,020,000</u>	<u>209,385,200</u>
<b>v) Payables Due to Related Parties</b>		
Glenmark Pharmaceuticals SA (PTY) Limited	-	1,677,879
Glenmark Pharmaceuticals Limited	<u>1,155,278,504</u>	<u>1,179,958,246</u>
<b>vi) Receivable from Related Parties against Reimbursement of Expenses</b>		
Glenmark Pharmaceuticals Egypt S.A.E.	2,698,874	2,580,149
Glenmark Pharmaceuticals Limited	<u>21,229,116</u>	<u>18,277,434</u>
<b>vii) Receivable from Related Parties against Interest Paid</b>		
Glenmark Pharmaceuticals Limited	<u>902,691</u>	<u>-</u>
<b>21 Contingent Liability</b>		
Contingent Liabilities as on 31st March is as follows;		
Interest and Penalties on Income tax based audit done by KRA for period July'12 to Mar'15	8,579,014	8,579,014
Company has filed waiver application for interest and penalties with KRA on 9th October'2018.	<u>8,579,014</u>	<u>8,579,014</u>

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Schedule of operating expenditure*  
*For the year ended 31st March 2021*

**SCHEDULE OF OPERATING EXPENDITURE**

	<b>2020-21</b>	<b>2019-20</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>1. COST OF SALES</b>		
Opening Inventories	45,634,040	1,238,095
Purchases	671,772,329	651,503,936
Direct Expenses	47,248,699	39,720,198
Less: Closing Inventories	(15,766,059)	(45,634,040)
<b>Cost of Sales</b>	<b>748,889,009</b>	<b>646,828,189</b>
<b>2. SELLING AND DISTRIBUTION EXPENSES</b>		
Sales Promotion Expenses	150,022,098	192,845,155
Sales & Distribution Expenses	189,470,566	131,836,956
	<b>339,492,664</b>	<b>324,682,111</b>
<b>3. ADMINISTRATIVE EXPENSES</b>		
<b>Employment:</b>		
Salaries and Wages	226,632,054	212,004,378
Staff Expenses	28,717,060	24,290,432
<b>Total Employment Costs</b>	<b>255,349,114</b>	<b>236,294,810</b>
<b>OTHER ADMINISTRATION EXPENSES</b>		
Audit Fees	606,700	445,000
Staff Travel Expenses	69,789,272	90,745,639
Conveyance Expenses	1,022,526	1,114,473
Bank Charges and Commissions	401,376	414,435
Charity and Donations	8,200	150,000
Legal and Professional Fees	1,781,969	2,228,588
Office Maintenance Expenses	3,233,350	3,657,405
Newspapers & Periodicals	44,880	68,320
Courier and Telephone	3,080,546	3,658,027
Printing and Stationery	636,446	792,002
Traning Expenses	477,182	0
Product Registration Charges	10,715,933	6,794,536
Meeting Expenses	6,435,257	6,858,329
<b>TOTAL OTHER ADMINISTRATION EXPENSES</b>	<b>98,233,638</b>	<b>116,926,754</b>
<b>TOTAL ADMINISTRATION EXPENSES</b>	<b>353,582,752</b>	<b>353,221,564</b>

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Schedule of operating expenditure*  
*For the year ended 31st March 2021*

**OPERATING EXPENSES**

	<b>2020-21</b>	<b>2019-20</b>
	<b>Ksh</b>	<b>Ksh</b>
<b>4. OTHER OPERATING EXPENSES</b>		
<b>Establishment:</b>		
Electricity and Water	604,077	628,318
Repairs and Maintenance	1,133,554	846,515
Insurance	2,290,515	3,052,777
Licenses and Subscriptions	743,634	3,187,137
Rent & Rates	5,206,224	5,786,123
Amortisation of Intangible Assets	1,321,351	1,811,714
Amortisation of Right to use Asset	9,142,698	5,762,950
Depreciation on Property, Plant and Equipment	1,924,283	2,090,726
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>22,366,336</b>	<b>23,166,261</b>