

GLENMARK PHARMACEUTICALS (KENYA) LIMITED

ANNUAL REPORTS & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2022

Glenmark Pharmaceuticals (Kenya) Ltd
Annual Report and Financial Statements
For the year ended 31st March 2022

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

Schedule of operating expenditure

Appendix I & II

*Glenmark Pharmaceuticals (Kenya) Ltd
Annual Report and Financial Statements
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COMPANY INFORMATION

Board of Directors

Dr. Alok Chopra
Suprio Dasgupta
Dr. Catherine Mwendwa Maina

Company Registrars

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

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.

Independent Auditor

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

Principal Bankers

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

Diamond Trust Bank Kenya Ltd
Westgate Branch
Nairobi, Kenya.

Glenmark Pharmaceuticals (Kenya) Ltd
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REPORT OF THE DIRECTORS

The Directors submit their Report together with the Audited Financial Statements for the year ended 31st March 2022.

PRINCIPAL ACTIVITIES

The Company Imports, Markets and Distributes Pharmaceutical Products.

RESULTS FOR THE YEAR

	<u>Ksh</u>
Profit before Tax	102,545,098
Tax	<u>(31,414,816)</u>
Profit for the Year transferred to retained earnings	<u><u>71,130,282</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 that 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

Shah and Associates continues in office in accordance with the Company's Articles of Association and section 719 of the Companies Act, 2015. The Directors monitor the effectiveness, objectivity and Independence of the Auditor. The Directors also approve the Annual Audit Engagement Contract which sets out the terms of the Auditor's Appointment and the Related Fees.

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.

Opinion

We have Audited the accompanying Financial Statements of Glenmark Pharmaceuticals (Kenya) Limited , set out on Pages 6 to 16, which comprise the Balance Sheet as at 31st March 2022, the Profit and Loss Account, 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 2022 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 of 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.

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 Matters Prescribed by the Kenyan Companies Act, 2015

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

The Engagement Partner responsible for the Audit resulting in this Independent Auditor's report is CPA

Praful Chandra Chandaria, Practising Certificate No.213



FOR AND ON BEHALF OF SHAH & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

NAIROBI

18TH MAY 2022

Glenmark Pharmaceuticals (Kenya) Ltd
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STATEMENT OF COMPREHENSIVE INCOME

	Note	2021-22 Ksh	2020-21 Ksh
Sales	4	2,176,491,606	1,596,075,677
Cost of Sales		<u>(1,081,193,031)</u>	<u>(748,889,009)</u>
Gross Profit		1,095,298,575	847,186,668
Other Income	5	962	(95,090)
Selling & Distribution Expenses		(421,607,308)	(339,492,664)
Administrative Expenses		(443,833,428)	(353,582,752)
Other Operating Expenses		<u>(26,230,172)</u>	<u>(22,366,336)</u>
Operating Profit	6	203,628,629	131,649,826
Finance Costs	7	<u>(101,083,531)</u>	<u>(91,652,810)</u>
Profit before Tax		102,545,098	39,997,017
Tax	8	<u>(31,414,816)</u>	<u>(7,034,128)</u>
Profit for the Year		71,130,282	32,962,889
Total Comprehensive Income for the year		<u>71,130,282</u>	<u>32,962,889</u>

The Notes on Page 10 to 12 are an integral part of these Financial Statements.

Glenmark Pharmaceuticals (Kenya) Ltd
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STATEMENT OF FINANCIAL POSITION

	Note	2021-22 Ksh	2020-21 Ksh
EQUITY			
Share Capital	11	156,040,000	156,040,000
Retained Earnings	11	<u>168,607,096</u>	97,476,814
SHAREHOLDERS' FUNDS		<u>324,647,096</u>	253,516,814
NON-CURRENT LIABILITIES			
Borrowings	12	229,900,000	219,020,000
Lease Liability		<u>27,074,541</u>	<u>34,043,817</u>
		<u>256,974,541</u>	<u>253,063,817</u>
		<u>581,621,636</u>	<u>506,580,631</u>
REPRESENTED BY			
NON-CURRENT ASSETS			
Property, Plant and Equipment	13	8,471,617	6,579,608
Intangible Assets and Right to Use Asset	14	69,106,670	62,048,546
Deferred Tax	9	57,018,086	44,678,177
Non-Current Financial Assets	10	<u>3,394,057</u>	3,388,475
		<u>137,990,430</u>	<u>116,694,805</u>
CURRENT ASSETS			
Inventories	15	51,585,286	15,766,059
Trade Receivables	16	1,718,122,326	1,530,735,112
Cash at Bank and in Hand	17	176,859,882	124,223,407
Tax Recoverable			7,216,332
		<u>1,946,567,494</u>	<u>1,677,940,910</u>
CURRENT LIABILITIES			
Trade and Other Payables	18	1,396,822,484	1,203,636,763
Other Current Financial Liabilities	19	58,450,337	46,500,507
Other Current Liability	20	37,825,074	37,917,814
Current Tax		<u>9,838,394</u>	
		<u>1,502,936,289</u>	<u>1,288,055,084</u>
NET CURRENT ASSETS		<u>443,631,205</u>	<u>389,885,826</u>
		<u>581,621,636</u>	<u>506,580,631</u>

The notes on pages 9 to 17 form an integral part of these Financial Statements

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11. STATEMENT OF CHANGES IN EQUITY

	Share capital Ksh	Retained earnings Ksh	Total Ksh
As at 1st April 2020	156,040,000	64,513,925	220,553,925
Profit for the Year	0	32,962,889	32,962,889
Total comprehensive income	0	32,962,889	32,962,889
At 31st March 2021	156,040,000	97,476,814	253,516,814
As at 1st April 2021	156,040,000	97,476,814	253,516,814
Profit for the Year	0	71,130,282	71,130,282
Total Comprehensive Income	0	71,130,282	71,130,282
At 31st March 2022	156,040,000	168,607,096	324,647,096

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STATEMENT OF CASH FLOWS

	Note	2021-22 Ksh	2020-21 Ksh
Cash flows from operating activities			
Profit Before Tax		102,545,098	39,997,017
Adjustments for:			
Depreciation of property, plant and equipment	13	2,082,881	1,924,283
Amortisation of intangible assets	14	1,431,038	1,321,351
Amortisation of Right to use Asset	14	9,297,452	9,142,698
(Gain)/Loss on Disposal of Plant, Property and Equipment		(962)	95,090
Provision for doubtful debts / expected credit losses		11,000,000	9,756,530
Unrealised Exchange Loss/(Gain)		16,640,898	28,068,284
Interest expense	7	20,003,876	19,506,309
Interest- Lease	7	4,885,993	5,746,026
		167,886,274	115,557,588
Operating profit before working capital changes			
(Increase)/Decrease in:			
Inventories		(35,819,227)	29,867,981
Trade and other receivables		(191,176,465)	(68,626,324)
Increase / (Decrease) in:			
Trade and other payables		189,337,407	5,487,165
Other current and financial liabilities		3,649,023	11,677,340
		133,877,012	93,963,749
Cash generated from operations			
Tax paid		(26,700,000)	(30,910,000)
		107,177,012	63,053,749
Net cash generated operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(3,978,928)	(2,604,304)
Intangible assets	14	(17,965,607)	0
Disposals of Property Plant and Equipment		5,000	92,800
		(21,939,535)	(2,511,504)
Net cash (used) in investing activities			
Cash flows from financing activities			
Interest paid		(20,003,876)	(19,506,309)
Payment of Lease liabilities		(12,597,127)	(11,759,928)
		(32,601,003)	(31,266,237)
Net cash used in financing activities			
Net Increase in cash and cash equivalents		52,636,475	29,276,009
Cash and cash equivalents at start of the year		124,223,407	94,947,398
Cash and cash equivalents at 31st March 2022		176,859,882	124,223,407

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 balance sheet 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 i.e. 20 years.

Brand/Dossier acquisition is being amortised over period of 5 years.

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 profit and loss account 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

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 2021 to 31st March 2022.

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.

	2021-22 Ksh	2020-21 Ksh
4 Revenue		
Gross Sale of Pharmaceutical Products	2,198,562,534	1,686,071,433
Less: Returns/Expiry/Expiry Refund	(22,070,928)	(89,995,756)
Net Sale of Pharmaceutical Products	<u>2,176,491,606</u>	<u>1,596,075,677</u>
5 Other Income		
Profit /(Loss) on Disposal of Property Plant and Equipment	<u>962</u>	<u>(95,090)</u>
6 Operating Profit/(Loss)		
(a) Items charged		
The following items have been charged in arriving at operating profit/(loss):		
Employee Benefits Expense (Appendix I (3))	308,799,015	255,349,114
Depreciation of Property, Plant and Equipment	2,082,881	1,924,283
Amortisation (Refer Note 13)	10,728,490	10,464,049
Auditors' Remuneration		
Current period	<u>609,600</u>	<u>606,700</u>
(b) Employee Benefits Expense		
The following items are included in employee benefits expense:		
Salaries and Wages	203,902,345	171,803,520
Staff Expenses	104,423,990	83,107,114
National Social Security Fund	<u>472,680</u>	<u>438,480</u>

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NOTES TO ACCOUNTS (CONTINUED)

	2021-22	2020-21
	Ksh	Ksh
7 Finance Costs		
Loan Interest	20,003,876	19,506,309
Interest- Right to Use Asset	4,885,993	5,746,026
Realised Exchange Loss	59,552,764	38,332,191
Unrealised Exchange Loss-Loan	10,880,000	9,634,799
Unrealised Exchange Loss-Payables	5,760,898	18,433,484
	101,083,531	91,652,810

8 Tax

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

Current Tax	43,754,726	23,798,345
Deferred tax	(12,339,910)	(16,764,217)
	31,414,816	7,034,128

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/(Loss) before Tax

Profit/(Loss) before Tax for the year	102,545,098	39,997,017
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Tax on above

Tax	30,763,529	11,950,342
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Total Tax for the year	30,763,529	11,950,342
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Tax effect of:

Expenses not Deductible for Tax Purposes	533,476	(4,916,214)
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Prior year Tax Charges	117,811	-
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Tax expense	31,414,816	7,034,128
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9 Deferred Tax

The movement of Deffered Tax is as follows:

Deferred tax is calculated using corporation tax rate of 30%.

The movement on the Deferred Tax Account is as follows:

At the start of the year	(44,678,176)	(27,913,960)
Charge/(Credit) to Profit and Loss Account	(12,339,909)	(16,764,217)
	(57,018,085)	(44,678,176)

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 2021 Ksh	Charge to profit & loss account Ksh	At 31st March 2022 Ksh
Motor vehicles	6,187	4,563	10,750
Computer equipments	515	(19,657)	(19,142)
Office equipment	515,497	144,670	660,167
Softwares	(8,102)	16,946	8,845
Provisions	13,047,920	6,725,222	19,773,142
Lease - Right to use	1,702,737	475,895	2,178,632
Unrealised exchange loss	29,413,423	4,992,269	34,405,692
	<u>44,678,177</u>	<u>12,339,909</u>	<u>57,018,086</u>

10 Non-Current Financial Assets

Security deposits for operating leases and other services

	2021-22 Ksh	2020-21 Ksh
	3,394,057	3,388,475
	<u>3,394,057</u>	<u>3,388,475</u>

11 Share Capital

Authorised:

1,750,000 Ordinary Shares of Ksh. 100 each

Issued and Fully Paid:

As at 31st March 2022, 1,560,400 Shares of Ksh. 100 each

	No. of ordinary shares	Ksh
	<u>1,750,000</u>	<u>175,000,000</u>
	<u>1,560,400</u>	<u>156,040,000</u>

12 Borrowings

Loan from Glenmark Pharmaceuticals Limited (USD 2Million)

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

	<u>229,900,000</u>	<u>219,020,000</u>
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13 Property, Plant and Equipment

	Vehicles Ksh	Furniture & fittings Ksh	Computers, copiers & equipments Ksh	Total Ksh
Year ended 31st March 2021				
Opening Carrying Value	121,639	4,732,531	1,233,307	6,087,477
Additions	-	718,314	1,885,990	2,604,304
Disposals	-	-	(450,000)	(450,000)
Depreciation on Assets Disposed	-	-	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>
At 31st March 2021				
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>
Year ended 31st March 2022				
Opening Carrying Value	81,019	4,045,769	2,452,820	6,579,608
Additions	-	3,524,951	453,977	3,978,928
Disposal	-	(30,234)	(515,784)	(546,018)
Depreciation on Assets Disposed	-	26,196	515,784	541,980
Depreciation Charge	(40,621)	(1,432,230)	(610,031)	(2,082,881)
Closing carrying value	<u>40,398</u>	<u>6,134,452</u>	<u>2,296,766</u>	<u>8,471,617</u>
At 31st March 2022				
Cost	324,965	14,832,917	6,885,701	22,043,583
Accumulated Depreciation	(284,567)	(8,698,465)	(4,588,934)	(13,571,967)
Net Carrying Value	<u>40,398</u>	<u>6,134,452</u>	<u>2,296,766</u>	<u>8,471,617</u>

NOTES TO ACCOUNTS (CONTINUED)

14 Intangible Assets and Right to Use Asset	Software Ksh	Marketing Rights & Brand Acquisition Ksh	Right to Use Asset - Office Premises Ksh	Total Ksh
Year ended 31st March 2021				
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)
Closing carrying value	27,006	24,661,849	37,359,691	62,048,546
At 31st March 2021				
Cost	3,108,909	27,187,500	52,265,339	82,561,748
Accumulated Ammortisation	(3,081,903)	(2,525,651)	(14,905,648)	(20,513,202)
Net carrying value	27,006	24,661,849	37,359,691	62,048,546
Year ended 31st March 2022				
Opening carrying value	27,006	24,661,849	37,359,691	62,048,546
Additions	-	17,965,607	-	17,965,607
Disposal	-	-	(178,992)	(178,992)
Ammortization Charge	(27,006)	(1,404,033)	(9,297,452)	(10,728,490)
Closing Carrying Value	0	41,223,423	27,883,247	69,106,670
At 31st March 2022				
Cost	3,108,909	45,153,107	52,086,347	100,348,363
Accumulated Ammortisation	(3,108,909)	(3,929,683)	(24,203,100)	(31,241,692)
Net Carrying Value	0	41,223,423	27,883,247	69,106,670

*Glenmark Pharmaceuticals (Kenya) Ltd
Annual Report and Financial Statements
For the year ended 31st March 2022*

NOTES TO ACCOUNTS (CONTINUED)

	2021-22	2020-21
	Ksh	Ksh
15 Inventories		
Goods in transit	51,585,286	15,766,059
	<u>51,585,286</u>	<u>15,766,059</u>
16 Trade and Other Receivables		
Trade Receivables	1,645,491,106	1,429,218,162
Other Receivables	72,631,220	101,516,949
	<u>1,718,122,326</u>	<u>1,530,735,112</u>
17 Cash and Cash Equivalents		
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:		
Bank Account	176,751,712	124,168,252
Cash in Hand	108,170	55,155
	<u>176,859,882</u>	<u>124,223,407</u>
18 Trade and Other Payables		
Related Parties Payable (Note 21(v))	1,321,232,448	1,155,278,504
Other Payables	75,590,036	48,358,259
	<u>1,396,822,484</u>	<u>1,203,636,763</u>
19 Other Current Financial Liabilities		
Lease Liability - Current	13,070,615	12,078,881
Accrued Expenses	45,379,722	34,421,626
	<u>58,450,337</u>	<u>46,500,507</u>
20 Other Current Liability		
Statutory Dues	9,394,117	9,486,856
Advances Received from Customer	28,430,958	28,430,958
	<u>37,825,074</u>	<u>37,917,814</u>

NOTES TO ACCOUNTS (CONTINUED)

21 Related Party Transactions	2021-22	2020-21
	Ksh	Ksh
The following transactions were carried out with related parties.		
i) Purchases from Related Parties		
Purchases comprise of pharmaceuticals product purchased from Glenmark India on Transfer Pricing Basis		
Glenmark Pharmaceuticals Limited	806,977,394	472,627,804
Glenmark Generics S.A.	7,073,408	-
Glenmark Pharmaceuticals SA (PTY) Limited	<u>5,207,241</u>	<u>5,864,543</u>
ii) Interest payment to Related Party		
Glenmark Pharmaceuticals Limited	<u>20,003,876</u>	<u>19,506,309</u>
iii) Reimbursement of Expenses		
From Glenmark Pharmaceuticals Limited	<u>10,517,429</u>	<u>2,091,403</u>
iii) Key Management Compensation		
Salaries and Other Employment Benefits	<u>72,032,926</u>	<u>51,457,756</u>
iv) Loans from Related Parties		
Non-current		
Loan Amount	<u>229,900,000</u>	<u>219,020,000</u>
v) Payables due to Related Parties		
Glenmark Pharmaceuticals SA (PTY) Limited	3,887,437	-
Glenmark Generics S.A.	7,255,511	-
Glenmark Pharmaceuticals Limited	<u>1,310,089,501</u>	<u>1,155,278,504</u>
vi) Receivable from Related Parties against Reimbursement of Expenses		
Glenmark Pharmaceuticals Egypt S.A.E.	2,833,390	2,698,874
Glenmark Pharmaceuticals Limited	<u>1,632,191</u>	<u>21,229,116</u>
vii) Receivable from Related Parties against Interest paid		
Glenmark Pharmaceuticals Limited	<u>-</u>	<u>902,691</u>
22 Contingent Liability		
Contingent Liabilities as on 31st March are 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>
23 Previous Year Numbers are Regrouped Wherever Required.		

Glenmark Pharmaceuticals (Kenya) Ltd
Schedule of operating expenditure
For the year ended 31st March 2022

SCHEDULE OF OPERATING EXPENDITURE

	2021-22	2020-21
	Ksh	Ksh
1. COST OF SALES		
Opening inventories	15,766,059	45,634,040
Purchases	1,034,362,881	671,772,329
Direct expenses	82,649,377	47,248,699
Less: Closing inventories	(51,585,286)	(15,766,059)
Cost of sales	1,081,193,031	748,889,009
2. SELLING AND DISTRIBUTION EXPENSES		
Sales promotion expenses	184,734,300	150,022,098
Sales & distribution expenses	225,873,008	179,714,036
Bad Debts expenses	11,000,000	9,756,530
	421,607,308	339,492,664
3. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	204,375,025	172,242,000
Staff expenses	104,423,990	83,107,114
Total employment costs	308,799,015	255,349,114
Other administration expenses:		
Audit fees	609,600	606,700
Staff Travel expenses	92,733,916	69,789,272
Conveyance Expenses	1,228,305	1,022,526
Bank charges and commissions	475,630	401,376
Charity and Donations	349,500	8,200
Legal and professional fees	3,758,183	1,781,969
Office Maintenance Expenses A/c	2,734,304	3,233,350
Newspapers & periodicals	57,120	44,880
Courier and Telephone	3,173,309	3,080,546
Printing and stationery	526,411	636,446
Traning Expenses	93,719	477,182
Product registration charges	15,726,218	10,715,933
Meeting expenses	13,568,198	6,435,257
Total Other Administration Expenses	135,034,413	98,233,638
Total Administrative Expenses	443,833,428	353,582,752

Glenmark Pharmaceuticals (Kenya) Ltd
Schedule of operating expenditure
For the year ended 31st March 2022

OPERATING EXPENSES

	2021-22	2020-21
	Ksh	Ksh
4. OTHER OPERATING EXPENSES		
Establishment:		
Electricity and water	545,809	604,077
Repairs and maintenance	1,478,905	1,133,554
Insurance	2,597,098	2,290,515
Licenses and subscriptions	2,929,918	743,634
Rent & Rates	5,867,070	5,206,224
Amortisation of intangible assets	1,431,038	1,321,351
Amortisation of Right to use Asset	9,297,452	9,142,698
Depreciation on property, plant and equipment	2,082,881	1,924,283
Total other Operating Expenses	<u>26,230,172</u>	<u>22,366,336</u>