

**GLENMARK PHARMACEUTICALS (KENYA) LIMITED**

**ANNUAL REPORTS & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 2018**

**FOR IDENTIFICATION  
PURPOSES ONLY  
SHAH & ASSOCIATES**

## **Opinion**

We have audited the accompanying financial statements of Glenmark Pharmaceuticals (Kenya) Limited, set out on pages 6 to 16, which comprise the Statement of financial position as at 31st March 2018, 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 2018 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

## **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.

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**Glenmark Pharmaceuticals (Kenya) Limited**

**Report of the independent auditor to the members of Glenmark Pharmaceuticals (Kenya) Limited  
For the year ended 31st March 2018**

**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

- 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**

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) the company's Statement of financial position and Statement of comprehensive income are in agreement with the books of account.

**The engagement partner responsible for the audit resulting in this independent auditor's report was  
CPA Praful Chandra Chandaria, Practising Certificate No.213**

**Shah & Associates**

Shah and Associates  
Certified Public Accountants  
Nairobi

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..... 15<sup>TH</sup> MAY 2018

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Annual report and financial statements*  
*For the year ended 31st March 2018*

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2017-18 Shs	2016-17 Shs
Sales	4	1,089,246,381	1,147,239,442
Cost of sales		<u>(551,160,711)</u>	<u>(572,543,549)</u>
<b>Gross profit</b>		<b>538,085,670</b>	<b>574,695,893</b>
Other income	5	350,385	0
Selling & Distribution expenses		<u>(201,745,608)</u>	<u>(176,844,793)</u>
Administrative expenses		<u>(285,637,664)</u>	<u>(279,883,719)</u>
Other operating expenses		<u>(22,463,267)</u>	<u>(21,999,457)</u>
<b>Operating profit</b>	6	<b>28,589,516</b>	<b>95,967,924</b>
Finance costs	7	<u>(2,674,588)</u>	<u>(38,145,009)</u>
<b>Profit before tax</b>		<b>25,914,928</b>	<b>57,822,915</b>
Tax	8	<u>(44,651,708)</u>	<u>(23,499,129)</u>
<b>(Loss)/Profit for the year</b>		<b>(18,736,781)</b>	<b>34,323,786</b>
<b>Other comprehensive income</b>		0	0
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(18,736,781)</u></u>	<u><u>34,323,786</u></u>

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**Glenmark Pharmaceuticals (Kenya) Ltd**  
**Annual report and financial statements**  
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**STATEMENT OF FINANCIAL POSITION**


		2017-18	2016-17
<b>EQUITY</b>	Note	Shs	Shs
Share capital	10	156,040,000	156,040,000
Retained earnings		71,295,380	90,032,162
<b>SHAREHOLDERS' FUNDS</b>		<u>227,335,380</u>	<u>246,072,162</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	11	201,694,400	206,000,000
		<u>429,029,780</u>	<u>452,072,162</u>
<b>REPRESENTED BY</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	9,721,160	12,527,260
Intangible assets	13	1,191,147	1,791,300
Deferred tax	9	10,002,916	25,454,980
		<u>20,915,223</u>	<u>39,773,540</u>
<b>CURRENT ASSETS</b>			
Inventories	14	2,941,382	18,693,550
Trade and other receivables	15	1,271,586,164	1,099,004,381
Cash at bank and in hand	16	45,809,750	23,911,048
Tax Recoverable		14,027,159	3,410,238
		<u>1,334,364,455</u>	<u>1,145,019,217</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	907,344,878	732,720,595
Prior Years tax payable		18,905,019	0
Current Year tax payable			
		<u>926,249,897</u>	<u>732,720,595</u>
<b>NET CURRENT ASSETS</b>		<u>408,114,558</u>	<u>412,298,622</u>
		<u>429,029,780</u>	<u>452,072,162</u>

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The financial statements on pages 6 to 16 were approved for issue by the board of directors on

.....14<sup>th</sup> MAY..... 2018 and were signed on its behalf by:

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR

The notes on pages 9 to 16 form an integral part of these financial statements

*Glenmark Pharmaceuticals (Kenya) Ltd*  
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**STATEMENT OF CHANGES IN EQUITY**

	Share capital Shs	Retained earnings Shs	Total Shs
As at 1st April 2015	156,040,000	7,442,564	163,482,564
Profit for the year	0	48,265,812	48,265,812
Other comprehensive income	0	0	0
Total comprehensive income	0	48,265,812	48,265,812
<b>At 31st March 2016</b>	<b>156,040,000</b>	<b>55,708,376</b>	<b>211,748,376</b>
As at 1st April 2016	156,040,000	55,708,376	211,748,376
Profit for the year	0	34,323,785	34,323,785
Other comprehensive income	0	0	0
Total comprehensive income	0	34,323,785	34,323,785
<b>At 31st March 2017</b>	<b>156,040,000</b>	<b>90,032,161</b>	<b>246,072,161</b>
As at 1st April 2017	156,040,000	90,032,161	246,072,161
Loss for the year	0	(18,736,781)	(18,736,781)
Other comprehensive income	0	0	0
Total comprehensive income	0	(18,736,781)	(18,736,781)
<b>At 31st March 2018</b>	<b>156,040,000</b>	<b>71,295,380</b>	<b>227,335,380</b>

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**STATEMENT OF CASH FLOWS**

	Note	2017-18 Shs	2016-17 Shs
<b>Cash flows from operating activities</b>			
Profit before income tax		25,914,928	57,822,915
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	12	2,604,242	2,470,237
Profit on disposal			
Amortisation of intangible assets	13	600,153	594,633
Gain on Disposal of Plant, Property and Equipment		(350,385)	0
Unrealised Exchange Loss/(Gain)		(4,305,600)	3,525,600
<b>Operating profit/(loss) before working capital changes</b>		<b>24,463,337</b>	<b>64,413,385</b>
Decrease / (Increase) in:			
Inventories		15,752,168	(8,201,917)
Trade and other receivables		(172,581,783)	(239,888,396)
Increase / (Decrease) in:			
Trade and other payables		174,624,284	204,374,784
<b>Cash generated from operations</b>		<b>42,258,005</b>	<b>20,697,856</b>
Tax paid		(20,911,547)	(34,681,844)
<b>Net cash generated/(used in) operating activities</b>		<b>21,346,458</b>	<b>(13,983,989)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	0	(1,379,765)
Intangible assets	13	0	(262,069)
Disposals of Property Plant and Equipment	12	552,243	0
<b>Net cash generated / (used) in investing activities</b>		<b>552,243</b>	<b>(1,641,834)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		<b>21,898,701</b>	<b>(15,625,822)</b>
<b>Cash and cash equivalents at start of the year</b>		<b>23,911,048</b>	<b>39,536,870</b>
<b>Cash and cash equivalents at 31st March</b>		<b>45,809,750</b>	<b>23,911,048</b>

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## 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 (Shs).

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

**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 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) 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.

**m) 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.

	2017-18 Shs	2016-17 Shs
<b>4 Revenue</b>		
Sale of pharmaceutical products	<u>1,089,246,381</u>	<u>1,147,239,442</u>
<b>5 Other Income</b>		
Profit on Disposal of Property Plant and Equipment	<u>350,385</u>	<u>0</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 (Note 5(b))	256,570,636	246,977,699
Depreciation of property, plant and equipment	2,604,242	2,470,237
Amortisation of Softwares	600,153	594,633
Auditors' remuneration		
Current period	<u>377,500</u>	<u>370,000</u>
<b>(b) Employee benefits expense</b>		
The following items are included in employee benefits expense:		
Salaries and Wages	164,340,993	141,454,064
Staff Travel Expenses	68,411,907	75,449,034
Staff Expenses	22,898,296	29,097,309
National Social Security Fund	<u>919,440</u>	<u>977,292</u>

**NOTES TO ACCOUNTS (CONTINUED)**

	2017-18	2016-17
	Shs	Shs
<b>7 Finance costs</b>		
Loan interest	24,643,930	24,470,314
Realised exchange loss	(837,581)	21,657,330
Unrealised exchange (gain)/loss Loan	(4,305,600)	3,525,600
Unrealised exchange (gain) Payable	(16,826,161)	(11,508,236)
	<u>2,674,588</u>	<u>38,145,009</u>

**8 Tax**

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

Current Tax	3,985,578	26,424,228
Prior years tax charges	25,214,068	0
Deferred tax	15,452,063	(2,925,098)
	<u>44,651,708</u>	<u>23,499,129</u>

The tax on the company's profit before tax differs from the theoretical amount that would

<b>Profit before tax</b>	<u>25,914,928</u>	<u>57,822,915</u>
Tax calculated at a tax rate of 30%	7,774,478	17,346,875
Tax effect of:		
Expenses not deductible for tax purposes	11,663,162	6,152,255
Prior year tax charges	25,214,068	
Tax expense	<u>44,651,708</u>	<u>23,499,129</u>
	0	

**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	(25,454,980)	(22,529,881)
Charge to profit and loss account	15,452,063	(2,925,098)
	<u>(10,002,917)</u>	<u>(25,454,980)</u>

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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 2017 Shs	Charge to profit & loss account Shs	At 31st March 2018 Shs
Motor vehicles	(163,824)	(78,980)	(242,804)
Computer equipments	(270,514)	111,163	(159,351)
Office equipment	(42,693)	91,328	48,635
Softwares	(22,362)	10,731	(11,631)
Provisions	14,080,204	(9,246,777)	4,833,427
Unutilised loss	0	0	0
Unrealised exchange loss	11,874,169	(6,339,528)	5,534,641
	<u>25,454,980</u>	<u>(15,452,064)</u>	<u>10,002,916</u>

10 Share capital

Authorised:

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

Issued and fully paid:

As at 31st March 2017, 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 12%.

<u>201,694,400</u>	<u>206,000,000</u>
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12 Property, plant and equipment

	Vehicles Shs	Furniture & fittings Shs	Computers, copiers & equipments Shs	Total Shs
<b>Year ended 31st March 2017</b>				
Opening carrying value	2,552,037	8,039,276	3,026,419	13,617,732
Additions	-	24,569	1,355,196	1,379,765
Depreciation charge	(364,719)	(1,172,063)	(933,455)	(2,470,237)
Closing carrying value	<u>2,187,317</u>	<u>6,891,782</u>	<u>3,448,160</u>	<u>12,527,260</u>
<b>At 31st March 2017</b>				
Cost	2,917,755	9,184,881	5,632,439	17,735,075
Accumulated depreciation	(730,438)	(2,293,099)	(2,184,279)	(5,207,815)
Net carrying value	<u>2,187,317</u>	<u>6,891,782</u>	<u>3,448,160</u>	<u>12,527,260</u>
<b>Year ended 31st March 2018</b>				
Opening carrying value	2,187,317	6,891,782	3,448,160	12,527,260
Disposal	(275,870)	0	(42,243)	(318,113)
Depreciation on Assets Disposed	90,886	0	25,369	116,255
Depreciation charge	(352,060)	(1,173,897)	(1,078,285)	(2,604,242)
Closing carrying value	<u>1,650,273</u>	<u>5,717,885</u>	<u>2,353,001</u>	<u>9,721,160</u>
<b>At 31st March 2018</b>				
Cost	2,641,885	9,184,881	5,590,196	17,416,962
Accumulated depreciation	(991,612)	(3,466,996)	(3,237,195)	(7,695,802)
Net carrying value	<u>1,650,273</u>	<u>5,717,885</u>	<u>2,353,001</u>	<u>9,721,160</u>

**NOTES TO ACCOUNTS (CONTINUED)**

	2017-18	2016-17
	Shs	Shs
<b>13 Software</b>		
<b>Cost</b>		
At the start of the year	3,108,909	2,846,840
During the year	-	262,069
At 31st March	<u>3,108,909</u>	<u>3,108,909</u>
<b>Amortisation</b>		
At the start of the year	(1,317,609)	(722,977)
During the year	(600,153)	(594,633)
At 31st March	<u>(1,917,762)</u>	<u>(1,317,609)</u>
<b>Net book value</b>		
At 31st March	<u>1,191,147</u>	<u>1,791,300</u>
<b>14 Inventories</b>		
Stock in Hand	-	16,861,180
Goods in transit	2,941,382	1,832,370
	<u>2,941,382</u>	<u>18,693,550</u>
<b>15 Trade and other receivables</b>		
Trade receivables	1,226,784,412	1,075,358,070
Other receivables	44,801,752	23,646,311
	<u>1,271,586,164</u>	<u>1,099,004,381</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	45,802,664	23,877,964
Cash in hand	7,086	33,084
	<u>45,809,750</u>	<u>23,911,048</u>
<b>17 Trade and other payables</b>		
Related Parties Payable (Note 18(iv))	893,591,369	692,819,321
Other payables	13,753,510	39,901,274
	<u>907,344,878</u>	<u>732,720,595</u>

**NOTES TO ACCOUNTS (CONTINUED)**

**18 Related party transactions**

**2017-18**

**2016-17**

**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 for transfer pricing basis

Glenmark Pharmaceuticals Limited	<b>890,649,987</b>	443,986,608
Glenamrk Farmaceutica LTDA	<b>0</b>	3,657,979
Glenmark Pharmaceuticals SA (PTY) Limited	<b><u>2,941,382</u></b>	<u>2,374,860.00</u>

**ii) Interest payment to related party**

Glenmark Pharmaceuticals Limited	<b><u>24,643,930</u></b>	<u>24,470,314</u>
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**ii) Key management compensation**

Salaries and other employment benefits	<b><u>21,269,302</u></b>	<u>16,567,778</u>
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**iii) Loans from related parties**

<b>Non-current</b>		
Interest Payable	-	-
Loan Amount	<b><u>201,694,400</u></b>	<u>206,000,000</u>

**iv) Payables due to related parties**

Glenmark Pharmaceuticals SA (PTY) Limited	<b>2,941,382</b>	1,830,035
Glenmark Pharmaceuticals Limited	<b><u>890,649,987</u></b>	<u>690,989,285</u>

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Schedule of operating expenditure*  
*For the year ended 31st March 2018*

FOR IDENTIFICATION  
PURPOSES ONLY  
**SHAH & ASSOCIATES**

**SCHEDULE OF OPERATING EXPENDITURE**

	2017-18	2016-17
	Shs	Shs
<b>1. COST OF SALES</b>		
Opening inventories	18,693,550	10,491,633
Purchases	472,477,500	468,042,396
Direct expenses	62,931,044	112,703,071
Less: Closing inventories	<u>(2,941,382)</u>	<u>(18,693,550)</u>
<b>Cost of sales</b>	<u><b>551,160,711</b></u>	<u><b>572,543,550</b></u>
<b>2. SELLING AND DISTRIBUTION EXPENSES</b>		
Sales promotion expenses	130,037,723	98,193,263
Sales & distribution expenses	<u>71,707,884</u>	<u>78,651,529</u>
	<u><b>201,745,608</b></u>	<u><b>176,844,793</b></u>
<b>3. ADMINISTRATIVE EXPENSES</b>		
<b>Employment:</b>		
Salaries and wages	165,260,433	142,431,356
Staff Travel expenses	68,411,907	75,449,034
Staff expenses	<u>22,898,296</u>	<u>29,097,309</u>
<b>Total employment costs</b>	<u><b>256,570,636</b></u>	<u><b>246,977,699</b></u>
<b>Other administration expenses:</b>		
Audit fees	377,500	370,000
Conveyance Expenses	1,497,661	1,709,248
Bank charges and commissions	370,703	384,933
Charity and Donations	122,184	2,300,000
Legal and professional fees	8,986,226	1,948,350
Office Maintenance Expenses A/c	1,624,413	1,836,196
Newspapers & periodicals	56,880	54,000
Courier and telephone	2,491,951	1,832,206
Printing and stationery	460,858	1,055,076
Product registration charges	355,905	12,685,048
Meeting expenses	10,205,047	6,948,914
Work permit	<u>2,517,700</u>	<u>1,782,050</u>
<b>Total other administration expenses</b>	<u><b>29,067,028</b></u>	<u><b>32,906,020</b></u>
<b>Total administrative expenses</b>	<u><b>285,637,664</b></u>	<u><b>279,883,719</b></u>

*Glenmark Pharmaceuticals (Kenya) Ltd*  
*Schedule of operating expenditure*  
*For the year ended 31st March 2018*

**OPERATING EXPENSES**

	2017-18	2016-17
	Shs	Shs
<b>4. OTHER OPERATING EXPENSES</b>		
<b>Establishment:</b>		
Electricity and water	580,536	555,260
Repairs and maintenance	230,658	345,053
Insurance	4,108,155	6,764,377
Licenses and subscriptions	2,522,820	848,803
Rent & Rates	11,816,705	10,421,095
Amortisation of intangible assets	600,153	594,633
Depreciation on property, plant and equipment	2,604,242	2,470,237
<b>Total other operating expenses</b>	<b>22,463,267</b>	<b>21,999,457</b>