



Independent Auditor's Report

To the Board of Directors and Shareholders of Glenmark Pharmaceuticals Inc.

We have audited the accompanying financial statements of **Glenmark Pharmaceuticals Inc.**, which comprise the balance sheet as of March 31, 2022, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Glenmark Pharmaceuticals Inc.** as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Govind Srivastava

Govind Srivastava, Partner
P. Parikh & Associates
55, Wallstreet, Suite 530,
New York, NY - 10005
May 25, 2022



Branches :

India : Mumbai, Vadodara, Kochi.

Overseas : Dubai, London, New York, Melbourne.

GLENMARK PHARMACEUTICALS INC. , USA
Balance sheet as on Mar 31, 2022

ASSETS	Schedule	Mar 31, 2022 USD	Mar 31, 2021 USD
<i>Current Assets</i>			
Cash and Cash equivalents	1	11,198,441	37,276,655
Accounts receivable	2	149,724,667	71,817,813
Inventories	3	95,701,534	109,930,836
Prepaid expenses and other current assets	4	32,279,105	50,062,691
<i>Total current assets</i>		<u>288,903,747</u>	<u>269,087,995</u>
Property, plant and equipments	5	163,133,006	69,318,792
Intangible assets	5	8,889,735	11,781,725
Right to use Assets	5	3,867,053	2,283,390
Capital Work in Progress	5	88,377,895	144,435,739
Certificate of Deposit		205,416	205,416
Deferred Tax Assets	6	963,027	1,653,540
<i>Total Assets</i>		<u>554,339,879</u>	<u>498,766,597</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
<i>Current liabilities</i>			
Accounts payable	7	172,946,913	125,624,193
Lease Liability - Short Term		2,844,656	1,237,450
Other liabilities	8	4,943,640	4,002,443
Interest on Loan from Glenmark Holding S.A., Switzerland		1,404,863	678,218
<i>Total current liabilities</i>		<u>182,140,072</u>	<u>131,542,304</u>
<i>Non current liabilities</i>			
Lease Liability		1,826,592	1,494,207
<i>Total non current liabilities</i>		<u>1,826,592</u>	<u>1,494,207</u>
<i>Total liabilities</i>		<u>183,966,664</u>	<u>133,036,511</u>
Stockholder's equity			
Common stock, class A, \$0.01 par value, authorized 5000 shares, issued and outstanding 667 (P. Y. Common stock authorized 5000 shares, issued and outstanding 667)			
		6.67	6.67
Reserves and Surplus	9	370,373,208	365,730,079
Total Stockholder's equity		<u>370,373,215</u>	<u>365,730,086</u>
Total liabilities and stockholder's equity		<u>554,339,879</u>	<u>498,766,597</u>

The accompanying notes are an integral part of these financial statements

For GLENMARK PHARMACEUTICALS INC.


Director


Director



GLENMARK PHARMACEUTICALS INC. , USA

Statement of Operations

	Schedule	For Year Ended Mar 31, 2022 USD	For Year Ended Mar 31, 2021 USD
Net Sales	10	379,215,797	401,813,597
Cost of sales	12	295,783,001	324,430,587
Gross Profit		83,432,796	77,383,010
Operating Expenses, Selling, General and Administrative Expenses	14	65,842,105	65,358,936
Depreciation / Amortisation	5	13,302,358	12,979,561
Operating Income (Loss)		4,288,333	(955,487)
Interest Expense	13	3,737,838	2,489,074
Net Operating Income (Loss)		550,495	(3,444,561)
Other Income (Loss)	11	5,022,463	5,186,384
Profit Before Tax and Exceptional Item		5,572,958	1,741,823
Exceptional Item		-	-
Profit Before Tax		5,572,958	1,741,823
Provision for Income Taxes	15	929,828	525,173
Net Income (Loss)		4,643,130	1,216,650
Basic Earnings (Loss) per common share		6,961.21	1,824.06
Face value per share		0.01	0.01
Basic average number of shares outstanding		667	667

The accompanying notes are an integral part of these financial statements

For **GLENMARK PHARMACEUTICALS INC.**

Jaypee de la Cruz

Director

Laura Sester

Director



GLENMARK PHARMACEUTICALS INC. , USA
Statement of cash flow

	For the Year Ended Mar 31, 2022 USD	For the Year Ended Mar 31, 2021 USD
A. Cash flow from operating activities		
Net Income (Loss)	5,572,958	1,741,822
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation/Amortization	13,302,358	12,979,561
Interest income	(226,346)	(253,749)
Interest expense on lease liability	298,567	200,631
Interest expense	3,665,616	2,542,192
Operating profit before working capital changes	22,613,154	17,210,457
Adjustments for changes in working capital		
(Increase)/Decrease in Accounts Receivables	(77,906,851)	(18,980,974)
(Increase)/Decrease in Inventory	14,229,302	(8,554,785)
(Increase)/Decrease in Other Current Assets	17,794,429	(9,259,865)
Increase/(Decrease) in Accounts Payable and other Current Liabilities	48,263,917	72,594,962
Taxes Paid	(250,158)	(4,000,000)
Net cash from operating activities	24,743,792	49,009,795
B. Cash flow from investing activities		
Additions to fixed assets	(45,225,352)	(32,151,438)
Interest Income	226,346	253,749
Net cash generated from investing activities	(44,999,007)	(31,897,689)
C. Cash flow from financing activities		
Payment for lease liabilities	(2,884,026)	(2,539,158)
Interest paid	(2,938,973)	(1,863,973)
Net cash from financing activities	(5,822,999)	(4,403,131)
Net increase/(decrease) in cash	(26,078,214)	12,708,975
Cash and Cash equivalents:		
Beginning of the year	37,276,655	24,567,680
End of the year	11,198,441	37,276,655

The accompanying notes are an integral part of these financial statements

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For GLENMARK PHARMACEUTICALS INC.


Director


Director



GLENMARK PHARMACEUTICALS INC., USA
Statement of Stockholders' Equity

	Common Stock	Reserves and Surplus	Amount in USD
		Securities Premium/ Additional Paid in Capital	Total Shareholders Equity
		Profit & Loss Account	
BALANCE as at March 31, 2021	6.67	266,665,813	365,730,085
Issue of shares during the year	-	-	-
Net income	-	4,643,130	4,643,130
BALANCE as at March 31, 2022	6.67	266,665,813	370,373,215



GLENMARK PHARMACEUTICALS INC. , USA
Schedules to the financial statements

	As at Mar 31, 2022 USD	As at Mar 31, 2021 USD
1 Cash and Cash equivalents		
Cash	1,139	1,139
Bank deposits	11,197,302	37,275,516
Total	11,198,441	37,276,655
2 Accounts receivable		
The age profile of accounts receivable is given below:		
Period (in days)		
0 -90	144,149,368	69,227,339
90-180	3,340,723	1,784,371
180-365	1,160,758	227,917
More than 365	1,073,818	578,186
Accounts receivable	149,724,667	71,817,813
3 Inventories (Including stock in transit)		
Raw Material	4,625,299	3,746,217
Packing Material	5,138,266	4,165,405
Semi Finished Goods	153,651	429,570
Work-in-Progress	-	187,840
Finished Goods Dosage	85,784,318	101,401,804
	95,701,534	109,930,836
4 Prepaid expenses and other current assets		
Receivable from Glenmark Generics S.A., Argentina	105,497	105,496
Receivable from Glenmark Therapeutic Inc., USA	-	690,605
Receivable from Glenmark Pharmaceuticals Canada Inc	30,776	4,775
Receivable from Glenmark Pharmaceuticals Brazil	191,007	191,007
Short Term loan receivable from Glenmark Therapeutic Inc., USA	-	8,162,819
Receivable from Ichnos Sciences Inc, USA	1,698,468	1,698,468
Advances to be received in Cash and Kind	-	9,561,735
Deposits	496,216	496,216
Prepaid expenses	25,728,714	25,133,986
	28,250,678	46,045,107
Advance Tax (Net of Provision for Tax)	4,028,427	4,017,584
Total	32,279,105	50,062,691



GLENMARK PHARMACEUTICALS INC. , USA
Schedules to the financial statements

	As at Mar 31, 2022 USD	As at Mar 31, 2021 USD
5 Property, plant and equipment, net.		
Leaschold Land/Premises	50,362,374	5,049,627
Freehold Land	780,000	780,000
Factory Building	28,641,094	28,641,094
Plant & Machinery	93,162,587	38,556,729
Equipments	14,101,482	12,829,935
Furniture & Fixtures	7,272,174	7,179,129
	<u>194,319,711</u>	<u>93,036,514</u>
Accumulated depreciation	(31,186,705)	(23,717,722)
	<u>163,133,006</u>	<u>69,318,792</u>
Work In progress	88,377,895	144,435,739
Total	<u>251,510,901</u>	<u>213,754,531</u>
Intangible assets		
Computer Software	12,388,518	12,388,518
Product Development	66,575,757	66,575,757
	<u>78,964,275</u>	<u>78,964,275</u>
Amortization	(70,074,540)	(67,182,550)
	<u>8,889,735</u>	<u>11,781,725</u>
Right of Use	12,024,945	7,499,896
Amortization	(8,157,892)	(5,216,506)
	<u>3,867,053</u>	<u>2,283,390</u>
6 Deferred Tax Assets		
Deferred Tax Assets	963,027	1,653,540
Total	<u>963,027</u>	<u>1,653,540</u>
7 Accounts payable		
Trade payable - domestic	8,586,881	6,816,063
Payable to Glenmark Speciality SA	38,417,937	6,901,903
Payable to Glenmark Life Sciences Limited, India	3,778,877	20,092,949
Payable to Glenmark Therapeutics Inc., USA	15,417	
Payable to Glenmark Pharmaceuticals Limited, India	122,147,801	91,813,279
Total	<u>172,946,913</u>	<u>125,624,193</u>
8 Other Liabilities		
Other Liabilities	4,943,640	4,002,443
Total	<u>4,943,640</u>	<u>4,002,443</u>
9 Reserves & Surplus		
Securities Premium/Additional Paid in Capital		
Opening Balance	266,665,813	266,665,813
Additions during the year	-	-
Closing Balance	<u>266,665,813</u>	<u>266,665,813</u>
Profit & Loss Account		
Opening Balance	99,064,266	97,847,617
Additions during the year	4,643,130	1,216,649
Closing Balance	<u>103,707,395</u>	<u>99,064,266</u>
Total	<u>370,373,208</u>	<u>365,730,079</u>



GLENMARK PHARMACEUTICALS INC. , USA
Schedules to the financial statements

	For the Year Ended Mar 31, 2022 USD	For the Year Ended Mar 31, 2021 USD
10 Sales and Operating Income		
Sale of goods and I P assets	379,215,797	401,813,597
	<u>379,215,797</u>	<u>401,813,597</u>
11 Other Income		
Miscellaneous income	5,022,462	5,186,384
	<u>5,022,462</u>	<u>5,186,384</u>
12 Cost of Sales		
Purchase of Trading goods and other costs	281,553,699	332,985,370
(Increase) / decrease in inventory	14,229,302	(8,554,783)
	<u>295,783,001</u>	<u>324,430,587</u>
13 Interest Expense		
Interest Expenses (net)	3,439,271	2,288,443
Interest on Lease Liability	298,567	200,631
	<u>3,737,838</u>	<u>2,489,074</u>



GLENMARK PHARMACEUTICALS INC. , USA
Schedules to the financial statements

	For the Year Ended Mar 31, 2022 USD	For the Year Ended Mar 31, 2021 USD
14 Selling and Operating Expenses		
Salary and allowances	25,133,011	31,288,312
Sales promotion expenses (net)	488,288	476,803
Travelling expenses	507,415	42,073
Telephone expenses	68,511	159,262
Rates and taxes	69,521	342,078
Insurance premium	1,305,486	1,144,175
Freight outward	7,210,053	7,241,932
Electricity charges	320,303	777,486
Rent	355,085	499,732
Repairs & Maintenance	128,363	655,211
Auditors' remuneration		
Audit fees	150,000	130,000
Other Expenses	3,065,615	5,530,990
Conference Expenses	744,440	660,731
Printing & Stationery	84,777	127,395
Postage & Telegram	8,119	7,942
Legal & Professional Expenses	13,038,466	15,059,364
Subscription	589,342	437,499
Recruitment	305,097	654,798
Projects Written off	2,056,588	
Monroe Remediation	9,106,883	
Monroe Inventory Write off	968,322	
Bank Charges	138,420	123,153
	65,842,105	65,358,936
15 Tax Expense		
Current Tax	239,315	1,168,793
Deferred Tax Expense / (Credit)	690,513	(643,620)
	929,828	525,173



GLENMARK PHARMACEUTICALS INC., USA
 5 Fixed Assets Schedule As On Mar 31, 2022

Assets	Amount in USD										
	Leaschold Land	Freehold Land	Factory Building	Plant & Machinery	Furniture & Fixture	Equipment	Computer Software	Product Development	Right of Use	Total as on March 31, 2022	Total as on March 31, 2021
At the beginning of the year	1,295,499	780,000	25,762,709	24,999,311	6,398,204	10,083,070	5,602,309	6,179,416	2,283,389	83,383,907	92,494,553
Additions during the year	45,312,747	-	-	54,605,858	93,044	1,271,546	-	-	4,525,049	105,808,245	3,868,914
Depreciation charge for the year	569,254	-	1,388,808	3,817,306	472,089	1,221,526	1,508,793	1,383,197	2,941,386	13,302,358	12,979,560
Adjustments	-	-	-	-	-	-	-	-	-	-	-
At the end of the year	46,038,992	780,000	24,373,901	75,787,862	6,019,159	10,133,090	4,093,516	4,796,219	3,867,054	175,889,794	83,383,907



GLENMARK PHARMACEUTICALS INC., USA

NOTES TO THE FINANCIAL STATEMENTS

1) BUSINESS ACTIVITY/ NATURE OF OPERATIONS

Glenmark Pharmaceuticals Inc., is a wholly owned subsidiary of Glenmark Holding S.A. (the "Holding"), a Company incorporated in Switzerland.

The Company distributes Formulations and Active Pharmaceutical Ingredients mainly to North America through alliances and agreements with other pharmaceutical companies. With strong ties to the Parent company, the Company will have unlimited resources in both research and development.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

These financial statements are in conformity with accounting principles generally accepted in the United States of America.

b. Depreciation on Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to the acquisition and installation of fixed assets. Depreciation is calculated using straight line method over the estimated useful lives of the assets. Useful lives of assets are as follows:

CATEGORY	YEARS
Software	3-5
Equipment	3-7
Furniture & Fixtures	3-7
Leasehold Improvements	5-8
Buildings	39

c. Product Development Expenditure

Capital expenditure on research and development is capitalized as fixed assets. Development cost relating to the new and improved product and/or process development is recognized as an intangible asset to the extent that it is expected that such asset will generate future economic benefits.

Product Development cost is reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Product development costs are amortized over the useful life, not exceeding 10 years, once the product to which they relate is commercialized.

Licenses and registration expenditures for the use of third-party products are capitalized and amortized on a straight-line basis over 5 years.



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d. Revenue Recognition

Net Sales are recognized when the product is shipped to customers, at which title and the risks and rewards of ownership pass to the customer.

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, VAT and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Provisions for chargeback, rebates, discounts and medical aid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler. Such provisions are presented as a reduction from revenues.

e. Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within various days from the invoiced date based on agreement with customers. The Company does not accrue interest on past due accounts receivable. The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews each accounts receivable balance that is past due and estimates the portion, if any, of the balance that will not be collected and records a general allowance to cover those amounts.

f. Inventory

Inventories are stated at the lower of the cost (determined by first-in, first-out method) or market value.



GLENMARK PHARMACEUTICALS INC., USA

g. Leases

The Company has adopted the new accounting standard i.e. ASC 842, which has become effective from 1 April 2019 (transition date).

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach and therefore comparative periods have not been restated. The Company has recognised lease liability on the date of initial application at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company has recognised a right-of-use asset on the date of initial application at an amount equal to lease liability, adjusted by the amount of prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. On transition to new accounting standard, the weighted average incremental borrowing rate applied to lease liabilities recognised was 5% p.a.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

Practical expedient opted by Company:

- The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of transition of ASC 842, being 1 April 2019.
- The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Exemptions availed by Company:

The Company has elected not to recognise right-of-use assets in below mentioned cases but to account for the lease expense on a straight-line basis over the remaining lease term or on another systematic basis if that basis is more representative of the pattern of the Company's benefit:

- A lease that, at the commencement date, has a lease term of 12 months or less i.e. short-term leases and
- Leases for which the underlying asset is of low value

Measurement and recognition of leases

The Company considers whether contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that convey the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

GLENMARK PHARMACEUTICALS INC., USA

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company and any lease payments made in advance of the lease commencement date.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss account as the case may be.

The Company has elected to account for short-term leases and leases of low-value assets. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term or on another systematic basis if that basis is more representative of the pattern of the Company's benefit.

The Company's leased assets primarily consist of leases for office premises and warehouse. Leases of office premises and warehouse generally have lease term between 2 to 12 years. The Company has applied low value exemption for leases laptops, lease lines, furniture and equipment and accordingly are excluded. The leases includes non-cancelable periods and renewable option at the discretion of lessee which has been taken into consideration for determination of lease term.

- i) Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

Particulars	FY 2021-22	FY 2020-21
As at April 2021	2,283,390	4,891,643
Additions	4,525,049	-
Depreciation expenses	(2,941,386)	(2,608,253)
As at March 31, 2022	3,867,052	2,283,390

GLENMARK PHARMACEUTICALS INC., USA

- ii) Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the period:

Particulars	FY 2021-22	FY 2020-21
As at April 1, 2021	2,731,657	5,070,185
Additions	4,525,049	-
Accretion of interest	298,567	200,631
Payments	(2,884,086)	(2,539,159)
As at 31 March 2022	4,671,248	2,731,657
Current	2,844,656	1,237,450
Non-current	1,826,592	1,494,207

- iii) The following are the amounts recognized in profit or loss:

Particulars	FY 2021-22	FY 2020-21
Depreciation expense of right-of-use assets	2,941,386	2,608,253
Interest expense on lease liabilities	298,567	200,631
Total amount recognized in profit or loss	3,239,953	2,808,884

The Company had total cash outflows for leases of in FY 2021-22 USD 2,884,026 (USD 2,539,159 in FY 2020-21).

- iv) The undiscounted maturity analysis of lease liabilities at 31 March 2022 is as follows:

Particulars	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10 years and above	Total
31-Mar-22								
Lease payments	3,010,058	1,148,010	755,000					4,913,068
Finance Charge	165,402	60,766	15,652					241,820

The undiscounted maturity analysis of lease liabilities at 31 March 2021 is as follows:

Particulars	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	10 years and above	Total
31-Mar-21								
Lease payments	1,338,961	975,088	579,149					2,893,198
Finance Charge	101,511	52,657	7,372					161,540

h. Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

