

October 03, 2018

To,  
Dy. General Manager  
Department of Corporate Services,  
BSE Ltd.,  
P. J. Towers, Dalal Street,  
Fort, Mumbai – 400 001.

To,  
The Manager – Listing,  
National Stock Exchange of India Ltd.,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051.

Ref: Scrip Code: 532296

Ref: Scrip Name: GLENMARK

Dear Sirs,

**Sub: Submission of Annual Report under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Enclosed please find herewith the Annual Report for the Financial Year 2017–2018 under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking You

Yours Faithfully,  
For Glenmark Pharmaceuticals Limited



Harish Kuber  
Company Secretary & Compliance Officer

Encl: As above



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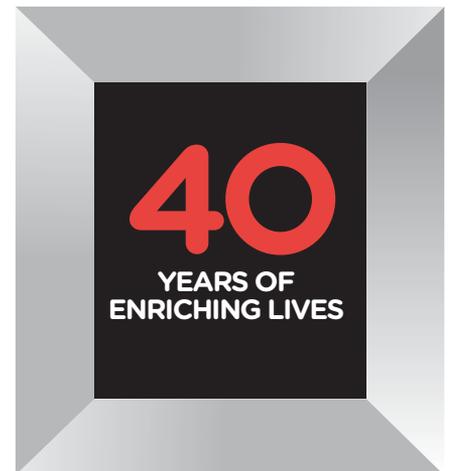
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[www.glenmarkpharma.com](http://www.glenmarkpharma.com)  
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*40 years ago, we embarked on a mission to enrich patients' lives. It began as a series of small steps. The learnings that came with experience helped us fine-tune our strategies and forge ahead. Over time, we built up momentum and grew rapidly to become what we are today: a billion dollar-plus company with over 13,500 employees in 50 countries and deriving more than 70% of our revenues from overseas.*



Through this journey, we have marked a number of significant milestones. This includes the creation of a range of stalwart brands in focus areas such as dermatology and respiratory, which have attained leadership position in India and earned the loyalty of prescribers and patients alike in international markets. Our commitment to affordable, high-quality medicines has spawned a successful, global generics business that has helped patients and payers reduce healthcare costs with its range of off-patent versions of blockbuster and niche innovator brands approved by the world's toughest regulators. With our new drug research and development programme, we are now closer than ever in our quest to become a global, innovation-led pharmaceutical company that provides novel solutions to patients facing challenging health conditions. Our

over a decade-long investment in R&D is yielding breakthrough new molecules that are in various stages of development for patients suffering from different types of cancer and other debilitating diseases. Our focus on adding value to patients through incremental innovation has brought us closer to the global launch of our first branded, specialty pharmaceutical product.

These achievements embolden us to envisage the future with optimism and confidence. For those who believed in us through good and bad times, we would like to thank you for your faith and guidance. We hope that you will continue to support us in this exciting journey.

# Celebrating 40 Years of Business Excellence

**1977**

Touching lives of patients for over three decades



Glenmark was established in 1977 by our Founder Emeritus Late Mr. Gracias Saldanha.

**1979**

The first success



Glenmark entered the dermatology market with the launch of 'Candid cream'.

Dermatology is a key focus area for the Company even today, for both formulations and novel drug discovery worldwide.

**1999**

Commenced an R&D centre



Glenmark commissioned the Sinnar R&D centre in Maharashtra.

**2000**

Adding value to our stakeholders



Glenmark was first listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) of India at a market capitalisation of USD 40 Mn.

Initiated research in novel molecules



Established first innovation R&D centre at Mahape, Navi Mumbai for Novel Chemical Entity (NCE) research

## 2006

Commenced research in novel biologics



To focus on development of novel biologics, Glenmark established its first R&D centre for Novel Biologics Entity (NBE) research in Switzerland.

Out-licensing deal for the novel molecule, Melogliptin



Glenmark entered into an out-licensing deal with Merck KGaA for its molecule Melogliptin and received a total payment of USD 31 Mn.

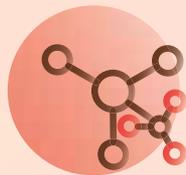
## 2005

Expanded operations to the US market



Glenmark launched front-end commercial sales in the US in 2005. To support its US operations with high-quality products, it set up a manufacturing facility built to US FDA specifications in Goa, India.

Out-licensing deal for the novel molecule, Oglemilast



The Company entered a deal with Teijin Pharma for the Japan rights of its molecule Oglemilast, for which it received an upfront payment of USD 6 Mn.

## 2004

Glenmark's first out-licensing deal



Glenmark created history where it sealed its first out-licensing deal with Forest Laboratories for GRC 3886. Glenmark received USD 35 Mn as upfront and milestone payments.

## 2001

Diversified to API manufacturing



Glenmark forayed into manufacturing of APIs and commenced operations at the Kurkumbh API manufacturing facility in Maharashtra. In the following year, it also acquired an API manufacturing facility at Ankleshwar, Gujarat.

2007

Out-licensing deal with Eli Lilly



Eli Lilly acquired the rights to a portfolio of TRPV1 antagonist molecules developed by Glenmark. The Company received an upfront fee of USD 45 Mn.

2010

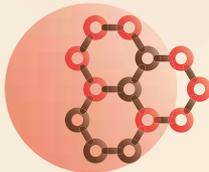
Out-licensing deal for its first-in-class molecule GRC 15300



Glenmark entered into an out-licensing deal with Sanofi-Aventis for its molecule GRC 15300, a first-in-class TRPV3 antagonist. It received an upfront payment of USD 25 Mn.

2011

Out-licensing of the first novel biological entity, GBR 500



The Company out-licensed its first novel biological entity, GBR 500, to Sanofi-Aventis and received an upfront payment of USD 50 Mn and a milestone payment of USD 5 Mn in May 2014.

2012

Out-licensing deal with Forest Labs



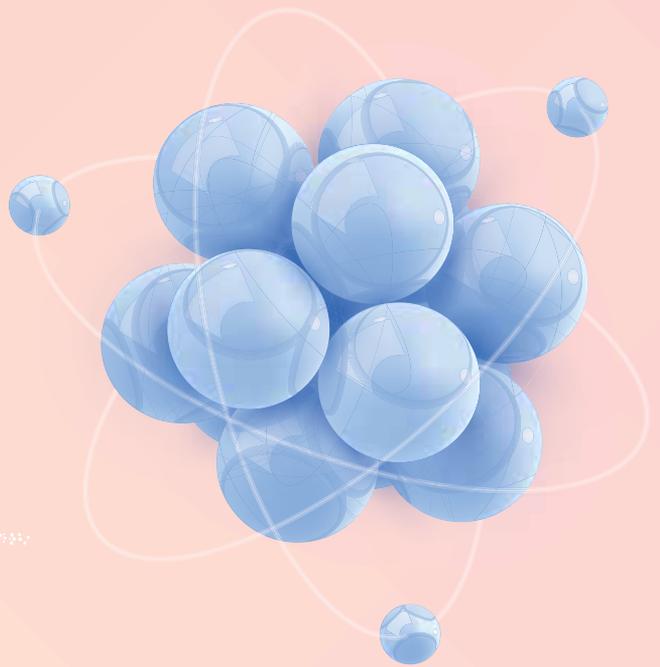
Glenmark entered into an out-licensing deal with Forest Labs for its novel molecule targeting the mPGES-1 inhibitor. It received USD 15 Mn payment from Forest Labs on an option agreement.

2014

Expanded manufacturing operations in the US and Switzerland

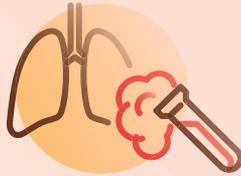


- Glenmark commissioned a new manufacturing facility in North Carolina, USA, for development of injectables and oral solid dosages.
- The Company also set up a new antibody manufacturing facility in La Chaux-de-Fonds, Switzerland, for development of clinical GMP-grade biologics for clinical trials.



## 2018

Innovating in respiratory



Glenmark's leading respiratory pipeline candidate Ryaltris™, formerly GSP 301 Nasal Spray, an investigational fixed-dose combination nasal spray of an antihistamine and a steroid, accepted by the US FDA for review as a treatment for seasonal allergic rhinitis.

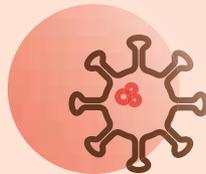
## 2016

Providing differentiated generics products



Glenmark launched Ezetimibe, the first and only generic version of Zetia®, in the US for the treatment of high cholesterol.

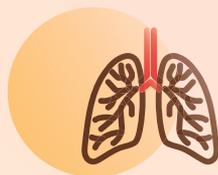
Advancing the oncology portfolio



With the addition of GBR 1372, a bispecific monoclonal antibody from Glenmark's BEAT® technology platform, the Company has three clinical candidates - GBR 1302, GBR 1342 and GBR 1372 targeting oncology indications.

## 2015

Making respiratory a focus area



The Company announced the Strategic Development & Licensing Agreement with Celon, Poland, for generic Seretide® Accuhaler® in Europe. In the same year, it received approval for generic Seretide® in Russia.

# Glenmark at a Glance



GLENMARK DAHEJ TEAM

In the last 40 years, Glenmark has grown from an India-based organisation with a single dermatology product to a global pharmaceutical company. Today, it has more than 6,000 products worldwide that include offerings in Respiratory, Dermatology and Oncology therapeutic areas.



GLENMARK'S MANUFACTURING FACILITY AT MONROE, NORTH CAROLINA, USA

At Glenmark, we began investing in our innovation programme over a decade ago. Our innovation venture has begun to deliver results with new molecules, currently in different stages of development, in the three focus areas of Respiratory, Dermatology and Oncology. We have not only evolved into a successful global branded generics organisation, but have also built a reputation of being an innovation-driven organisation in a space dominated by global pharmaceutical giants.

We have expanded our manufacturing footprint to 16 facilities in four continents and augmented our international



## Our Vision

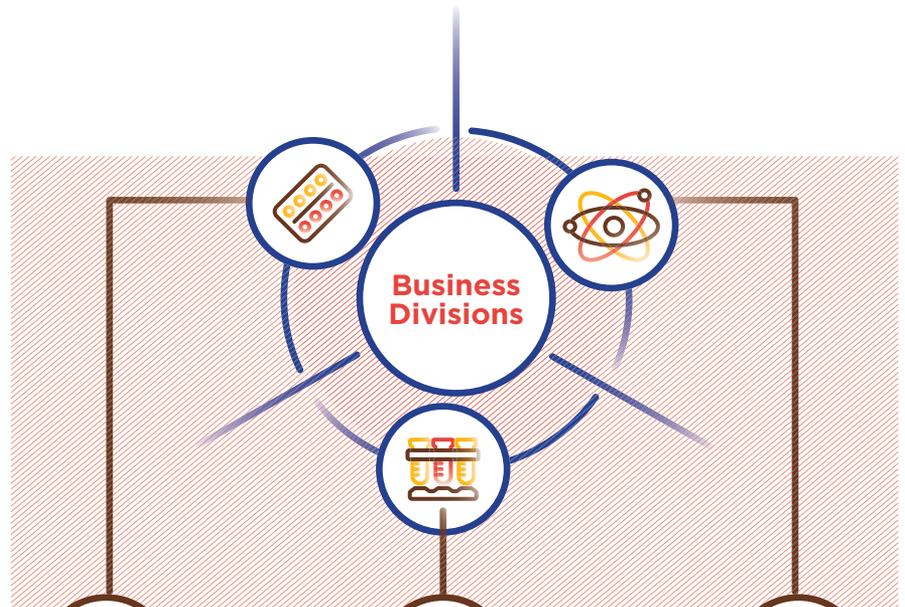
To emerge as a leading integrated research-led global pharmaceutical company

operations to build a strong presence globally. The innovative pipeline of Novel Molecular Entities (NMEs) and Specialty Products, built by our scientists in six R&D centres in India, Switzerland and the US, differentiates us from our peers.

We have enriched the lives of millions of patients over the past 40 years by offering them safe and affordable medication. We have evolved into a USD 1.4 Bn global pharmaceutical organisation with over 13,500 employees in 50 countries, deriving more than 70% of our revenues from international markets.

### Our Business Divisions

Our business is primarily structured into Branded and Generic Formulations, Active Pharmaceutical Ingredients (APIs), and Novel Molecular Entities (NMEs) & Specialty Products.



<b>1</b>		<b>2</b>	<b>3</b>
<b>FORMULATIONS DEVELOPMENT AND MARKETING</b>		<b>API MANUFACTURING AND MARKETING</b>	<b>NME &amp; SPECIALTY</b>
<b>Branded Formulations</b>	<b>Generic Formulations</b>		
Brand building in selected therapies <sup>1</sup>	Substitution model	Captive consumption and external sales	Small molecules and complex biologics
<ul style="list-style-type: none"> <li>○ Respiratory</li> <li>○ Dermatology</li> <li>○ Oncology</li> </ul>	<ul style="list-style-type: none"> <li>○ Semi-solids</li> <li>○ Solids</li> <li>○ Hormones</li> <li>○ Controlled substances</li> <li>○ Injectables</li> </ul>	<ul style="list-style-type: none"> <li>○ Leadership position in multiple products</li> <li>○ Filed over 190 Drug Master Files (DMFs) in various markets</li> </ul>	<ul style="list-style-type: none"> <li>○ Out-licensed seven molecules to five partners</li> </ul>
<b>KEY GEOGRAPHIES</b> <ul style="list-style-type: none"> <li>○ India</li> <li>○ Russia and CIS<sup>2</sup></li> <li>○ Latin America</li> <li>○ Asia</li> <li>○ Africa</li> <li>○ CEE</li> </ul>	<b>KEY GEOGRAPHIES</b> <ul style="list-style-type: none"> <li>○ North America</li> <li>○ Western Europe</li> </ul>	<b>KEY GEOGRAPHIES</b> <ul style="list-style-type: none"> <li>○ North America</li> <li>○ Europe</li> <li>○ Japan</li> <li>○ India</li> <li>○ Latin America</li> </ul>	<b>KEY GEOGRAPHIES</b> <ul style="list-style-type: none"> <li>○ Switzerland</li> <li>○ Dedicated centre for biologics (NBEs)</li> <li>○ India</li> <li>○ Discovery and development of NCEs</li> <li>○ Formulation development</li> <li>○ USA</li> <li>○ Clinical and drug development</li> </ul>

<sup>1</sup> Additional therapies in some markets like cardio-metabolic in India and CNS in Central and Eastern Europe (CEE)

<sup>2</sup> Commonwealth of Independent States

# Drive for Excellence

Ranks among the

## Top 75

pharma and biotech  
companies in the world\*



Operations in

## 80+ countries globally



Offices in

## 50 countries



## 16

manufacturing facilities  
for **Formulations** and **API**,  
including a **GMP-grade  
biologics plant** in Switzerland

## 9 US FDA

approved  
manufacturing facilities



## 11

of our facilities  
have **ZERO liquid  
discharge**



Complying with the  
regulations of

## 35+ health authorities

## 6 R&D centres

in three countries — **India**,  
**Switzerland** and **USA**



## 5 NMEs and 3 Specialty products

focused on **Respiratory**,  
**Dermatology** and **Oncology**  
in the development pipeline



## 7 out-licensing

deals signed with  
**Eli Lilly**, **Merck**, **Sanofi**,  
**Teijin Pharma** and  
**Forest Labs**

\*As per SCRIP 2018 rankings

## 2<sup>nd</sup> fastest growing

company in **India** (among **Top 20** companies)  
on MAT March 2018



### \$200+ Mn

of cash through  
**outlicensing**



### >70%

of our **revenues**  
from **international markets**



### 80+ Mn

prescriptions in the  
**US** are filled with  
**Glenmark products**

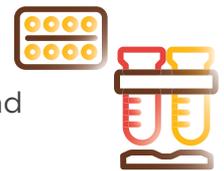


Annual production of

### 577 Mn

**Formulation packs** and

### 340 MT

**APIs**


Manufacturing

**300+ molecules** and  
**20+ dosage forms**



Manufacturing

**6,000+**  
**different**  
**SKUs**



### >13,500 employees

from **60 nationalities**



### 1 Mn

**lives touched** through our  
**child health interventions**



# Chairman's Message

>> *With the launch of Ryaltris™ in the foreseeable future, we mark the first major milestone in our strategic roadmap that envisages specialty and innovative products contributing 30% of our revenues by 2025.* <<



## Glenn Saldanha

Chairman & Managing Director

### Dear Shareholders,

The year gone by was challenging on multiple fronts. In the US market, pricing pressure from heightened competition and changing regulatory environment, combined with the expiry of marketing exclusivity on a large number of generic products, impacted growth. In India, implementation of the Goods and Services Tax (GST) and the period of adjustment that followed took their toll on the industry and Glenmark was no exception. The changing margin profile of a rapidly commoditising generics business in the US also hurt our profits, especially since we did not pare investments in research and development (R&D) that are the key to long-term growth and profitability. However, a strong performance in regions such as Europe

and some Rest-of-the-World (ROW) markets helped mitigate the impact. Total revenues in 2017-18 remained flat.

We do not expect these challenges to go away in a hurry. As we foresaw, to survive and thrive in the pharmaceutical business, companies need a long-term vision and a clear pathway to execution. And it is for precisely this reason that Glenmark, in its fortieth year, feels prepared to weather the storm better than most others.

In 2017-18, we made progress in the execution of our strategic blueprint for the next decade that I shared with you last year. This lays out the path for Glenmark to transform into an innovation-led global pharmaceutical

company with an optimal mix of generics, specialty and research-driven novel products. It also envisions blending our own skills with those of our partners to achieve our goals.

In India, after the initial hit from GST implementation, the base business recovered steadily and was supported with new launches of exciting products such as Aprezo. Being the first to launch, we were able to garner significant market share. We also launched an in-licensed dermatology product, Nourkrin® Woman, a scientifically-proven formula for hair loss. The Indian market, while an exciting opportunity, faces more governmental action on a range of issues such as pricing and access. Our focus, therefore, is to build a resilient business that dominates the therapy areas that we operate in by launching differentiated products. We will continue to enrich our pipeline with our own and partner-sourced products in our focus therapy areas of Respiratory, Dermatology and Oncology.

The Indian consumer care business, launched few years ago, continues to grow rapidly and clocked over USD 23.29 Mn in revenues. In a short period of time, it has created a successful and valuable over-the-counter franchise for Glenmark in the Indian market with three power brands: Candid Dusting Powder, VWash Plus and Scalpe+. VWash Plus created the female intimate hygiene category in India and has moved closer towards owning the intimate hygiene space with the launch of VWash Wow Sanitary Napkins.

In the US, revenues declined primarily on account of the anticipated conclusion of marketing exclusivity for generic Zetia®. However, we expect performance to improve in the current year spurred by more product launches such as the two high-potential generics — skin ointment Tacrolimus and cholesterol drug Colesevelam — approved in the first quarter of FY19. We filed 16 generic drug applications and received 21 product approvals in FY18.

We plan to counter commodisation of the US generics by developing complex,

differentiated products with higher barriers to entry than vanilla generics. In parallel, we are turning more cost-efficient and prioritising product selection during development and after commercialisation to maximise returns from each product launch. Our new production facility in Monroe in the US, where we have made substantial investments, recently completed an FDA inspection. We expect to ship products from the Monroe facility in the second half of FY19 starting with oral solids followed by nebulizers and injectables. This facility reinforces our commitment to the US market.

The European business grew strongly at 27% led by the launch of Salmex, a generic version of Seretide® Accuhaler® in the Nordic region. This is our first inhaled respiratory product approval in that region. In Denmark, our generic secured substitutability, paving the way for faster and more efficient uptake and saving costs for the healthcare system. Generic Seretide® is a huge opportunity for us with a market size of USD 700 Mn in the European countries where we operate.

We marked our foray into the OTC segment in the UK with the launch of the anti-malarial Maloff Protect for citizens who visit countries where malaria is prevalent. The licence from the UK drugs regulatory agency makes Maloff Protect a non-prescription product, available to consumers in consultation with an in-store pharmacist. We will continue to explore the OTC segment in this region. We expect the European business to continue its strong growth trajectory in the current year too, with focus on improving profitability through the right product mix and strengthening the supply chain.

Latin America continued to be a work-in-progress, showing a slight decline in revenues. However, markets such as Brazil and Mexico, while difficult, also have a significant branded pharmaceuticals business. We will stay the course here and expect a turnaround with the launch of our proprietary products over time.

Among Rest-of-the-World (ROW) markets, Asia and Africa performed well, but the

Russian business was impacted by weakness in sales of our leading brands such as the cough syrup Ascoril on account of a poor flu season. In Russia, Glenmark is among the Top 10 companies in dermatology therapy, while in the cough/cold market, Ascoril is the leading brand. We have stepped up marketing activities to strengthen our key brands and are expanding our portfolio through new launches. The Russian business has picked up pace in FY19.

The Active Pharmaceutical Ingredients (API) business is poised to make the most of an unfolding opportunity created by the raising of emission standards for the API industry in China, the leader in API production. Also,

*>> Generic Seretide® is our first respiratory product approval in Europe and is a huge opportunity for us with a market size of USD 700 Mn. <<*

as China moves up the value chain, more API production is likely to shift to India, thus creating an opportunity for those prepared to deliver. Glenmark's over 15-year old API vertical is now a large business based on strong product selection, focused on key regulated markets, with high levels of operational efficiency and a strong culture of compliance. It has built robust R&D capabilities to develop a cost-efficient and attractive pipeline to overcome the challenges of the market. We expect this business to substantially better its growth rate and are readying the ground to maximise its potential.

For over a decade, we have proactively invested in innovation, including when revenues and profits have been under pressure, as was the case in FY18. It is my pleasure to report that this commitment is bearing fruit. We have crossed a significant milestone in the filing for marketing approval of Ryaltris™, our first branded, specialty product with the US FDA. Ryaltris™, a novel fixed dose combination of two drugs in

a nasal spray format for seasonal allergic rhinitis, is a product of Glenmark's proprietary R&D and a validation of its capabilities. We expect a launch towards the second half of CY19.

Another promising product is GBR 310, a biosimilar of XOLAIR® for asthma and Chronic Idiopathic Urticaria, which completed Phase 1 in FY18 and is likely to enter Phase 3 in FY19. It has the potential to be the first biosimilar of XOLAIR® on market. Products such as Ryaltris™ and generic XOLAIR® will help the Company move beyond the competitive generics landscape in the US on a sustainable basis.

In parallel, our new drug candidates, based on our breakthrough bispecific antibody (bsAb) production platform BEAT®, are making steady progress in the clinic. The bsAb technology shows promise for its ability to aim at not one but two targets in the body implicated in cancer, potentially improving effectiveness over other therapies. Our bsAbs have also shown immunological activity in addition to tumour cell killing, thus opening another flank in battling the disease while also ensuring a favourable safety profile. The lead molecule from this technology, GBR 1302, is moving to late Phase 1 where we are dosing against different types of HER2 positive cancers. We are also looking to commercialise the asset across HER2 cancers in certain markets through partnerships such as the one recently announced with China's HarbourBioMed. GBR 1342, indicated for multiple myeloma, is in Phase 1 of clinical studies. We have presented data from studies on both these molecules at prestigious, international forums such as ASCO and ESMO.

Among our NBE pipeline candidates, the OX40 antagonist, GBR 830, is currently being studied as a treatment for atopic dermatitis with a Phase 2b study initiated in Europe and the US. Data from Phase 2a of clinical studies suggests it has the potential to be a broad, anti-inflammatory drug for autoimmune diseases across indications. It is being evaluated in other immunology indications too.

From a compliance perspective, we completed 132 regulatory and customer audits. Our quality team is doing a phenomenal job instilling a culture of quality across the organisation. This will continue to be a priority for the Company.

In response to the challenging global environment, we are running several organisation-wide cost-efficiency initiatives. As you are aware, the pharmaceutical industry is currently facing several headwinds and it is imperative for us to take relevant measures to maintain growth momentum and achieve our ambitions. For this, we must optimise our internal processes to capture all available synergies and improve operational

*>> Glenmark, however, is on the cusp of a transition. The difficulties endured in the short term are lightened by the prospect of a transformation that is within sight. <<*

efficiencies, particularly in the area of indirect expenses. It is also vital that day-to-day operations are not impacted while we realise these synergies. This will continue to remain our thrust area for the next several years.

As a responsible business, we are cognizant of the need to conserve precious natural resources. We track several key environmental indicators to assess the performance of all our facilities. Ensuring health and safety of all our people is another critical operational priority where we invest significantly in technology, processes, programmes and training. Our state-of-the-art manufacturing units and research centres worldwide hold various certifications, including ISO 14001:2015 and ISO 18001:2007.

We have positively impacted one million lives across the globe through our Corporate Social Responsibility initiatives, including programmes on child health. It is a matter of pride for Glenmark that these social causes are whole-heartedly embraced

and championed by our people as part of Glenmark's annual festival of philanthropy, the Global Joy of Giving.

As mentioned earlier, Glenmark has been laying the groundwork to continue winning in a more competitive environment. Our priorities in FY19 include improving our profitability and differentiating our business with complex, specialty and innovative products through a combination of in-house development and partnering. We will continue to focus on our key therapy areas of Respiratory, Dermatology and Oncology where we are acquiring formidable R&D, manufacturing and marketing skills and experience.

For the Indian pharmaceutical industry, the environment is fraught with seemingly insurmountable difficulties, whether from the standpoint of business, policy or regulation. Many in the sector are now struggling to reinvent themselves and to some of them, the future might well appear bleak. Glenmark, however, is on the cusp of a transition. The difficulties endured in the short term are lightened by the prospect of a transformation that is within sight. This is being made possible by key decisions taken with foresight at different points of time in our 40 years of existence. With the launch of Ryaltris™ in the foreseeable future, we mark the first major milestone in our strategic roadmap that envisages specialty and innovative products contributing 30% of our revenues by 2025.

None of this would have been possible without the hard work, dedication and ingenuity of our employees and the support of our investors over the last four decades of our existence. We look forward to continued support from both.

Yours Sincerely,



**Glenn Saldanha**  
Chairman & Managing Director

# Board of Directors



**Mr. Glenn Saldanha**  
*Chairman & Managing Director*

Mr. Saldanha joined Glenmark in 1998 as Director and took over as Managing Director & CEO in 2000. He transformed Glenmark into a truly global organisation with revenue over a billion dollar. Under his leadership, Glenmark has evolved from an Indian branded generics business into a research-driven and innovation-led organisation. Mr. Saldanha's vision is to discover, develop and take to market India's first innovative drug for the entire world.



**Mrs. Cherylann Pinto**  
*Director - Corporate Affairs*

Mrs. Pinto is the Director of Corporate Affairs at Glenmark since October 1999 and is an executive member of the Board. With over 28 years of experience in the pharmaceutical field, she currently heads the Company's Corporate Communications, Corporate Affairs, IT, Admin, HR and CSR functions. She had set up a pharmaceutical company where she served as the Managing Director from 1989 to 1999 before joining Glenmark.



**Mr. V. S. Mani**  
*Executive Director and Global CFO*

Mr. Mani leads the organisation's worldwide finance operations and secretarial function, including global accounting, financial reporting, tax and treasury. He has over 25 years of rich industry experience across treasury, taxation, accounting, financial planning & analysis, secretarial, legal, audits, risk management and investor relations. Prior to joining Glenmark in 2017, he was the President Finance at the Bhartiya Group. He has also held the position of the Chief Financial Officer at Cipla.



**Mr. Rajesh V. Desai**  
*Non-Executive Director*

Mr. Desai is a Non-Executive Director at Glenmark Pharmaceuticals Ltd. He has over 34 years of work experience and was the Executive Director and Chief Financial Officer of Glenmark till 2016. He led the Finance, Legal and IT functions and with his strong Finance background, he contributed significantly to the growth story of Glenmark.



**Dr. Brian W. Tempest**  
*Non-Executive Director - Independent*

Dr. Tempest has been working with the pharmaceutical industry for the last four decades and has managed healthcare businesses in North America, South America, Europe, Africa, the Middle East, Australasia, China, Japan and India. He is the editor of the Journal of Generic Medicines. He is also a Non-Executive Director on the Governance Board of the United Nations Patent Pool.



**Mr. Bernard Munos**  
*Non-Executive Director - Independent*

Mr. Munos advises organisations on being better innovators. He serves on the advisory council of the National Centre for Advancing Translational Sciences (NCATS), is a member of the National Academy of Medicine's Forum on Drug R&D and Translation and is an advisor to the journal, Science Translational Medicine. His research on pharmaceutical innovation has been published in Nature and Science, as well as profiled by Forbes magazine.



**Mrs. B. E. Saldanha**

*Non-Executive Director*

Mrs. Saldanha is a Non-Executive Director and a member of the promoter group of Glenmark. Prior to this, she was the Director for exports and managed Glenmark's international operations from 1982 to 2005. During her 23-year tenure with the organisation, she was responsible for developing and growing the Company's export business.



**Mr. Julio Ribeiro**

*Non-Executive Director - Independent*

Mr. Ribeiro is a retired Indian police officer and civil servant and has held increasingly responsible positions during his career. Some of the noteworthy positions include the Commissioner of Police, Mumbai; Special Secretary to the Government of India, Ministry of Home Affairs; Director General of Police, Punjab; Advisor to the Governor of Punjab, and Ambassador of India to Romania. He currently serves as the Director of VVF Ltd.



**Mr. Sridhar Gorthi**

*Non-Executive Director - Independent*

Mr. Gorthi is a partner in the Mumbai office of Trilegal and his areas of expertise include M&A, joint ventures, private equity and venture capital. He has been actively involved in several high-profile cross-border transactions. Apart from representing several international clients on M&A in India, he has also advised Indian companies about outbound M&A transactions in jurisdiction such as the UK, the US, South Africa, Argentina, Indonesia and Sri Lanka.



**Mr. Milind Sarwate**

*Non-Executive Director - Independent*

Mr. Sarwate is the Founder and CEO of Increate Value Advisors LLP, a firm that facilitates organisations and individuals to discover, develop and deliver business and social value. He has over 32 years of experience in Finance, HR and Strategy in groups such as Marico and Godrej.



**Mr. D. R. Mehta**

*Non-Executive Director - Independent*

Mr. Mehta was a civil servant for almost four decades and has experience in administration and management of public affairs. He joined the IAS in 1961 and has held positions in the Government of Rajasthan and in the Government of India. He has served as the Chairman of SEBI, the Deputy Governor of the RBI and the Director General of Foreign Trade, Ministry of Commerce, Government of India.

# Adding Value through Differentiated and Innovative Offerings

Glenmark is well on its way to establishing itself globally as an innovation-led pharmaceutical company. We are just a few steps away from launching our first branded, specialty product in the global market in the respiratory segment. Our Novel Molecular Entities (NMEs), the pipeline built over a decade of investments in new drug research and development (R&D), are making progress in the clinic.

We are notching up approvals of advanced generic products such as inhalers where challenges of technology and development ensure fewer players in the otherwise highly competitive global generics market. None of this would have been possible without the resources and experience brought by 40 years of serving patients all over the world.

Since its inception in 1977 as a Company focused on the Indian market, Glenmark has grown exponentially to reach millions of patients all over the world with solutions for both acute and chronic disease conditions ranging from allergies to cancer. Unmet patient needs led to the launch of our flagship brand in the Indian market 40 years ago and is also the core principle guiding our over-a-decade-old foray into researching novel therapies for challenging health conditions in our focus therapy areas.

The key enablers of our business, including trusted brands built over four decades, continue to power our quest for novel solutions to enrich patients' lives. This strong foundation gives us the confidence to aim high in our goal to emerge as an innovation-led organisation over the next decade.



 A MEMBER OF GLENMARK'S R&D TEAM IN SWITZERLAND



## Respiratory

In nearly four decades, our respiratory franchise has gone from strength to strength. Glenmark’s stalwart brands such as Ascoril and Alex have helped thousands of patients in India and other emerging markets counter acute respiratory conditions such as cough, asthma, emphysema and bronchitis. Their trustworthy and reliable reputation is cemented in the minds of prescribers and patients alike. We have invested not just in the products, but also in ways to improve the customer’s experience and ultimately, outcomes.

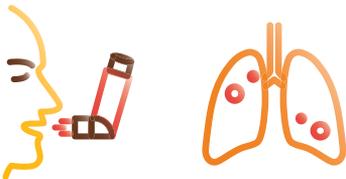


ASCORIL AND ALEX IN INDIA

Glenmark’s stalwart brands such as **Ascoril and Alex** have helped **thousands of patients in India** and other **emerging markets** to counter acute respiratory conditions such as cough, asthma, emphysema and bronchitis.

**India** accounts for **1/4 of all deaths** globally caused by

### COPD and asthma



Since 2016, bottles of Ascoril cough syrup have additional labelling on appropriate dosing regimes. Though not mandated by

Indian law, our new label contains information to make the patient aware of the correct use of Ascoril in order to prevent misuse. Since 2011, we have packed in a handy, colour-coded measuring cup with Ascoril cough syrup bottles to ensure that patients measure out the liquid accurately for safe and effective dosing. As the makers of a pioneer product in the Indian cough syrups market, this is an acknowledgment of our responsibility to the patient and the prescriber.

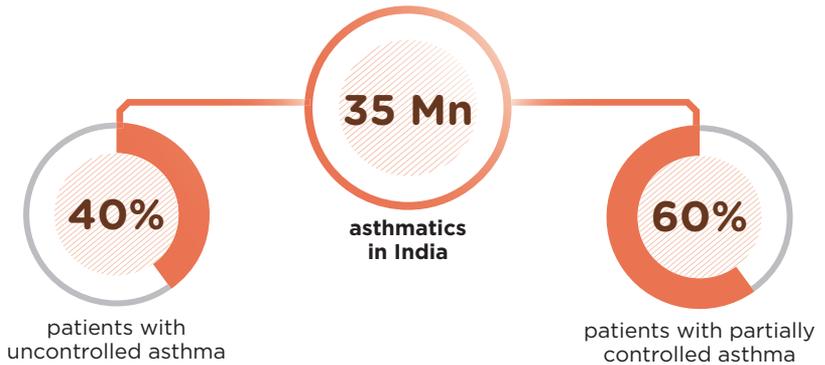
With Alex, our over 28-year-old brand of cough medicine, we have improved patient adherence

to therapy with differentiated offerings for the entire age spectrum from children to elderly. A separate sugar-free preparation for diabetics has a substantially lower glycemic index of 4 compared with 65 in the conventional preparation, thus helping diabetics to use it without an adverse impact on glycemic control.

While supporting and investing in our warhorses, we have also responded to the evolving market and patient needs. Asthma and Chronic Obstructive Pulmonary Disease (COPD) are two such areas that present the opportunity for

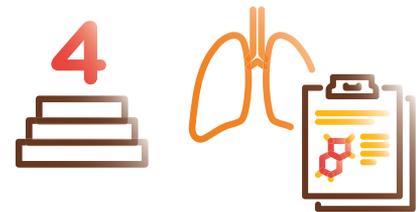
Available by prescription only

new offerings to improve patient compliance, adherence to therapy and outcomes. According to the latest Global Burden of Disease study, India accounts for a quarter of all deaths globally from the two most chronic respiratory diseases, COPD and asthma. There are about 35 Mn asthmatics in India. About 40% of them have uncontrolled asthma and over 60% have partially controlled asthma.



**DIGIHALER - INDIA'S FIRST DIGITAL DOSE INHALER (AVAILABLE ONLY IN INDIA)**

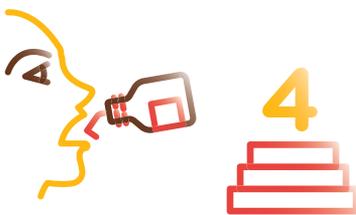
In 2016, we launched Digihaler, India's first digital inhaler that provides accurate dose tracking to patients and doctors. Conventional inhalers hold the risk of misleading the patient on actual dose count remaining in the inhaler, thus exposing the patient to 'pseudo-adherence' where they are unaware that the drug has begun to tail-off. Digihaler enables exact dose tracking and alerts the patient when the doses are over, leading to appropriate use of the inhaler and better asthma control. It is priced at the same level as conventional inhalers to maximise access to Indian patients.



**Rank 4**

in **Respiratory**<sup>1</sup> in India

<sup>1</sup> IQVIA data



**Among Top 4**

in the **expectorants market** in Russia

Our strong branded respiratory drugs franchise has made a mark outside India too. Glenmark is in the Top 4 in the expectorants market in Russia.



**ASCORIL RANGE IN RUSSIA**

Brands such as Ascoril and the anti-infective Glevo are powering our growth in Russia. Ascoril is a 20-year-old brand in Russia and ranks number one and number two in terms of prescriptions by paediatricians and General Physicians (GPs) respectively, according to the data from Ipsos-Comcon and PIndex.

- Ascoril**
- 1** No. of prescriptions by paediatricians
  - 2** No. of prescriptions by GPs

We are strengthening this franchise further with new launches such as Momate Rhino Advance, a unique combination of the drugs mometasone and azelastine for seasonal allergic rhinitis, launched in 2016-17. This is the first combination topical nasal spray available in Russia and helps to improve compliance as it combines two drugs in one. The recent registration of this product for perennial rhinitis means that many more patients stand to benefit from this novel combination.



**MOMATE RHINO ADVANCE IN RUSSIA**

In line with our 40-year endeavour to make affordable drugs available to patients all over the world, our development team has reverse engineered several blockbuster innovator drugs whose patent terms have come to an end. In parallel, our in-licensing team has successfully scouted for technologies that we can develop and commercialise in global generic markets.

A recent instance of this is our launch of the first substitutable generic of GlaxoSmithKline's Seretide® Accuhaler® (fluticasone propionate/salmeterol xinafoate dry powder inhaler) for asthma and COPD in Denmark in May, 2018. Glenmark had entered into a strategic development & licensing agreement with Celon Pharma S.A.(Celon) to develop and market this product in 15 European countries in 2015. In December 2017, Glenmark successfully closed the registration procedure for generic Seretide® in the Nordic region and is awaiting more marketing, substitution and pricing approvals in this region.



**FIRST SUBSTITUTABLE GENERIC OF GLAXOSMITHKLINE'S SERETIDE® ACCUHALER® AVAILABLE IN SELECT COUNTRIES OF EUROPE**

The Denmark regulatory approval allows our competitively priced generic to be substituted for the innovator brand, leading to savings for the country's national health system. Generic Seretide® Accuhaler® marks our entry into the global respiratory generics segment and will be followed by launches in several other markets.

We are increasingly using partners to augment our product portfolio with innovative offerings. In the respiratory area, Nebzmart™ is an example of this.

Nebzmart™, a product in-licensed from Taiwan's MicroBase Technologies, uses active mesh nebulizing technology to enable

patients such as children, elderly and the physically challenged to correctly administer inhaled therapies for asthma and COPD to improve outcomes. An average 50% of patients incorrectly use their MDI or DPI devices, leading to poor drug delivery, which results in uncontrolled diseases. Nebzmart™ is a nebulization inhalation device that provides a viable alternative to MDIs and DPIs as it does not require a special technique for drug administration. Its active vibrating mesh technology platform is an improvement over conventional jet nebulizers as it is quieter and enables quicker, more efficient delivery of the medication. Glenmark has already launched the Nebzmart™ complete nebulization

care kit in countries such as India, Brazil, Mexico, Kenya and South Africa, with launches planned in more countries.



**NEBZMART™ AVAILABLE IN INDIA, BRAZIL, MEXICO, KENYA AND SOUTH AFRICA**

 Available by prescription only

# INNOVATION IN RESPIRATORY

In the last decade, we have proactively invested in proprietary innovation to expand our product basket and provide novel solutions to patients facing intractable problems. Ryaltris™, our proprietary treatment for allergic rhinitis, and a number of Novel Molecular Entities (NMEs) in our respiratory pipeline are a strong validation of these efforts.

**The development of Ryaltris™ is a significant milestone for Glenmark as it is our first branded, specialty product globally.** In May 2018, Glenmark submitted a New Drug Application (NDA) with the US FDA for this innovative product for seasonal allergic rhinitis. Ryaltris™ is an investigational, fixed-dose combination nasal spray of an antihistamine (olopatadine hydrochloride 665 mcg) and a steroid (mometasone furoate 25 mcg). It was studied in seven clinical trials with over 4,000 patients. Ryaltris™ demonstrated statistically significant improvement in both reflective and instantaneous scores (TNSS) as compared to individual

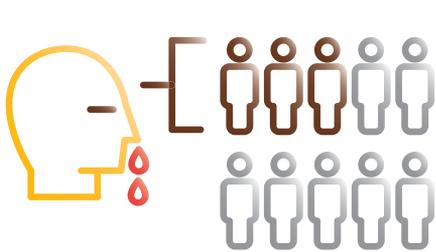
monotherapies. Since 2017, studies on its pharmacokinetics, safety and efficacy have been presented at prestigious forums organised by the American College of Allergy, Asthma, and Immunology and the American Academy of Allergy, Asthma, and Immunology and published in the reputed journal, Allergy and Asthma Proceedings.

Glenmark plans to commercialise the product in global markets either on its own or through partnerships. We have recently forged an exclusive licensing agreement with Seqirus Pty. Ltd. to commercialise Ryaltris™ in Australia and New Zealand in exchange for

upfront payment, regulatory and commercial milestone payments.

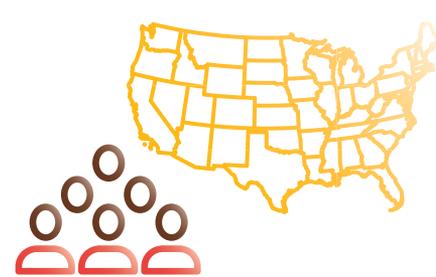
Glenmark has also successfully concluded a Phase 3 safety study of Ryaltris™ in perennial allergic rhinitis in the US. The trial met its primary end point of being well-tolerated - a majority of the treatment-emergent adverse events were mild-to-moderate in severity.

According to recent data, seasonal allergic rhinitis affects over 17 Mn adults each year in the US. Worldwide, allergic rhinitis affects between 10% and 30% of the population<sup>1</sup>. It is the primary diagnosis in over 11 Mn doctor's



Between 10% and 30%

of the **global population** suffers from **allergic rhinitis**<sup>1</sup>



> 17 Mn adults

in the **US** affected by **seasonal allergic rhinitis** every year<sup>3</sup>

Allergic rhinitis is the primary diagnosis in over **11 Mn doctor's** visits annually and is estimated to affect more than 7% of adults aged 18 and over in the US<sup>1,2</sup>

Maps are not drawn to scale and are for visual representation only

<sup>1</sup> Summary Health Statistics for U.S. Adults: National Health Interview Survey, 2012, Tables 3 and 4.  
<sup>2</sup> National Ambulatory Medical Care Survey: 2010 Summary Tables, Table 13.  
<sup>3</sup> Centres for Disease Control

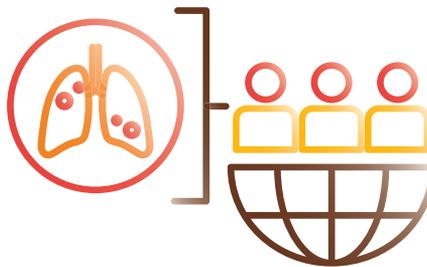
visits annually and is estimated to affect more than 7% of adults aged 18 and over in the US<sup>1,2</sup>.

Ryaltris™, once launched, will be a testimony to our ability to develop and commercialise proprietary specialty pharmaceuticals. Ryaltris™ is one of the three investigational treatments in Glenmark’s respiratory pipeline that is specifically aimed at addressing the global public health burden of allergic rhinitis, asthma and COPD.

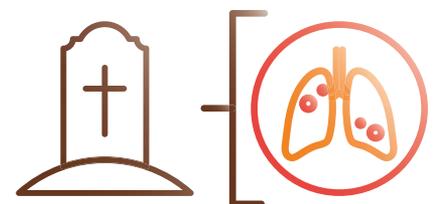


A MEMBER OF GLENMARK’S R&D TEAM IN SWITZERLAND

GRC 39815 is being investigated as an inhaled treatment for COPD and is currently in preclinical studies. It is an inhibitor of the Retinoid-related Orphan Receptor gamma t (ROR γ t). Based on the most recent estimates, COPD affects approximately 64 Mn people worldwide. COPD is an incurable disease and is the third leading cause of death worldwide.



**64 Mn**  
people affected by **COPD globally**



**3<sup>rd</sup> leading**  
cause of **death** worldwide is **COPD**



**300 Mn**  
people  
worldwide affected by **Asthma**

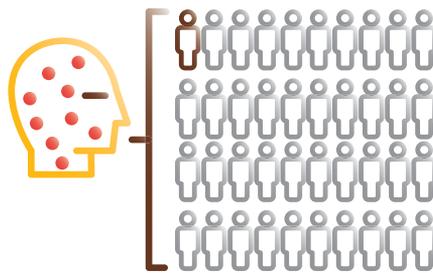


**240,000**  
asthma-related  
**deaths** per year

GBR 310 (Omalizumab), a proposed biosimilar of XOLAIR®, is intended for the treatment of allergic asthma and Chronic Idiopathic Urticaria (CIU). It has the potential to be among the first biosimilar candidates to be submitted to the US FDA for approval. In June 2018, we completed a Phase 1 study to assess its pharmacokinetics in comparison with the reference product. Glenmark will initiate Phase 3 trials for this compound in FY19.

Asthma affects an estimated 300 Mn people worldwide and the morbidity and economic burden is significant, with approximately 240,000 asthma-related deaths per year. CIU is a common skin disease that presents as spontaneously occurring hives or welts. It occurs across all age groups and about 1% of the population suffers from a chronic form of the disease.

Glenmark's respiratory pipeline is a strong indicator of our intention to continue serving unmet medical needs of patients all over the world.



1% of the global population

suffers from a **Chronic Idiopathic Urticaria**

**GBR 310** has the potential to be among the **first biosimilar candidates** to be submitted to the **US FDA** for approval



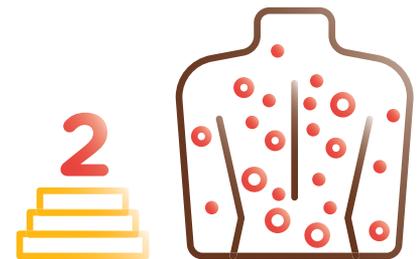
## Dermatology

Nearly 40 years ago, when we sowed the seeds of our India business, we chose to launch our flagship brand in the underserved niche of anti-fungal treatments. There was a need for more and better offerings, but relatively little interest from the drug industry because of the limited market size.

Candid cream, our brand of the anti-fungal drug clotrimazole launched in 1979, became the precursor to an entire range of dermatological products that have earned the respect and loyalty of prescribers and patients. Glenmark's dermatology franchise is a leader in the anti-fungal segment and has expanded its product basket to include treatments for chronic skin and hair problems such as psoriasis and hair loss. Our focus on bringing innovative solutions to patients in tandem with our success in dermatology has given us the momentum to develop completely new treatments for challenging skin conditions such as atopic dermatitis.

As the Candid range prepares to celebrate four decades in the Indian market, we have much to be proud of. Even though its success has bred more competition, it continues to be the brand of choice for GPs and dermatologists. Much of this has to do with our focus on prescriber engagement and measures to improve patient awareness and compliance to treatment over the years.

According to the Indian Journal of Dermatology, the current challenge with anti-fungal treatment is disease recurrence. An important reason for this is non-adherence to the three-week therapy. Tubes of anti-fungal ointment have always been available in small pack sizes



Rank 2

in **Dermatology**<sup>1</sup> in **India**

<sup>1</sup> IQVIA data

that do not last three weeks. But patients often don't buy another tube, leading to incomplete therapy. In July 2017, Glenmark launched an affordable 50 gm pack that lasts for the full three weeks, thus helping patients to complete therapy.

In April 2018, we unveiled a nine-month-long campaign called 'Fungal Se Dungal' to establish the concept of fungal recurrence from residual spore load and non-adherence to therapy among GPs. The campaign asked doctors

to share helpful tips to avoid fungal infection recurrence, thus focusing their attention on patient counselling and engaging 12,000 doctors in the process.

Over the decades, the Candid range has expanded to include gels, powders, lotions and other line extensions in which we continue to invest. Candid Dusting Powder, a prescription leader in anti-fungal skin infections, is now a leading product even in the over-the-counter (OTC) business.



**CANDID CREAM IN INDIA**

Candid is available not just in India, but also in several other emerging markets in Asia, Africa and the Middle East. In Russia, eight different products are available under the Candid umbrella brand. According to IQVIA MAT May 2018 data, Candid ranks among the Top 4 brands in the skin mycoses market. According to an Ipsos - Comcon PRIndex study, Candid mouth paint leads recommendations issued by paediatricians for the treatment

of oral candidiasis. Candid mouth paint has also been recognised by the Russian Dental Association.

Built on Candid, our dermatological franchise in Russia has followed its success up with other products. For instance, in May 2015, we launched Oflomil, the first generic of amorolfine 5%, an anti-fungal nail lacquer, as an OTC product which has grown rapidly to become our second largest brand in Russia.



**Top - 10**

**Dermatology company** in the commercial Russian market



**CANDID RANGE IN RUSSIA**



**Top - 4**

**Brand Candid** in the skin mycoses market in Russia<sup>1</sup>

<sup>1</sup> IQVIA MAT May 2018

Available by prescription only

Oflomil was chosen as the topmost brand in the anti-fungal segment by voters of the Public Recognition Award given to the most popular brands. The success of Candid and Oflomil, among others, has made Glenmark Russia a Top 10 dermatology company in the commercial market in Russia.



OFLOMIL NAIL LACQUER IN RUSSIA



Brand No. 1

Oflomil nail lacquer amongst anti-fungal products in Russia

Similarly, Glenmark saw an unmet need for proven therapy that tackles the principal cause of hair loss — the disruption of the hair growth cycle. Hair loss is a widespread, global occurrence. It is estimated that more than 50% of men will experience hair loss symptoms before they turn 50 years old, while 60% of women will see some form of hair loss through their lives.

reintroducing specific proteoglycan components that play a role in the hair growth cycle. Nourkrin® Woman is the first launch from the range in India and will be followed by others in a phased manner. The product is also being launched in Russia.

Nourkrin®, a product range that we in-licensed from the dermatological innovator Pharma Medico of Denmark, induces hair follicles back into the growth phase by

> 60% of all women will experience some form of hair loss in their lives



NOURKRIN® WOMAN IN INDIA



APREZO IN INDIA

In October 2017, we launched the psoriasis drug Apremilast for the first time in the Indian market under the brand name Aprezo after we found a glaring need for oral therapy that is safe, effective, does not require continuous monitoring of side-effects and is convenient to take.

It is effective: studies have shown a 75% or more reduction in both spread and severity of the disease (PASI-75) within 16 weeks of treatment. Glenmark has focused on affordable pricing. Over 35,000 patients have already been treated with the product since launch.

Aprezo, available in tablet form, has an acceptable side-effect profile with no major adverse effects especially on vital organs such as the liver and the kidneys.

Available by prescription only

## INNOVATION IN DERMATOLOGY

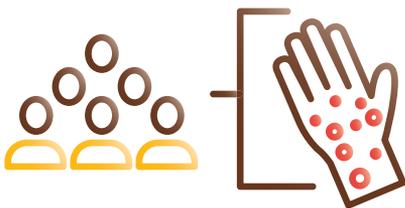
We continue to scout for disease areas where we can make a meaningful difference to patients. We are now well on our way to developing a potentially best-in-class biological to treat moderate-to-severe Atopic Dermatitis (AD), a chronic, immune-mediated inflammation of the skin. GBR 830, an investigational OX40 antagonist antibody, is being developed to target and inhibit pathologically activated T cells and effector memory T cells, which are involved in a variety of autoimmune and chronic inflammatory disorders.

**GBR 830** has the potential to be the **best-in-class OX40** antagonist antibody

In February 2018, we presented findings from a Phase 2a proof-of-concept study evaluating the safety, biological and clinical activity and pharmacokinetics of GBR 830 at the prestigious American Academy of Dermatology Annual Meeting in San Diego. The study findings suggest that GBR 830 has an effect on AD mechanisms and may result in meaningful improvement for patients. In May 2018, an oral presentation of biomarker data from the Phase 2a study was made at the International Investigative Dermatology (IID) Meeting. New data from the study demonstrated that treatment with GBR 830

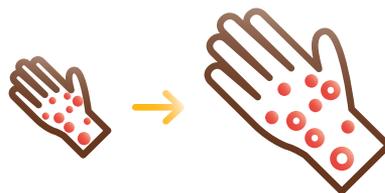
resulted in observable modulation of biomarkers in both the acute and chronic stages of AD. A Phase 2b study has been initiated in the US and Europe. Glenmark is currently evaluating GBR 830 for a study in patients with systemic lupus erythematosus. It has also initiated pre-clinical ex-vivo translational studies to evaluate GBR 830 in patients suffering from Ulcerative Colitis.

Atopic dermatitis is the most common inflammatory skin disease affecting up to 3% of the adult population and its prevalence has increased two to threefold over the last 100 years.



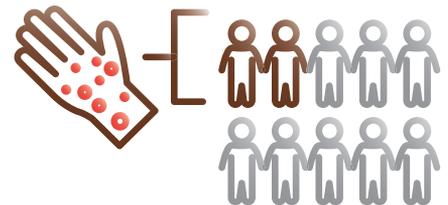
**1% to 3% of adults**

suffer from **Atopic Dermatitis (AD)**



**2x to 3x times**

**growth in AD prevalence** over the last 100 years



**20% of children**

suffer from **AD**



## Oncology

Glenmark has made available several drugs for cancer and chemotherapy-induced side-effects at affordable prices to the Indian patient. In 2006, we were the first to bring Aprepitant, an advanced drug for Chemotherapy Induced Nausea and Vomiting (CINV), to the Indian market.

Our brand Aprecap has allowed more patients to complete chemotherapy treatment and encouraged doctors to give full-dose chemotherapy without worrying about tolerability or CINV-led dropout. Today, Aprecap is standard of care in CINV and has positively impacted the quality of life of patients on high or moderate emetogenic chemotherapy, who comprise 70% to 80% of all patients receiving chemotherapy.

We were also the first to bring Abiraterone, an oral drug to treat asymptomatic patients of Metastatic Castration Resistant Prostate Cancer as a viable alternative to being injected with chemotherapy drugs. Our brand Abirapro was launched at a discount to the innovator brand and after further price cuts, is the most economical brand of the drug in the Indian market. Abirapro has ensured that patients stay off chemotherapy for up to two years, leading to more compliance and better quality of life. Through our patient access programme, we provide free drugs and routine diagnosis to patients prescribed Abirapro; the drugs are delivered to their homes. Abirapro is now



APRECAP, ABIRAPRO AND AKYNZEO® IN INDIA

also indicated for asymptomatic Metastatic Castration Sensitive Prostate Cancer.

In July 2018, we launched AKYNZEO®, an innovative fixed-dose combination of two nausea drugs, Netupitan 300 mg and Palanosetron 0.5 mg, for CINV. AKYNZEO® is a single-dose capsule for each chemotherapy cycle that works on the two main pathways associated with acute and delayed

phases of CINV and is the first such combination. This reduces the number and types of nausea drugs that patients have to take for CINV during treatment, thus improving patient compliance to chemotherapy while improving their quality of life. AKYNZEO® has been in-licensed from Helsinn, a Switzerland-based private pharmaceutical company.

 Available by prescription only

## INNOVATION IN ONCOLOGY

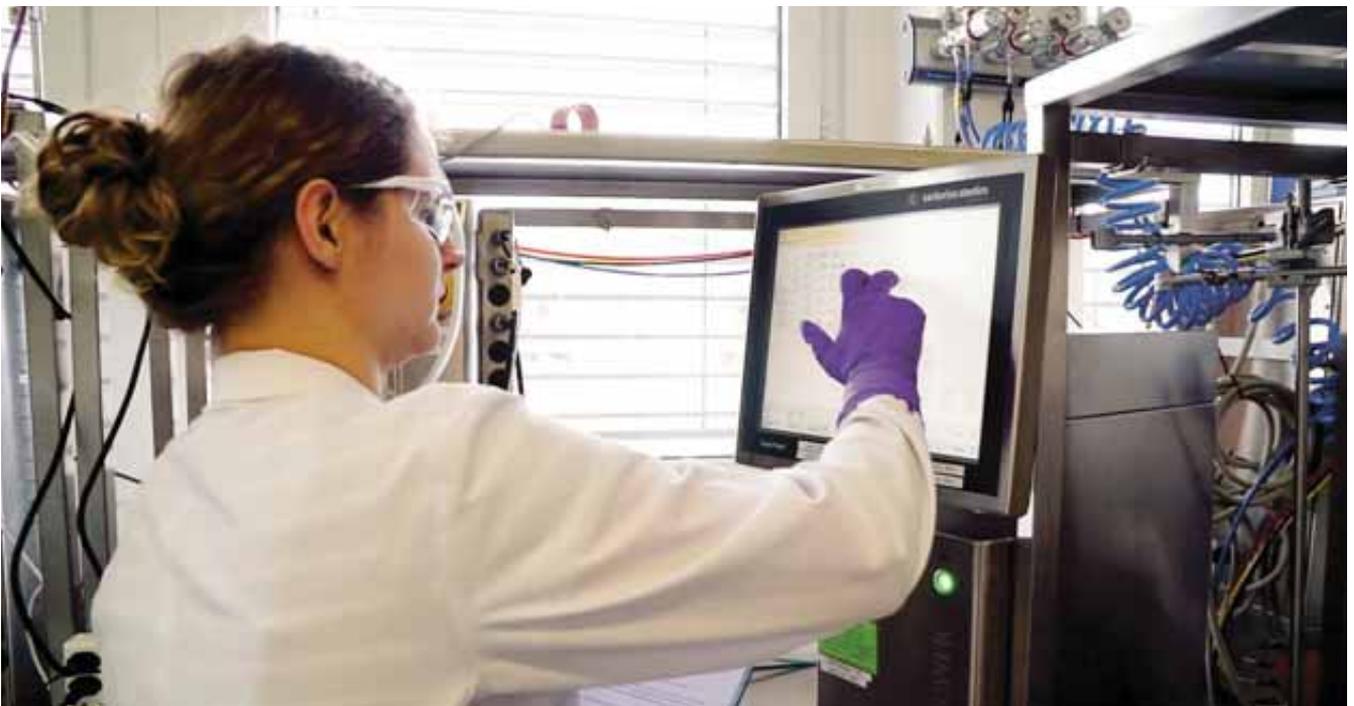
Oncology is a dynamic, challenging field where there is an urgent need for more and different types of therapy that improve on the safety and efficacy of available drugs, increase the choice available to patients, including those with refractory cancer, and enhance survival rates. Glenmark's breakthrough oncology pipeline is a step closer to meeting some of these objectives.

There are currently three candidates in the promising research area of Immuno-Oncology that are being studied in a wide range of tumour types.

These investigational compounds are based on our proprietary technology platform BEAT® (Bispecific Engagement by Antibodies based on the T cell receptor) and are known as bi-specific antibodies (bsAbs) that

can target more than one target in the body. With BEAT® technology, Glenmark's scientists have been able to overcome past production obstacles encountered with bsAbs and can efficiently manufacture these molecules at a clinical and commercial scale. Preclinically, BEAT® bsAbs demonstrate the potential for more potent activity compared to existing therapeutic antibodies.

Our compounds GBR 1302, GBR 1342 and GBR 1372 are based on BEAT® technology. GBR 1302, a HER2xCD3 bsAb, targets HER2 expressing tumours, including those not responsive to standard of care; GBR 1342, a CD38xCD3 bsAb, targets CD38 positive tumours, including hematologic malignancies and solid tumours, and GBR 1372 is an EGFRxCD3 bsAb that targets EGFR positive tumours.



↑  
A MEMBER OF GLENMARK'S R&D TEAM IN SWITZERLAND

**GBR 1302 is Glenmark's lead immuno-oncology candidate, currently in a first-in-human trial to determine maximum tolerated dose (MTD) in patients with a variety of HER2 positive cancers.** Preclinical study results from redirected lysis assays suggest GBR 1302, in comparison to current 1<sup>st</sup> and 2<sup>nd</sup> line HER2 targeted monoclonal antibodies, exhibits faster and more complete killing of HER2+ tumour cells. If confirmed in clinical trials, GBR 1302 will constitute an innovative treatment for HER2 positive

cancers, including treatment-resistant cancers. This Phase 1 trial is being expanded to explore higher doses of GBR 1302 and to examine potential clinical benefit of a once-weekly dosing regimen. Enrolment for the GBR 1302 clinical trial is currently ongoing in the US and Germany. In January 2018, we had announced a presentation of preliminary biomarker findings from the Phase 1 study of GBR 1302 at the ASCO-SITC Clinical Immuno-Oncology Symposium in San Francisco.

Glenmark entered into an exclusive license agreement for the Greater China territory to develop, manufacture and commercialise GBR 1302 with Harbour BioMed. GBR 1302 is representative of Glenmark's commitment to the discovery and development of innovative therapeutics for unmet medical need, and the opportunity to work collaboratively with Harbour BioMed on this program, which brings extensive local experience, is very important to Glenmark.



**558,005 - Breast cancer cases**

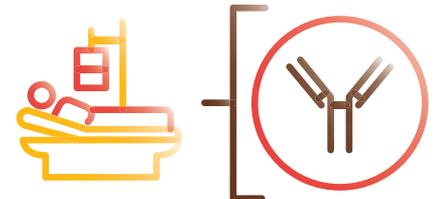
in the **US, Japan** and five major **EU markets (EU5)**<sup>1</sup>

<sup>1</sup> Datamonitor



**2<sup>nd</sup> leading cause**

of **cancer-related mortality is breast cancer**



**One in five cases**

are **HER2 positive**

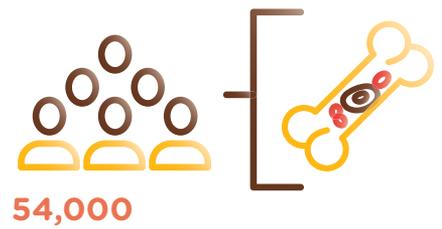


 A MEMBER OF GLENMARK'S R&D TEAM IN MAHAPE, INDIA

**GBR 1302, a HER2xCD3 bsAb,** is a potential first-in-class treatment, being studied in breast and gastric cancers

GBR 1342, a CD38xCD3 bsAb based on Glenmark’s proprietary BEAT® platform, targets CD38, a clinical target in multiple myeloma and other malignancies of hematopoietic origin, as well as a variety of solid tumours. Results from preclinical assays in comparison to Daratumumab, an FDA-approved monoclonal antibody targeting CD38, suggest that GBR 1342 has a potent anti-tumour effect on patient-derived multiple myeloma cell lines.

The first clinical study of GBR 1342 is currently recruiting and enrolling patients in the US. This first-in-human clinical study will evaluate the safety profile and MTD of GBR 1342 monotherapy in subjects with relapsed/refractory multiple myeloma; elucidate the safety, tolerability and preliminary clinical activity of GBR 1342 at the MTD and characterise the immunomodulatory effects triggered by GBR 1342.



**Multiple Myeloma (MM)** cases in the US, Japan and five major EU markets (EU5) in adults aged 40 years or older



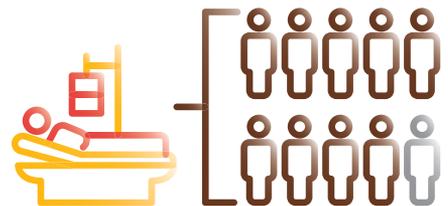
64,000

expected **patient population of MM in 2025**<sup>1</sup>



**2<sup>nd</sup> most common blood cancer**

**in the world is MM**<sup>2</sup>



**95% of patients**

**diagnosed with advanced disease**<sup>3</sup>

Going forward, we will continue to invest in developing our existing pipeline and researching new therapies with the goal of helping patients overcome cancer.

<sup>1</sup>Datamonitor

<sup>2</sup> Ann Oncol (2010) 21 (suppl\_7): vii143-vii150

<sup>3</sup> National Cancer Institute. Cancer Stat Facts: Myeloma



## Cardio-metabolic

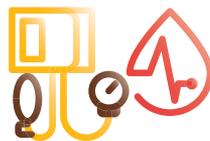
In the last 20 years, Glenmark has made strides in improving awareness and affordability of novel therapies among Indian patients. The most stand-out example of this is our launch of Teneiglipitin, a drug for Type 2 diabetes in a relatively new class of anti-diabetic agents known as DPP4 inhibitors. These inhibitors lower blood sugar effectively but without the side-effects of weight gain and hypoglycemia that are associated with older drugs. Our brands Ziten and Zita Plus have helped us prise open the DPP4 inhibitor market that was served by a few companies and had not reached its true potential on account of the relatively high prices of gliptins.



ZITEN AND ZITA PLUS PRODUCTS IN INDIA

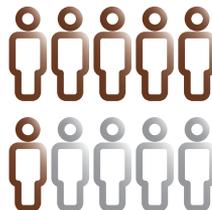
In 2015, we launched our brands of Teneiglipitin at a 55% discount to the other gliptins. Following an encouraging response from prescribers, we lowered the daily cost of therapy to the patient even further, helping millions of Indian diabetics who stood to benefit from gliptins - but couldn't afford it - to access therapy. In doing so, we have expanded the contribution of gliptins to the overall anti-diabetes market in India by 7% to 31% in the three years since launch. The number of patients on gliptins has tripled to nearly 4 Mn. Glenmark's Teneiglipitin franchise leads the overall gliptin market in India with a 54% share.

It is estimated that one out of three Indians has high blood pressure. However, 57% of those afflicted are unaware of their condition.



1 of 3 Indians

has **high blood pressure**



are **unaware** of their condition



GLENMARK R&D CENTRE

As makers of Telma, a leading brand of anti-hypertensive drug, Glenmark has been investing in spreading awareness and improving diagnosis of high blood pressure through a series of initiatives that have contributed to protecting patients from the devastating complications of uncontrolled hypertension such as stroke and heart disease.



## Consumer Care

Glenmark has also been reaching out to the Indian consumer directly with a range of OTC products that have received an overwhelming acceptance in the market. VWash Plus, our intimate hygiene brand for women, has created a new category and has grown at a CAGR of 51% with Top of Mind awareness greater than 80%. We followed up the launch with wipes, travel packs and value packs that have further cemented the VWash brand image as an expert in intimate hygiene. To own the space, we launched VWash WOW, our brand of sanitary napkins, in January 2018 with benefits such as Stain Proof, Super Dry Feel and Irritation Free Protection, which are highly valued by customers. Capitalising on the power of our flagship prescription brand Candid, we migrated Candid Dusting Powder to the OTC category, where it has accelerated the growth of the category and is the undisputed number one brand. We also combined the stalwart brand with product innovation

to launch Candid Activ, India's first anti-perspirant powder, and Candid Renew, the country's first calamine-based talc, in April 2018. Our globally-recognised dandruff solution 'Scalpe+' that

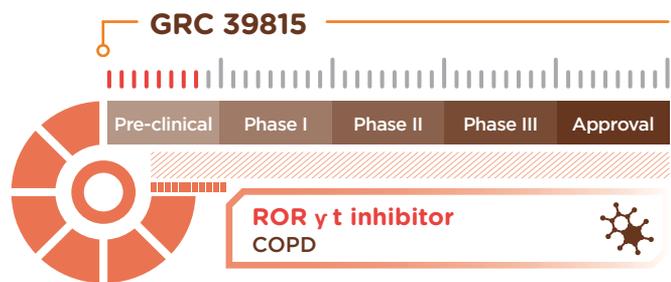
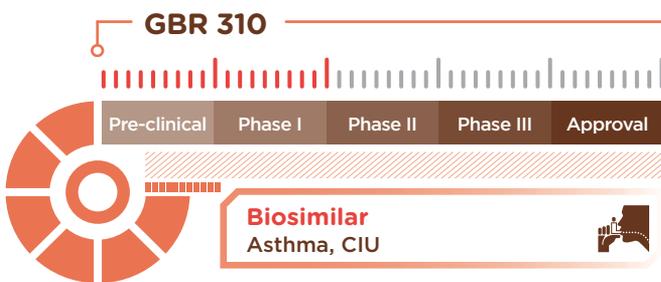
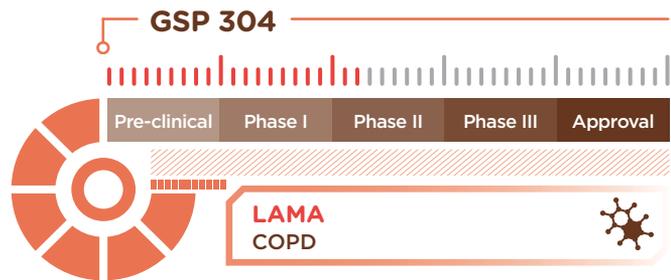
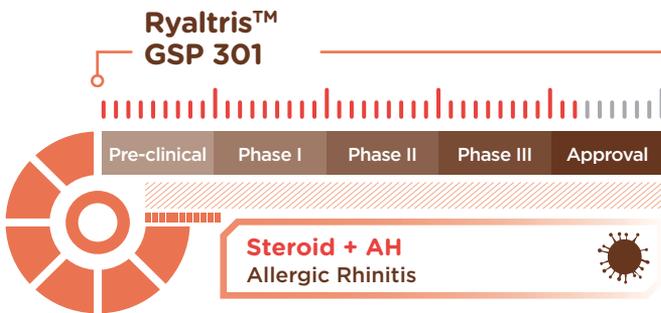
was launched two years ago is poised to make a dent in the anti-dandruff shampoo category. With our offerings across portfolios and brands, we are adding considerable value to the Indian consumer.

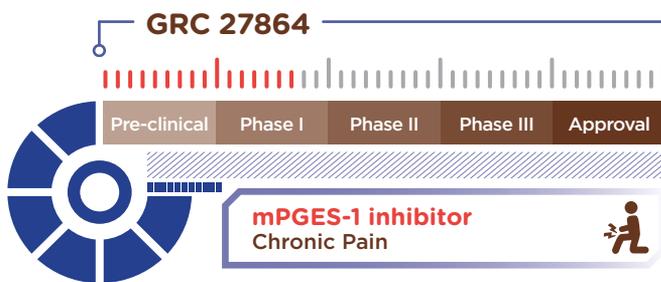
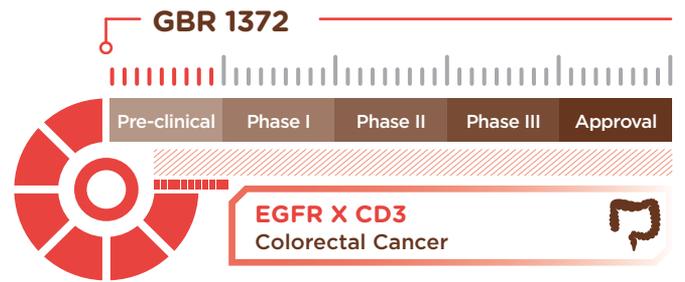
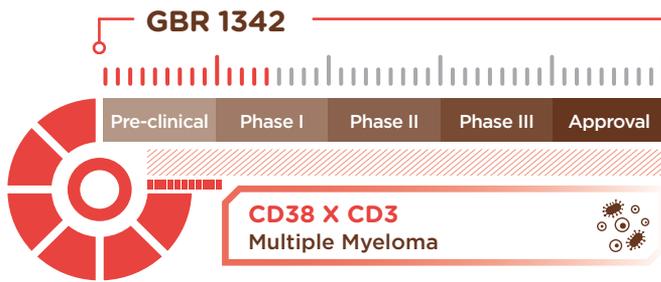
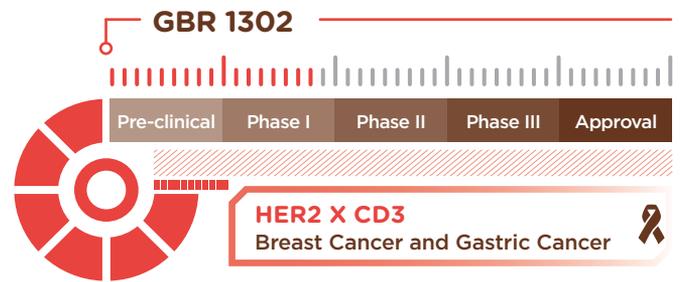
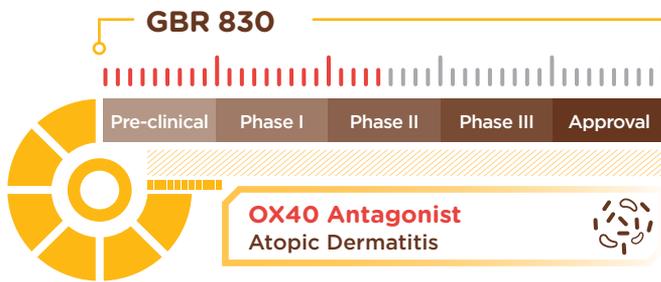


Available by prescription only

# NME & Specialty Pipeline

Glenmark has a robust pipeline of nine compounds in various stages of clinical development, primarily focused in the areas of Respiratory, Dermatology, Oncology and Pain.





Notes:

1. Non-core assets include GRC 17536, GBR 900 and GBR 500. These three molecules and GRC 27864 are candidates for out-licensing
2. Ryaltris™ has been conditionally accepted as the brand name for GSP 301 Nasal Spray by the US Food & Drug Administration (FDA)
3. Pipeline updated as of May 2018

# Bringing Quality Medicines to Patients all over the World

Over the last decade, Glenmark has evolved into a global organisation. Whether it is the developed markets of the US and Europe or emerging economies in Asia, Africa and Latin America, Glenmark's quality medicines reach patients in need all over the world with a robust portfolio of hundreds of products.

More than 70% of our revenue is generated outside India. This international scaling up of our business has been underpinned by a strong focus on affordability and quality. We have invested in efficient product development and manufacture to make our offerings available at affordable prices. We have also implemented measures to shape an organisation-wide culture of quality focused on high levels of compliance. Together, these steps have allowed us to maximise the number of patients who benefit from our cost-effective products and ensured that we consistently provide them with high-quality medicines wherever in the world they may live.

## Improving Access

We are bringing high-quality medicines, manufactured in facilities approved by some of the world's most stringent regulators, within reach of millions all over the world at affordable prices. For instance, in the US generics market where we have a significant presence, the average price of a brand Rx product is USD 765, almost 27 times the average price of a generic Rx product at USD 27<sup>1</sup>. By making generics of a range of high-priced branded drugs available, we are daily contributing to lowering healthcare costs for the consumers and payers.

Generic manufacturers retain just 36% or USD 9.86 of the average price per generic Rx compared with brand companies that retain 76% or USD 574.56 of the far higher average price per brand Rx<sup>1</sup>. In spite of this relatively lower average realisation, Glenmark's generics business has grown strongly backed by a robust and efficient manufacturing and supply chain. We are now the 14<sup>th</sup> largest generics manufacturer by prescription<sup>2</sup> and our US FDA-approved products are used to fill about 83 Mn scripts each year in the US. Almost three prescriptions are filled by Glenmark products every second and one in four Americans consumes a Glenmark product.

In India, we have established ourselves as a leading company and a recognised and respected brand with revenues growing at a fast clip. Our products are stocked in over 50,000 pharmacies. With this reach and the breadth of



 A MEMBER OF GLENMARK'S MANUFACTURING TEAM

In the **US**, where the average price of a brand **Rx drug is 27 times** that of a **generic**, our range of **high-quality generic drugs** is daily contributing to **lowering healthcare costs** for patients and payers

<sup>1</sup> IQVIA and USC Scheaffer Study

<sup>2</sup> IQVIA Health

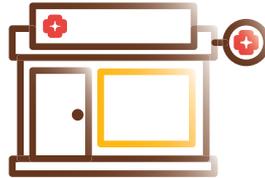
3 prescriptions/  
second filled by

**Glenmark products  
in the US**



Products are **stocked**

**>50,000 pharmacies  
in India**



Manufacture and supply  
globally

**>20 dosage forms and  
over 6,000 SKUs**



our portfolio in both products and dosage forms, we have achieved strong market positions in our key focus areas. According to IQVIA data, we are ranked second in Dermatology, fourth in Respiratory, sixth in Cardiac and 15<sup>th</sup> in the Diabetes segment.

Our reach also extends to under-served markets — or pockets within markets — with an approach devised to improve access. In the African region, which has countries with the fewest number of doctors

and poor health indicators, we are present in 20 countries with products in a range of therapy areas. Our outreach initiatives include conducting spirometry camps for asthma detection, blood pressure monitoring camps and patient education initiatives such as helping pregnant women understand the importance of nutrition.

In Russia, we are among the leaders in the cough syrup market and have a strong presence in dermatology. In

Kenya, Glenmark is ranked seventh in that country's pharma industry, while in South Africa, we are a Top 50 Company. In Latin America, we are present in 12 countries with a portfolio of over 280 products.

With 16 factories across four continents, our manufacturing footprint has also grown to support our ever-expanding global presence. We make over 20 dosage forms and over 6,000 stock keeping units or SKUs.



**1 in 4 Americans**

consumes a Glenmark  
product



A MEMBER OF GLENMARK'S MANUFACTURING TEAM

Maps are not drawn to scale and are for visual representation only

### Focus on Quality

At Glenmark, quality is not just tested. It is built into everything we do. Whether it is drug development, manufacturing, distribution or post-market surveillance, we have integrated quality into every process that has an impact on the end product.

Drug development is the first step in the journey towards commercialisation. We are acutely conscious that a quality flaw at this stage, however minor, will

carry forward and could escalate into a serious problem with the end product. At Glenmark, we use 'Quality by Design' principles to design a pure, safe and effective product. Our team develops robust commercial processes to ensure that quality product is consistently produced in our factories. We have established product specifications and standard testing procedures to ensure rigorous quality control. On average, each Glenmark product is put through 2,000 to 2,500 tests even before commercialisation.

On average, **each Glenmark product** is put through **2,000 to 2,500 tests** even before commercialisation



At the manufacturing stage, our facilities follow standard operating procedures and our systems and processes are continuously evaluated through periodic audits. To ensure defect-free output, every product goes through an average of 120 tests from raw material to finished product stage. Our manufacturing facilities are in compliance mode at all times

to ensure the supply of safe and effective medicines to patients. We undergo an average of one regulatory inspection every three days. Our 16 manufacturing facilities cumulatively adhere to the regulatory requirements of over 35 separate health authorities. Nine of these, across four continents, are approved by the US FDA.

Our **16 manufacturing facilities** cumulatively adhere to the regulatory requirements of over **35 separate health authorities**

We are aware that reliable supply is the hallmark of a quality organisation. Our Top 20 finished dosage products have multi-site approvals to mitigate supply chain disruptions. Our sourcing partners are picked for their ability to ensure on-time product delivery and stable supply.

We continue to own full responsibility for our products even after they leave the factory gates. Our products are shipped with data loggers that help us track whether or not they were maintained in the appropriate conditions. Our distribution centres comply with good warehousing practices.

The patient is our ultimate customer and a facilitator of our endeavour to stay high quality at all times. Our global clearing house project collates feedback from patients all over the world and channels it to the organisation. This feedback system is an important pathway to improvement in our products, processes, SOPs, etc. Customer feedback is also vital to enable emergency actions such as field alerts or product recalls.



GLENMARK'S MANUFACTURING FACILITY IN MONROE, NORTH CAROLINA, USA

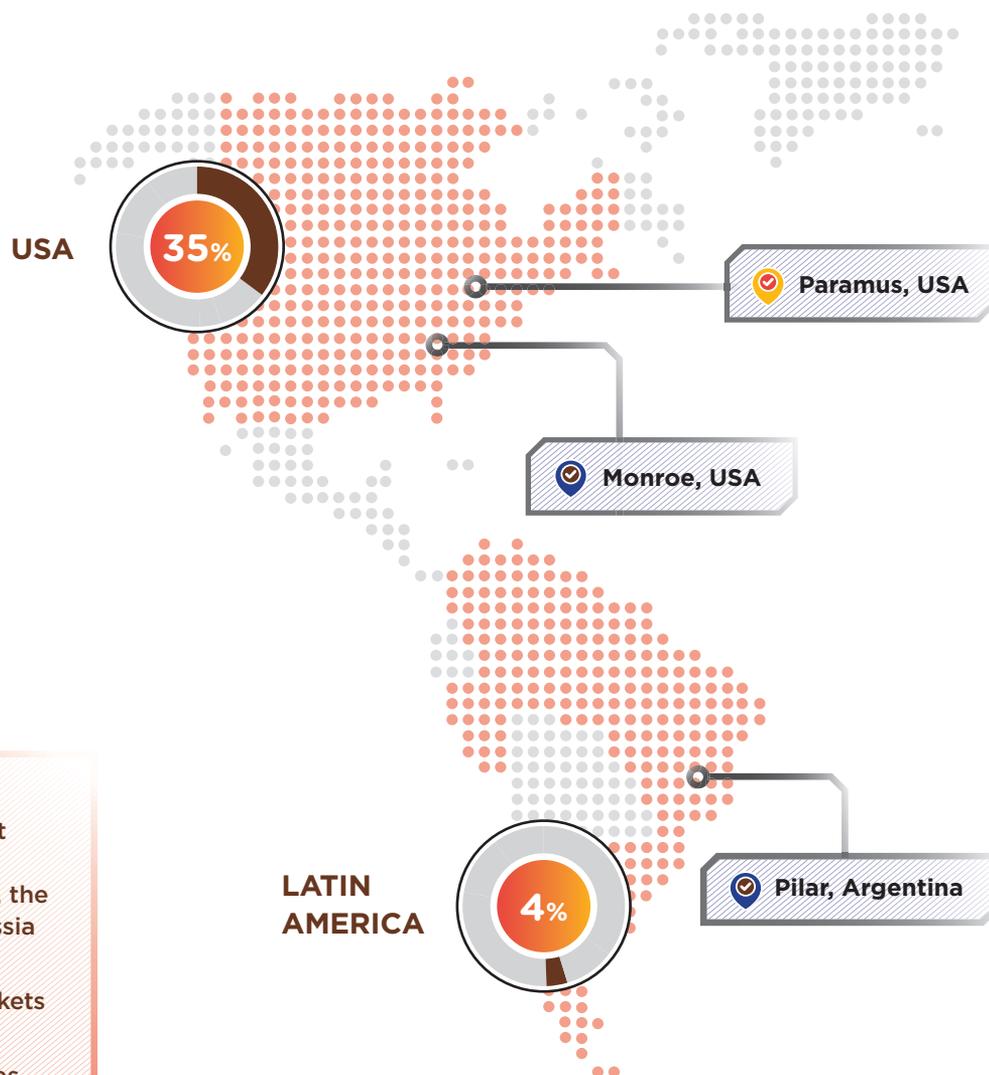
The results speak for themselves. While the volumes manufactured at our facilities have substantially increased year-on-year from over 6,500 batches in 2013 to over 16,000 batches currently, our complaints rate is less than 0.14 per Mn units, a significant improvement over Six Sigma, which is 3.4

defects per Mn units. Our patients, wherever in the world they may be, have grown to expect high quality, dependability, and responsiveness from Glenmark. Each day, we strive to retain and cement this reputation, built over several decades, and in multiple markets.

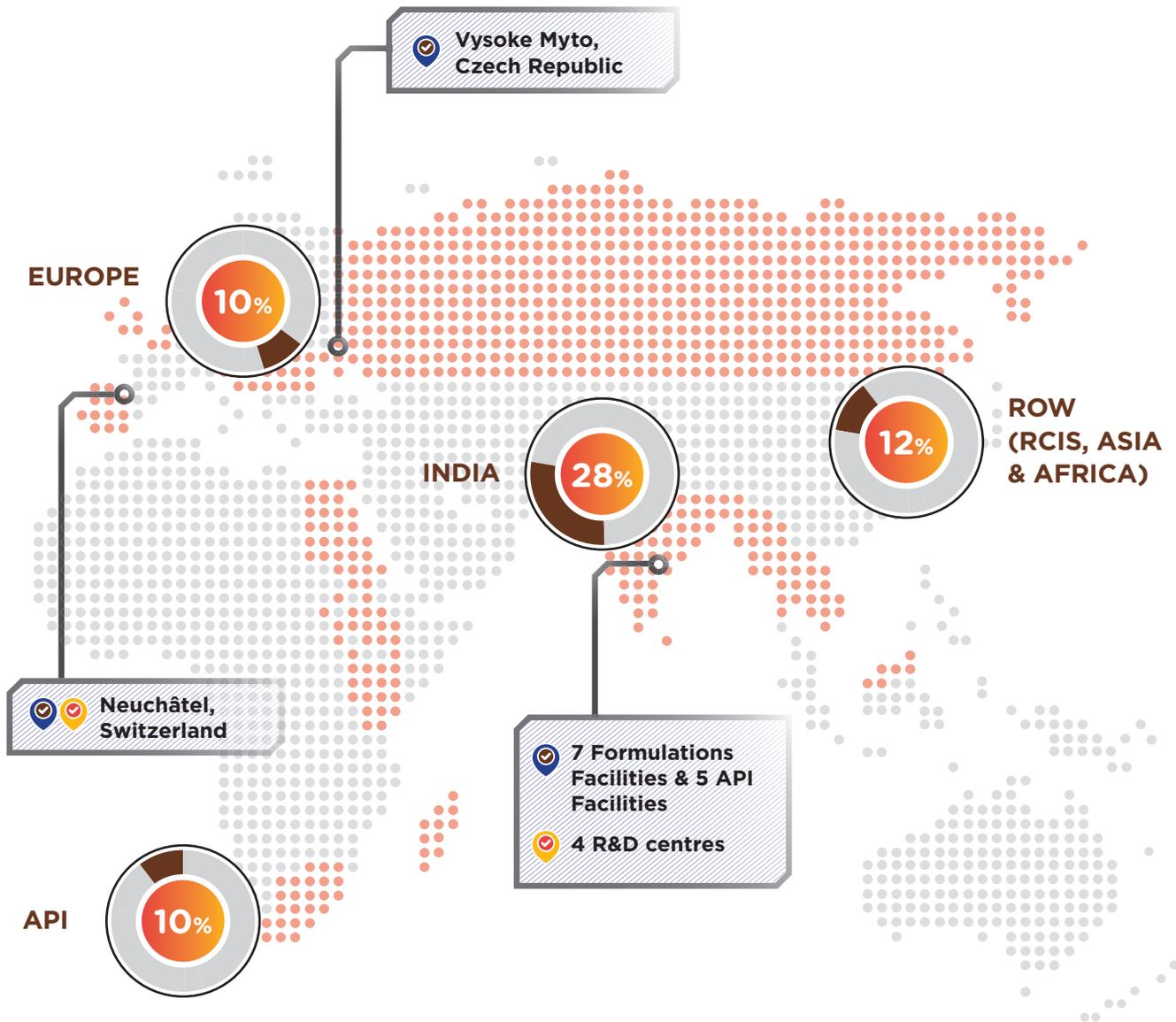


A MEMBER OF GLENMARK'S MANUFACTURING TEAM

# Global Presence and Manufacturing Base



- Operations across 5 continents, with direct presence in major markets such as India, the US, EU, Brazil and Russia
- >70% of our revenues from international markets
- 16 state-of-the-art manufacturing facilities for Formulations and APIs in 4 continents
- GMP-grade biologics plant in Switzerland
- 9 US FDA approved manufacturing facilities
- 6 R&D centres across India, Switzerland and the US



Manufacturing Facilities



R&D Centres

Maps are not drawn to scale and are for visual representation only

# Creating an Enriched Experience for Glenmarkians

As an organisation, we believe that our success relies on the collective success of our people. The Glenmark philosophy inculcates the spirit of entrepreneurship amongst Glenmarkians by empowering them with the freedom to drive business outcomes independently.



 GLENMARK BRAZIL TEAM

**13,716 employees**



from **60 nationalities**

We promote continuous development by aligning our employee's career aspirations with our organisational goals. Employee development is driven through a blend of experience-based learning, developmental relationships and focused interventions. These interventions are led by the Glenmark Centre of Learning (GCL).

We have a diverse team with people from 60 nationalities

with varying backgrounds and experiences and we value the contributions of all our colleagues. This is reflected in our policies and practices across the organisation. It also extends to celebrating local festivals across the globe, international events and individual and team milestones as a part of the Glenmark family.

Some of our key people programmes are:

## 1 The Leadership Connect

The initiative was introduced in May 2017 with the objective to ‘connect, communicate and collaborate’ with employees across the globe. We used the power of technology to provide a platform for senior leadership to interact with employees and align them with the business strategy. Each session was attended by close to 7,500 employees from 50 countries.

## 2 ISay

By listening to our employees and acting on what we hear, we make Glenmark a better place to work. ISay, our employee engagement platform, is built around the concept of continuous listening. Our periodic global ISay surveys enable us to remain attuned with the pulse of employee opinion and thereby create a meaningful employee experience. During FY18, about 94% of our colleagues across the world participated in the ISay survey.

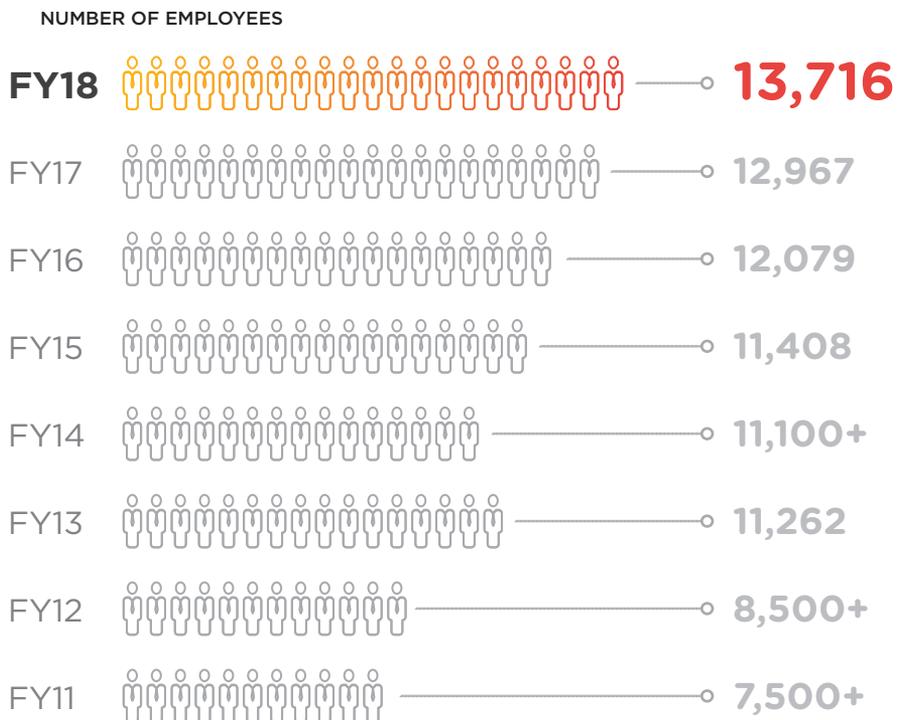
## 3 U-excel

At Glenmark, recognition goes hand in hand with achievement—right from appreciating the small wins every day to celebrating the global business accomplishments. U-excel, our reward and recognition framework, empowers employees to recognise individuals and teams on an ongoing basis for high performance, living our values and demonstrating the behaviours that ensure the success of the organisation as a whole.



GLENMARK SOUTH AFRICA TEAM

### Employee Metrics



# Promoting Sustainable Growth through Corporate Responsibility

At Glenmark, we are committed to the philosophy of paving ‘a new way for a new world’, with an unwavering focus on helping address the unmet needs of the society.

This purpose guides every aspect of our day-to-day operations, including our dedication to give back to communities and minimising our impact on the natural environment. For us, being socially and environmentally responsible is not just a business principle, but also an opportunity to create shared value for all our stakeholders, which in turn strengthens our business.

Our corporate responsibility efforts are driven through strategic planning and implementation and are aligned with national priorities, as well as the larger Sustainable Development Goals adopted by the global community.

## Environment, Health and Safety

We have adopted an Environment, Health and Safety (EHS) policy, which clearly outlines our intent and approach to champion stewardship in the domain of EHS. Our operations are fully compliant to all relevant regulations and our processes routinely undergo internal and external audits. We prioritise EHS considerations while making decisions across the organisation. We have adopted multiple key performance benchmarks to periodically monitor our workings on various EHS aspects and continually explore opportunities to identify and implement best practices.

During FY18, we continued to make conscious efforts to increase the share of renewable energy, reduce our greenhouse gas (GHG) emissions and encourage energy efficiency. Our other focus areas for environmental actions include minimising the release of wastes into the environment and reducing the consumption of natural resources.

## Reducing Water Consumption and Effluent Discharge

As global population and industrial use of water increases, the sources of fresh water come under stress, thereby reducing its per capita availability. We understand the scale and severity of this problem and follow the principle of 3Rs (reduce, reuse and recycle), which

has helped us reduce our specific water consumption year after year. During FY18, we installed a state-of-the-art effluent treatment plant at Kurkumbh to ensure zero discharge of liquid effluents to reinforce our efforts in protecting the environment and minimising our impacts. This makes five of our facilities zero liquid discharge, including Ankleshwar, Dahej, Aurangabad and Mohol.

## Enhancing Our Energy Efficiency

The key to promote optimal utilisation of energy sources is by augmenting energy efficiency. We reduced 112 tonnes of CO<sub>2</sub> equivalent GHG emissions by commissioning a 100 kWp rooftop solar plant at Mahape, Navi Mumbai.



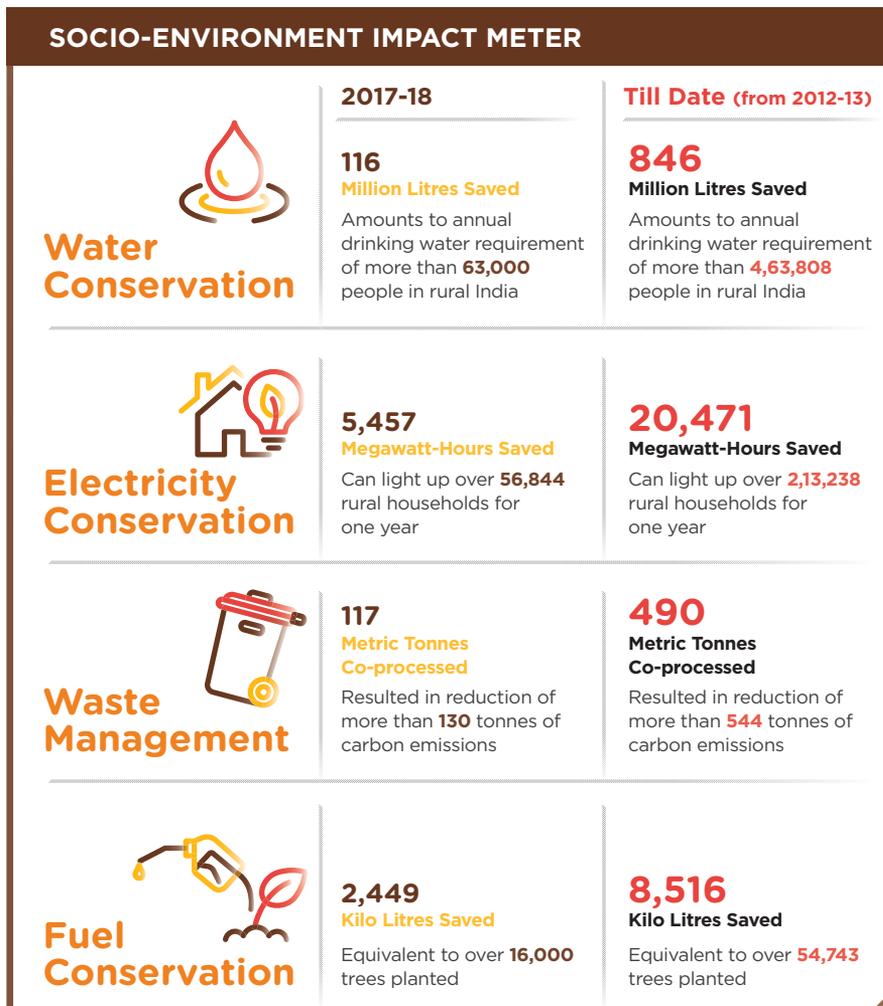
GLENMARK'S NALAGARH AND BADDI FACILITIES RECEIVED THE GROW CARE AWARD - ENVIRONMENT & OCCUPATIONAL HEALTH & SAFETY AWARDS IN THE GOLD CATEGORY

### Our Certifications

During FY18, we achieved umbrella ISO 14001:2015 certification at our Formulation plants in Nashik, Nalagarh, Baddi, Sikkim, Goa, Indore and Aurangabad. In addition, our facilities at Baddi, Nalagarh and Dahej received the OHSAS 18001 certificate. This has taken the total number of OHSAS 18001 certified facilities to 9 and ISO 14001 authorised units to 12.



GLENMARK'S ANKLESHWAR FACILITY RECEIVED THE GREENTECH SAFETY AWARD IN SILVER CATEGORY



### Safety

#### Reporting & Training

Proactive measures such as near-miss safety incident reporting and EHS training have helped raise safety standards at all our facilities.

#### Safety Drills

Our EHS division prepares our teams (including visitors) with appropriate response behaviour during emergencies through safety drills such as Fire Drills, Blackout Drills, Mock Drills and others.

#### Safety Programmes

During 2017-18, we rolled out two safety programmes to enhance our safety culture and performance across all units. In addition, we continued with our earlier safety programmes that include:

- Contractors Safety
- Chemical Safety
- Working at Height Safety
- Lock Out Tag Out - Hazardous Energies Isolation
- Confined Space Safety
- Electrical Safety

**Accolades**

- CII SHE Excellence & Innovation Award 2017 in large industry category for the Goa manufacturing facility
- Gomant Suraksha Purashkar from Green Triangle Society for Safety Performance Evaluation for the Goa manufacturing facility
- Goa facility secured first place in 'Best Environmental Practice Competition' by Goa State Pollution Control Board (GSPCB)
- Grow Care Award - Environment & Occupational Health & Safety Awards in Gold category for Nalagarh and Baddi facilities
- Outstanding Achievement Award in Large Scale Industry from Federation of Madhya Pradesh Chambers of Commerce and Industry (FMPCCI). Glenmark was recognised for maintaining high standards in EHS and received an award for 'Health, Safety & Environment Friendly Enterprises'
- GreenTech Safety Award in Silver Category received by Ankleshwar facility



GLENMARK RECEIVED OUTSTANDING ACHIEVEMENT AWARD IN LARGE SCALE INDUSTRY FROM FEDERATION OF MADHYA PRADESH CHAMBERS OF COMMERCE AND INDUSTRY (FMPCCI)



GLENMARK'S GOA FACILITY AWARDED CII SHE EXCELLENCE & INNOVATION AWARD 2017 IN LARGE INDUSTRY CATEGORY

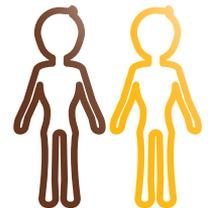
**Corporate Social Responsibility**

Our approach towards responsibly conducting business complements our Corporate Social Responsibility (CSR) ethos and demonstrates an unwavering commitment towards encouraging inclusive growth. Our objective of giving back to society and our dedication to improve people's lives help extend our CSR activities far beyond our operational areas. Our sphere of influence and scale of reach allow us to widen the radius of our social initiatives and impact stakeholders directly.



10,00,000+ lives touched

through our child health interventions



31,000+ malnourished children

were attended and cared for

We focus on improving health standards, supporting projects that help in creating sustainable livelihood, providing access to healthcare for the underprivileged and enriching lives for a healthier, happier world.

**Child Health**

Despite improvements in healthcare facilities, children below the age of five constitute the most vulnerable group in India. Infant mortality in the country is primarily owing to malnutrition, lack of medicines and vaccination, inadequate new-born care and childbirth-related complications. Glenmark Foundation, our CSR arm, has several projects and initiatives in place, which focus on three key agendas: a) reducing malnutrition, b) increasing immunisation and c) promoting good hygiene practices among pregnant women and caregivers.

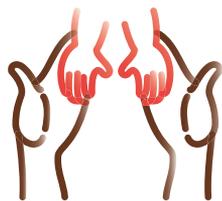
We have helped anganwadis (daycare centres) transform into model anganwadis by making them child-centric through Glenmark Foundation initiatives. We have further ensured complete immunisation of infants and children through effective tracking across our several supported communities.



 INTERVENTIONS FOR IMPROVING HEALTH IN THE SLUMS OF NAIROBI, KENYA

We have also increased the outreach of our initiatives to new regions to expand the orbit of our child health programme. Our 'Health on Wheels for Children', a mobile health delivery service, is designed to provide quality healthcare services to the underprivileged in the identified areas of Sikkim and Himachal Pradesh. We also conducted an intervention programme aimed at behaviour change for new mothers and children and will also be creating model anganwadis in Gujarat.

We used the mMitra project to reach out to the most underserved pregnant women by leveraging the mobile phone technology. mMitra involves mobile-based health advisory voice messaging service, which has resulted in safe and informed pregnancies, leading to healthier children. Building on the success from our Sion Hospital project in Mumbai, we have extended the initiative to Aurangabad in the Government Medical College and Hospital. We are the first to launch such an initiative in the Marathwada region of Maharashtra.



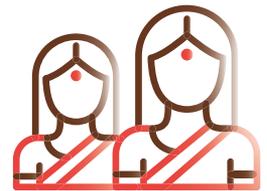
**1,80,000+**  
children

**benefited** through **nutrition, immunisation** and **sanitation** interventions



**90,600+**  
pregnant and  
lactating women

provided with **healthcare**



**30,000+**  
women

**benefited** through the **mMitra project**

### Access to Healthcare and Education

Education is an important tool for anyone to succeed in life. With the objective of supporting the rural areas of Maharashtra with access to quality education, we have helped develop better infrastructure for educational institutions. In addition, we have conducted medicine donation programmes and health camps to enhance accessibility for basic medicines in communities located in remote areas.

### Sustainable Livelihoods

Our 'Learn & Earn' initiative continues to enhance skill competency and employability of local youth around our facilities. The youth acquire income-generating skills by learning and working side by side with experienced practitioners.

In a step towards promoting inclusive development and an opportunity to lead a productive

life, we rehabilitated over 3,000 differently-abled individuals during FY18 by providing them artificial limbs in association with Jaipur Foot.

### Flagship Programme - Combating Household Air Pollution and Promoting Right Nutrition

There is ample scientific evidence to prove that household air pollution, primarily caused by smoke from cooking, has huge health implications on India's rural population. We have undertaken a new initiative during FY18 to spread awareness on the health hazards related to indoor air pollution and initiated action to combat this hazard.

Glenmark Foundation undertook a pilot project in collaboration with Spandan Samaj Seva Samiti and Smokeless Cookstove Foundation to organise training programmes on building and installing

smokeless chulhas. The trainings were held in Khandwa district of Madhya Pradesh for our frontline workers and community leaders.



10,95,000+ lives transformed

through our efforts in **child health and sustainable livelihood**



TRAINING WORKSHOP FOR SMOKELESS CHULHA AT KHANDWA, MADHYA PRADESH

**OUTCOMES AND IMPACT OF THE PILOT INTERVENTION**

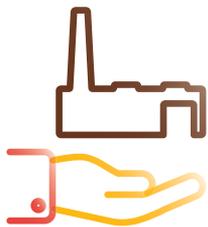
**1** Flagship programme combating household air pollution and promoting right nutrition

<p>Installed <b>chulhas</b> in more than</p>  <p><b>200 households</b></p>	<p>The <b>rocket chulha</b> was made locally at</p>  <p><b>no extra cost</b></p>	<p><b>Reduced</b> incidence of respiratory tract infections among</p>  <p><b>women and children</b></p>
<p><b>Rocket chulha's</b> smoke emissions</p>  <p><b>visibly lowered</b></p>	<p><b>Lowered drudgery</b> of fetching fuel woods and</p>  <p><b>reduced cooking time</b></p>	<p><b>3</b> Our target and goals for the next three years are as follows:</p> <p><b>Villages to be covered</b></p> <p><b>Over 1,000</b></p> 

Given the positive initial feedback from the pilot project, we plan to scale the flagship project to achieve the objective of smoke-free villages. The programme aims at providing the most basic amenities to the citizens - clean air and nutritious food. This will be achieved through 100% utilisation of better cooking methods such as smoke-free chulhas, improved cookstoves and LPG etc.

**2** The programme has been designed with the following three major action points:

**Adoption** of smokeless chulhas in



**rural households**

Additional activities to **encourage healthy food habits** and **cooking practices** that



**improve nutrition**

**Activities** around **community health issues**, especially



**respiratory ailments**

Total **households** to be **reached**

**Over 2,00,000**



### Collaboration with FICCI Aditya Birla CSR Centre for Excellence for Improving Mother and Child Health

Working with societal issues in a dynamic world requires constant knowledge and skill upgradation. Glenmark Foundation, in partnership with FICCI Aditya Birla CSR Centre for Excellence, organised the 'National Conference on Sharing of Best Practices: Improving Maternal, New Born and Child Health in India'. The programme was aimed towards building capacities of NGOs working in the domain of maternal and child health. The conference witnessed a participation of 170 individuals from 120 NGOs across several states in India.

A compendium of 33 case studies of NGO initiatives, 'Sharing of Best Practices: Improving Maternal, New Born and Child Health in India', was also released by the dignitaries at the conference.



UNVEILING OF THE COMPENDIUM OF NGO CASE STUDIES IN PRESENCE OF DR. DINESH ARORA, DIRECTOR - AYUSHMAN BHARAT



OVER 5,400 EMPLOYEES PARTICIPATED IN THE JOY OF GIVING FESTIVAL GLOBALLY

### Global Joy of Giving

Our annual festival of philanthropy, over the years, has been celebrated across 40 Glenmark locations spanning 24 countries. In line with our focus on children, the locations have made significant contributions to children-related initiatives. Our colleagues also contributed towards the cause of cancer and other disabilities.

### Awards and Accolades

- Bagged the coveted third India Pharma Awards 2018 for CSR Programme of the year by Department of Pharmaceuticals of Ministry of Chemicals and Fertilisers; this is the highest award for CSR in the pharmaceutical sector
- Awarded by The Asia Responsible Entrepreneurship

Awards in the Health Promotion category for our child health interventions

- Recognised by Union Minister of State for Law and Justice and the Ministry of Corporate Affairs for our commendable work in CSR at an event organised by the Federation of Indian

Chambers of Commerce and Industry (FICCI)

- Got featured in the third annual Inclusive Business List 2017
- One of the global finalists for the prestigious SCRIP Awards in the Community Partnership Category

### Glenmark Aquatic Foundation

The Glenmark Aquatic Foundation (GAF) was set up with the aim of creating more awareness about the sport and supporting swimming enthusiasts. Some of its key achievements in FY18 were:



**170 medals won**

at **domestic, national** and **international meets**



**2,450+ swimmers**

**trained**



TEAM GLENMARK AQUATIC FOUNDATION 2018

GAF is focused on promotion of swimming as a sport in India and aims to improve the ecosystem around it by building a core team of highly motivated experts, developing meaningful partnerships with national and international organisations and emphasising on maximising the potential in every athlete.

To achieve this objective, GAF operates in three key areas:

#### 1 Developing Centres of Excellence

GAF has set up a Centre of Excellence in Dharavi, Mumbai, and a state-of-the-art centre at the National Swimming Academy, Talkatora (New Delhi), in association with the Government of Maharashtra and the Sports Authority of India, respectively. Reputed international as well as Indian coaches train and mentor aspiring swimmers at these centres.

#### 2 Sponsorship of the Junior, Sub-Junior and Senior National Aquatic Championships

GAF has entered into a long-term understanding with the Swimming Federation of India to provide better facilities to swimmers in the country. Initiatives such as live streaming have allowed the sport to grow and encouraged promising athletes to make India proud.

#### 3 Coach Education

GAF aims to create a Coach Education Programme to ensure that standards of coaching improve in India for the sport.

# Corporate Information

## REGISTERED OFFICE

B/2, Mahalaxmi Chambers,  
22, Bhulabhai Desai Road,  
Mumbai - 400026, Maharashtra, India

## CORPORATE OFFICE

Glenmark House  
B.D. Sawant Marg, Chakala,  
Off Western Express Highway, Andheri (East),  
Mumbai - 400099, Maharashtra, India  
Tel. : +91 22 40189999  
Site: www.glenmarkpharma.com  
Email: complianceofficer@glenmarkpharma.com  
CIN No: L24299MH1977PLCO19982

## AUDITORS

Walker, Chandio & Co. LLP  
Chartered Accountants, Mumbai

## COST AUDITORS

Sevekari, Khare and Associates,  
Cost Accountants, Mumbai

## SOLICITOR

Trilegal, Mumbai

## REGISTRAR AND TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.,  
Karvy Selenium Tower B, Plot No 31 - 32, Gachibowli,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad - 500 032

## BANKER

Bank of India

## COMPANY SECRETARY

Mr. Harish Kuber

## MANUFACTURING FACILITIES FORMULATIONS

- E 37, MIDC Industrial Area, D Road, Satpur,  
Nashik - 422007, Maharashtra
- Plot No. 7 & 9, Colvale Industrial Estate,  
Bardez - 403115, Goa
- Unit - I, Village Kishanpura, Baddi-Nalagarh Road,  
Teh Baddi, Dist. - Solan, HP - 174101
- Unit - II, Village Bhattanwala, PO Rajpura, Teh Nalagarh,  
Dist. - Solan, HP - 174101

- Unit - III, Village Kishanpura, Baddi-Nalagarh Road,  
Dist. - Solan, HP - 174101
- Plot No 2, Phase -II, Pharma Zone, Special Economic  
Zone Area, Pithampur, Indore 454775, Madhya Pradesh
- Plot No. B-25, Five Star MIDC, Shendra,  
Dist. - Aurangabad, Maharashtra
- Growth Centre, Samlik-Marchak,  
Dist. - East Sikkim, Sikkim
- Fibichova 143, 56617, Vysoke Myto, Czech Republic
- Calle 9 Ing Meyer Oks N 593, Parque Industrial Pilar,  
B1629MX Buenos Aires, Argentina
- 4147 Goldmine Road, Monroe, NC 28110, USA
- Chemin de la Combeta 5, 2300 La Chaux-de-fonds,  
Switzerland

## API

- 3109 - C, GIDC Industrial Estate, Ankleshwar,  
Dist. Bharuch - 393002, Gujarat
- Plot No 163- 165/170 - 172, Chandramouli Industrial Estate,  
Mohol Bazarpet, Solapur - 413213, Maharashtra
- Plot No. A80, MIDC Area, Kurkumbh, Daund,  
Pune - 413802, Maharashtra
- Z-103 I, Dahej SEZ, Dahej District, Bharuch, Gujarat
- Plot No. B-25, Five Star MIDC, Shendra,  
Dist. - Aurangabad, Maharashtra

## R&D CENTRES

- Plot No. A 607, TTC Industrial Area, MIDC Mahape, Vashi,  
Navi Mumbai - 400705, Maharashtra
- Chemin de la Combeta 5, 2300 La Chaux-de-fonds,  
Switzerland
- Plot No. C 152, MIDC Sinnar Industrial Area, Malegaon,  
Dist. - Nashik - 422113, Maharashtra
- Plot No. M4, Taloja industrial area, MIDC Taloja, Taluka  
Panvel. 410208, Dist. - Raigad, Maharashtra

## CLINICAL RESEARCH CENTRE

Plot No. D 508, TTC Industrial Estate, MIDC, Turbhe,  
Navi Mumbai - 400705, Maharashtra

## GLOBAL CLINICAL DEVELOPMENT CENTRE

461 From Road, Paramus, NJ 07652, USA

# Key Financials

Consolidated Financial Highlights (IFRS) (In ₹ Mn, unless otherwise stated)	2017-18	2016-17	2015-16	2014-15	2013-14
Total Revenue	91,855.34	92,049.02	76,620.03	66,502.16	60,100.37
Earning before Depreciation, Finance Cost and Tax expenses (EBDIT)	16,974.93	20,559.21	14,451.92	10,429.82	10,956.21
Depreciation and Amortisation	3,540.67	5,765.20	2,691.42	2,599.80	2,167.95
Profit for the Year	7,742.83	9,159.21	7,019.05	4,752.40	5,456.03
Equity Dividend	200%	200%	200%	200%	200%
Equity Share Capital	282.17	282.17	282.16	271.29	271.22
Reserves and Surplus	55,608.37	49,112.11	42,420.30	29,732.07	29,561.58
Net Worth	55,890.54	49,394.28	42,702.46	30,003.36	29,832.80
Total Debt	46,393.85	47,236.58	39,881.06	37,999.32	32,669.72
Gross Fixed Assets	67,521.86	57,506.00	50,885.49	42,016.55	37,786.47
Net Fixed Assets	46,662.68	40,307.29	39,075.27	32,704.42	30,356.89
Total Assets	1,30,209.55	1,22,119.71	1,11,026.36	96,875.06	86,336.03
Market Capitalisation	1,48,744.94	2,42,029.74	2,24,118.22	2,13,237.52	1,53,485.47
Number of Equity Shares	2821,68,156	2821,68,156	2821,58,156	2712,94,553	2712,23,653
Closing Price as on March 31 (BSE) (₹)	527.15	857.75	794.30	786.00	565.90
<b>Key Indicators</b>					
Basic Earnings Per Share (₹)	27.44	32.46	25.01	17.52	20.01
Debt/Equity Ratio	0.83	0.96	0.93	1.27	1.10
Return on Capital Employed (EBIT/Net Worth)	24.04%	29.95%	27.54%	26.10%	29.46%

# Management Discussion & Analysis



 GLENMARK TEAM ACROSS THE GLOBE

## Global Environment

The overall global growth is projected to reach 3.9% in 2018 and 2019, in line with the forecast of the April 2018 World Economic Outlook (WEO), but the expansion is becoming less even, and risks to the outlook are mounting.

The rate of expansion appears to have peaked in some major economies and growth has become less synchronised. In the United States, near-term momentum is strengthening in line with the April WEO forecast, and the US dollar has appreciated. Growth projections have been revised down for the Euro area, Japan, and the United Kingdom, reflecting negative surprises to activity in early 2018. Among emerging market and developing economies, growth prospects are also becoming more uneven, amid rising oil prices, higher yields in the United States, escalating trade tensions, and market pressures on the currencies of some economies with weaker fundamentals.

India continues to remain as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). India's GDP is estimated to have increased by 6.6% in 2017-18 and is expected to grow at 7.3% in 2018-19.

## Global Pharma Scenario

After a modest recovery on the back of multiple headwinds, the overall outlook for global pharmaceutical market is expected to improve considerably going forward. As per various research published by Deloitte and EvaluatePharma, the global prescription drug sales are forecast to grow at an annual compound rate of 6.5% over the next five years and worldwide sales are expected to be USD 1.06 Tn by the year 2022. Multiple factors are fueling the significantly improved outlook in the next five years.

Many research-based pharmaceutical companies are

turning the tide with growth in revenue and profits, although such growth is still lower than historical levels witnessed by these companies. Consolidation amongst the larger players in the generics markets and greater focus on developing novel, cutting-edge therapies which can ultimately garner a premium in the market will be two key factors that would support the ongoing recovery in investments in the sector. While some companies may still face challenges in the near future, the industry is also expected to expand its reach further particularly in emerging markets. Due to proliferating economies and strong growth rates, many emerging market countries are now ranked amongst the Top 20 pharmaceutical markets in the world. However, some of these markets could come under some pricing pressures due to various government interventions to bring down overall healthcare expenses.

According to World Industry Report by IBISWorld, global generic drug sales are expected to make up 29.2% of the total pharmaceutical sales worldwide in 2022, compared to approximately 28% in 2017. Generic medicines already account for more than 80% (by volume) of all drugs dispensed across the world, and increased focus on bringing down healthcare expenditures would continue to help drive growth in generics markets.

Innovation is expected to be a key driver for growth in worldwide pharmaceutical markets, and R&D investments are expected to grow at a rate higher than historical levels. According to EvaluatePharma, total R&D spend

is expected to reach USD 181 Bn in 2022, compared to USD 156.7 Bn in 2016. Unlike the past, smaller niche companies focused on development of new drugs in areas of high unmet medical need are driving significant innovation. However bringing a drug to the market remains an expensive proposition, and this remains a major industry challenge. To counter this, large pharmaceutical companies and small niche R&D-focused organisations are partnering to overcome these challenges. Furthermore, there has been an increase in the number of approvals which also helps companies bring their innovation more quickly to the market.

Today many novel biologics are already approved for various therapy areas and indications, and such treatment options are predicted to comprise more than 25%-30% of the global pharmaceutical market by 2022. An emerging growth story has been development of biosimilars, potentially leading to another upcoming patent cliff. Access to biosimilars has increased significantly, especially in markets like Europe and emerging economies. Moreover, regulatory agencies have also evolved to ensure biosimilars gain approval and are adopted by the medical community, while ensuring efficacy and safety of patients remains the key focus area.

Over the next few years, emerging new technologies are expected to create a transformative opportunity for the global pharmaceutical industry. Companies will look to build an organisation capable of adapting to imbibe such technologies and create greater competitive advantage for themselves while also ensuring patients continue to get access to high quality treatment options.

### Financial Summary

#### Material Consumed and Purchase of Traded Goods

Cost of material consumed including finished goods purchased were at ₹ 30,385.67 Mn in FY 2017-18 as against ₹ 26,143.26 Mn in FY 2016-17 and as a percentage to sale of products was at 33.87% in FY 2017-18 as against 29.15% in FY 2016-17.

#### Employee Cost

Employee cost was at ₹ 18,718.41 Mn in FY 2017-18 as against ₹ 16,408.06 Mn in FY 2016-17, an increase of 14.08% mainly attributed to increase in heads count due to expansion of business and inflationary trends prevailing in the markets in which the Company operates.

#### Other Expenses

Other expenses includes manufacturing overheads, selling and marketing expenses, administrative and general expenses and R&D expenses.

Other expenses decreased to ₹ 25,772.89 Mn in FY 2017-18 as against ₹ 28,938.49 Mn in FY 2016-17, a decrease of 10.94%.

#### Finance Costs

Interest expenses increased to ₹ 2,855.67 Mn in FY 2017-18 as against ₹ 2,373.18 Mn in FY 2016-17.

#### Profit After Tax

Profit after tax for FY 2017-18 was at ₹ 8,038.70 Mn as against FY 2016-17 was at ₹ 11,087.53 Mn.

#### Dividend

The Board has recommended a final dividend of 200% (₹ 2 per equity share of ₹ 1 each) on the equity share capital as at March 31, 2018 subject to the approval of shareholders.

#### Equity Capital

There is no movement in equity share capital during the FY 2017-18.

#### Trade Payables

Trade payables increased to ₹ 18,697.84 Mn in FY 2017-18 from ₹ 17,432.21 Mn in FY 2016-17.

#### Current Tax Liabilities

Current tax liabilities increased to ₹ 284.26 Mn in FY 2017-18 from ₹ 256.55 Mn in FY 2016-17.

#### Short-term Borrowings

Short term borrowings increased to ₹ 2,950.44 Mn in FY 2017-18 from ₹ 1,871.89 Mn in FY 2016-17.

#### Other Current liabilities

Other current liabilities increased to ₹ 3,579.74 Mn in FY 2017-18 from ₹ 3,329.30 Mn in FY 2016-17.

#### Trade Receivables (Net)

Trade receivables decreased to ₹ 23,318.07 Mn in FY 2017-18 from ₹ 24,043.20 Mn in FY 2016-17.

#### Inventory

Inventory decreased to ₹ 20,305.85 Mn in FY 2017-18 from ₹ 21,390.50 Mn in FY 2016-17.

#### Other Current Assets

Other current assets increased to ₹ 10,059.67 Mn in FY 2017-18 from ₹ 9,154.89 Mn in FY 2016-17.

#### Property, plant and equipment (Excluding CWIP)

The gross block of property, plant and equipment increased to ₹ 28,167.58 Mn in FY 2017-18 from ₹ 25,607.68 Mn in FY 2016-17.

#### Other Intangible Assets (Excluding CWIP and Goodwill)

The gross block of other intangible assets increased to ₹ 24,990.85 Mn in FY 2017-18 from ₹ 21,612.57 Mn in FY 2016-17.

## Business Environment India Formulations

During the year under review, the India Formulations (IF) business performed well, registering revenue of ₹ 25,142.52 Mn (USD 390.47 Mn) as against ₹ 23,037.77 Mn (USD 344 Mn), recording a growth of 9.14%.

As per IQVIA MAT March 2018, Glenmark's India business is ranked 13<sup>th</sup> with a market share of 2.29%. Glenmark is the 2<sup>nd</sup> fastest growing company as per MAT March 2018 (among the Top 20 companies).

This growth has been driven by a strong performance of leading brands, resulting in market share improvement across therapeutic categories.

### Growth across Therapeutic Categories

The India business strengthened itself in the following segments with growth in market share from IQVIA MAT March 2017 to MAT March 2018 respectively:

- Derma therapy market share increased from 9.17% to 9.20%

- Respiratory therapy market share rose from 4.52% to 4.75%
- Cardiac therapy market share increased from 3.97% to 4.26%

### Brands in IPM Top 300

Glenmark has eight brands among the Top 300 Brands in the Indian Pharmaceutical Market:

- Glenmark's brand Telma (Telmisartan) secured its position among the Top 50 brands in IPM and is currently ranked 46<sup>th</sup>
- Telma-H (Telmisartan Hydrochloride) ranked 57 in IPM, closing a value growth of 12.75% over the last year
- Glenmark's brands Candid (IPM rank 115), Candid-B (IPM rank 128), Ascoril+ (IPM rank 138), Telma-AM (IPM rank 152) and Ascoril-LS (IPM rank 157) are some of the other brands among the Top 200 in the IPM 300 brands league



 GLENMARK NASHIK TEAM

## NEW PRODUCT LAUNCHES

### In the dermatology therapy, Glenmark launched

- Nourkrin<sup>®</sup> Woman tablets, through an exclusive licensing agreement with the Denmark-headquartered firm, Pharma Medico. Nourkrin<sup>®</sup> Woman contains Marilex<sup>®</sup>, a unique and proprietary scientific formula, rich in specific Proteoglycans (PG) essential for hair follicle development, which helps in normalising,

supporting and maintaining the hair growth cycle

- ADALY, a biosimilar of Adalimumab, under a licensing agreement with the Zydus group for the treatment of Plaque Psoriasis and Rheumatoid Arthritis. ADALY is a TNF inhibiting, anti-inflammatory biologic that binds to tumor necrosis factor (TNF $\alpha$ ) and reduces inflammatory response. Globally, Adalimumab

is the number one selling pharmaceutical product

- Apremilast, an advanced oral and safe treatment for Psoriasis
- La Shield Spray

### In respiratory therapy, Glenmark launched

- Nebzmart G — India's first Glycopyrronium Nebulizing Solution for moderate to severe COPD

- Bye Illego, a brand of Bepotastine Besilate, which is a Japanese molecule introduced for the first time in India for perennial allergic rhinitis

#### Glenmark also launched

- AKYNZEO®, an oral fixed combination of netupitant 300 mg and palonosetron 0.5 mg in capsule form, is used for prevention of Chemotherapy-induced Nausea and Vomiting

(CINV). To introduce AKYNZEO® in India and Nepal, Glenmark has an exclusive licensing agreement with Helsinn Group, a Swiss pharmaceutical group focused on building quality cancer care products

- X-Met G, a fixed dose combination of Glimepiride 1/2 mg + Metformin 500 SR for the treatment of Type 2 Diabetes Mellitus

- Kwitz® Nicotine Gum, a Nicotine Replacement Therapy (NRT) in India to help smokers in smoking cessation
- Mumfer Max (Ferric Pyrophosphate and combination), technologically advanced iron with Nanonized Liposomal technology

### Marketing Initiatives

Taking a step beyond product promotion, Glenmark has taken various initiatives to enhance the knowledge of doctors in different therapy areas and conducted several awareness programmes for patient education.

#### Doctor and Patient Education Programmes

- The Glenmark Enabled Expert Exchange (GEEX) continued to gain a good response. This is a unique platform for the fraternity of dermatologists in India to share their clinical acumen, expertise and experience while managing patients of acne in day to day clinical practice
- Glenmark actively conducts patient education and detection camps for disorders and diseases impacting large population. More than 5 lakh patients were screened for hypertension at 24,000 Hypertension Detection Squad camps. More than 1.5 lakh patients were screened for determining their Bone Mineral Density (BMD) and awareness was created to build better bone movement
- Glenmark has been providing service to pregnant patients by conducting 500 Hemoglobin camps and screening minimum 10-15 patients per camp every month. During the year, 4,500

camps were organised and more than 5,000 patients were tested for hemoglobin

- On World Diabetes Day, 89 walkathons were organised across India to encourage healthy living and over 4,500 patients participated. During the year, 211 camps were conducted across India and 11,500 patients were screened for diabetes

#### India - Glenmark Consumer Care Business

Glenmark forayed into the over-the-counter (OTC) space a few years ago. In a short time, the Company has built a sizeable OTC business driven by its three major brands operating in the consumer space now - Candid,

VWash Plus and Scalpe+. Candid Dusting Powder, the 30-year-old flagship brand of the Company is now a leading product even in the OTC business.

Through the introduction of its brand VWash Plus, Glenmark has successfully created the female intimate hygiene category in India. The Company further expanded its product offering through the introduction of VWash Wow Sanitary Napkins. VWash's extension in to the ₹ 3,500 Cr sanitary napkin category further propels the brand towards its vision of 'Owning the Intimate Hygiene Space'.



 GLENMARK GOA TEAM



**GLENMARK INDIA FORMULATION'S LEADERSHIP TEAM**

VWash WOW has been very well received across the sales channels within three months of launch.

Over a short period of time, Glenmark's Consumer Care business has grown its topline in excess of ₹ 150 Cr. As per IQVIA MAT March 2018, Glenmark's leading brand Candid Dusting Powder recorded 18.1% value growth and market share of about 56%. Scalpe+ Anti Dandruff Shampoo is also ranked No. 1 in its operating market with a market share of 15% as per MAT March 2018. The VWash Plus brand recorded value growth of 24% and a market share of 42% for FY18 across all sales channels.

**USA Formulations**

During the year, Glenmark Pharmaceuticals Inc., USA registered a revenue of ₹ 32,075.72 Mn (USD 498.14 Mn) from the sale of finished dosage formulations for FY18 as against ₹ 37,006.63 Mn (USD 552.58 Mn) for the previous year, recording a decrease of 13.32%.

In FY18, Glenmark was granted approval of 21 Abbreviated New Drug Applications (ANDA),

comprising 18 final approvals and three tentative approvals. Notable approvals include Aprepitant Capsules USP, Atomoxetine Capsules USP, Nitroglycerin Sublingual Tablets and Propafenone Hydrochloride Extended-Release Capsules USP. The Company filed a total of 16 ANDA applications with the US FDA throughout the fiscal year.

On December 12, 2016, Glenmark announced the availability of

Ezetimibe, the first and only generic version of ZETIA® (Merck) in the US for the treatment of high cholesterol. The availability of Ezetimibe is the result of a licensing partnership with Par Pharmaceutical, an Endo International plc operating company. Glenmark and its partner, Endo, were entitled to 180 days of generic drug exclusivity for Ezetimibe as provided for under Section 505(j)(5)(B)(iv) of the FD&C Act.



**PRODUCTS LAUNCHED IN THE US IN FY18**

Glenmark's **marketing portfolio** through March 31, 2018 consists of **131 generic products authorised for distribution** in the US market

Glenmark expects to begin **commercial supplies of oral solid products** manufactured at the Monroe facility from **H2 FY19**

The exclusivity period for the generic version of ZETIA® ended in early June 2017.

During the second quarter, Glenmark entered into a development, license, manufacture and commercial supply agreement with Cyndea Pharma S.L., granting exclusive rights to use their technology for developing generic, soft-gelatin capsule formulations of certain pharmaceutical products. Under this agreement, Glenmark receives exclusive rights to the US and Canada markets for these soft-gelatin formulations in exchange for sharing development costs and profits from future sales. In addition, the agreement provides for the companies to add further soft-gelatin product candidates for development and commercialisation, as new branded, soft-gelatin, capsule-based drug products become available in the marketplace.

During the fourth quarter, Glenmark announced an exclusive agreement with Sam Chun Dang Pharm. Co. Ltd. (SCD) to develop, manufacture and market a portfolio of ophthalmic products in the US and Canada. Under this agreement, these products will be developed and manufactured by SCD in South Korea. Glenmark will seek all market authorisations and commercialise the products in North America. The Company targets to file around 6 ANDAs beginning in the first half of 2019 for the licensed SCD ophthalmic products. According



 GLENMARK'S CLINICAL OPERATIONS TEAM IN THE US

to IQVIA sales figures, the US brand sales for the 6 products was approximately USD 1.7 Bn for CY17.

Glenmark's manufacturing facility in the US was commissioned in 2014 at Monroe Corporate Center, North Carolina. The facility received its first supplemental Abbreviated New Drug Application (sANDA) approval from the US FDA in June 2018. The approval covers: Atovaquone and Proguanil Hydrochloride Tablets, a generic version of GlaxoSmithKline's Malarone® Tablets. The Company

expects to begin commercial supplies of oral solid products from H2 FY19. Glenmark also plans to file injectables and nebulizers from the Monroe facility during FY19.

Glenmark's marketing portfolio through March 31, 2018 consists of 131 generic products authorised for distribution in the US market. The Company currently has 62 applications pending in various stages of the approval process with the US FDA, of which 28 are Paragraph IV applications.

Primary Category	Authorised to Distribute	Pending Approval	Total Filings	Market Size (USD Bn)
Immediate release	60	27	87	30.28
Hormones	25	2	27	2.63
Modified release	13	5	18	6.07
Dermatology	36	19	55	2.35
Oncology injectables	1	8	9	2.62
Controlled substances	3	0	3	0.06
Immunosuppressants	0	1	1	0.03
Total	138	62	200	44.27
Para IV		30	30	20.77

Pipeline as on August 6, 2018

1. All marketed products and any products authorised for distribution where Glenmark is the ANDA holder
2. Only those filings that have been accepted by the FDA are included

Note: Market Value (by product) is defined by the total sales generated for products in the GPI portfolio [source: IQVIA NSP June 2018]

**Rest of the World**

Glenmark’s revenue from the ROW (Russia/CIS, Africa and Asia) region for the year under review was ₹ 10,992.24 Mn (USD 170.71 Mn) as against ₹ 9,887.86 Mn (USD 147.65 Mn) in the previous year, recording a 11.17% increase.

**Russia/ CIS Region**

According to IQVIA MAT March 2018 data, Glenmark Russia shows de-growth of -5.7% in value versus overall market growth of 3.3% and ranks 41 per MAT March 2018 in the retail segment of the Russian pharmaceutical market. Lower than market growth is attributed to decline in demand for two key products: Ascoril, affected due to a low cough and cold season, and Oflomil nail lacquer, impacted by competitor activity and launch of new amorolfine generics.

As a result of the strong position of Glenmark Russia in the dermatology segment (retail), the Company continues to secure its position in this segment and ranks among the Top 10 derma companies present in the market, with MAT March 2018 rank being 9. Overall, Glenmark Russia today



**GLENMARK UKRAINE TEAM**

boasts of a strong product range of derma products covering most nosologies of the segment.

In the respiratory space, Glenmark continues to secure a strong position and ranks 4 per MAT March 2018 amongst the companies present on the expectorants market (retail segment) of the local pharmaceutical market.

Key markets across the CIS region such as Ukraine and Kazakhstan recorded high double-digit secondary sales growth for the Company.

The advancement of respiratory portfolio is one of the key focuses at the moment, with new products expected to be launched and portfolio to be expanded. Momate Rhino Advance, a unique combination of mometasone + azelastine nasal spray on the local market, was launched in Uzbekistan and is indicated for the treatment of patients with seasonal allergic rhinitis. Momat Rino 60 and 120 doses nasal sprays were also launched in Uzbekistan. During the year, Glenmark launched Glenspray (mometasone) 50 mcg/120 doses and Glenspray (mometasone) 50 mcg/60 doses in Ukraine.



**GLENMARK RUSSIA TEAM**

### Africa Region

The Africa business registered an average performance for the year under review. However, the subsidiaries of South Africa, Sudan and Kenya recorded good secondary sales.

During the year, Glenmark launched Dermikelp, VWash Plus, Tacroz and Tacroz F in Zambia; Tacroz and Telma H in Tanzania; Ascoril D, Teneligliptin and its combination with Metformin in Mauritius, Momate F in Uganda and Sertaconazole (Onabet) in Sudan.



GLENMARK SOUTH AFRICA TEAM



GLENMARK ASIA TEAM

### Asia Region

For the year under review, the Asia business recorded average growth. Malaysia and Cambodia have recorded an annual growth of 20% and 101% respectively.

During the year, Glenmark launched Tacroz, Dosetil and Momate NS in Philippines; Momate NS, Dermikelp and VWash in Malaysia and Konzert in Cambodia.

### Europe Formulations

The revenue from Glenmark's Europe operations for FY18 was at ₹ 9,058.10 Mn (USD 140.67 Mn) as against ₹ 7,101.35 Mn (USD 106.04 Mn) recording an increase of 27.55%.

The Western European business continued expanding through increased penetration in the UK, Netherlands, Spain and further expansion of sales and product portfolio in Germany. The Company also expanded to the Nordic countries through a new legal entity in Sweden.



GLENMARK GERMANY TEAM



GLENMARK POLAND TEAM

The overall regional growth was led by multiple new product launches across all key markets.

During the year, Glenmark was granted final approval by the Medicines and Healthcare products Regulatory Agency (MHRA) for Maloff Protect (250 mg/100 mg atovaquone/proguanil film-coated tablets), an anti-malarial medication, as a pharmacy license in the UK. Maloff Protect contains atovaquone and proguanil hydrochloride and has been available only as a prescription medicine in the UK. This is the first approval of the molecule as OTC wherein patients will be able to purchase Maloff Protect without a prescription.

During the third quarter, Glenmark had successfully closed the decentralised registration procedure for generic Seretide® Accuhaler® in the Nordic region, including Sweden, Denmark, Norway, Finland and Iceland. This will be Glenmark's first inhaled respiratory product approval in Europe and re-enforces the Company's commitment in the respiratory area. The commercialisation of the product

would depend on national approval as well as substitution and pricing approvals. This continues to emphasise Glenmark's focus in this complex product segment and in Europe.

Glenmark is the first generic company to receive regulatory approval for substitution in Denmark for its generic of Seretide® Accuhaler® and has

subsequently launched the product.

### Latin America

During the year under review, the Latin America business registered a revenue of ₹ 4,066.95 Mn (USD 63.16 Mn) as compared to ₹ 5,181.22 Mn (USD 77.37 Mn), recording a decline of 21.51%.

The overall performance in the region remained challenging particularly in larger markets such as Brazil and Mexico. Going forward, the Company is working towards ensuring approval for key pipeline products, particularly in the respiratory segment, to boost the overall market growth in Latin America.

During the year, NebZmart, NebZsol and Vocety were launched in Brazil. In Colombia, the Company strengthened its dermatology portfolio and introduced Glenpalene, Glenpalene C, Dermotil S, Glencort, Butemax and Clotridid. Momate AZ nasal spray was launched in the Caribbean region and Glenmark is the first generic alternative in the market offering this unique combination.



GLENMARK UK TEAM

## LICENSING UPDATES

### India

Glenmark executed the following licensing agreements during FY18

- The Company in-licensed the biosimilar of Adalimumab from Cadila Healthcare Ltd.
- The Company exclusively in-licensed Nourkrin® Woman from Pharma Medico
- The Company exclusively in-licensed AKYNZEO® (containing netupitant 300 mg and palonosetron 0.5 mg) from Helsinn

### US

Glenmark executed the following licensing agreements during FY18

- The Company entered into an exclusive agreement with Cyndea Pharma S.L. for Generic Soft-Gelatin Capsule Drug Products
- The Company entered in to an exclusive agreement with Sam Chun Dang Pharm. Co. Ltd. (SCD) to develop, manufacture and market a portfolio of ophthalmic products

Glenmark also incurred milestone payments for the following deals during FY18

- Development milestone to Evestra Inc. for the ongoing development of Generic NuvaRing®

### EU

Glenmark incurred milestone payments for the following deals during FY18

- Approval milestone to Celon Pharma for the development of Generic Seretide® Accuhaler® –based on first approval received in Nordic Countries
- The Company entered in to an exclusive licensing agreement with a leading European company for a generic inhaler

### Glenmark executed the following licensing agreements during FY18

Molecule	For Country
Femarelle Food Supplement OTC	UK
Washdent Food supplement OTC	UK
Febuxostat	Germany and Spain
Erlotinib	Romania
Atomoxetine	Germany, UK, Netherlands, Sweden, Denmark, Czech Republic, Slovakia and Poland
Marimer range extensions	Poland
Bendamustine	Spain
Gefitinib	Germany, UK, Netherlands, Sweden, Denmark, Czech Republic, Poland and Romania
Esomeprazole AOK DE	Germany
Esomeprazole OLS	UK
Levetiracetam	Germany and Spain
Prasugrel	Germany
Abacavir+Lamivudine	Spain and Netherlands
Entecavir extension	Czech Republic and Slovakia
Dermikelp	UK
Darunavir	Denmark, Sweden, Germany, Netherlands, Romania and Poland
Fulvestrant	Czech Republic, Germany, Netherlands, Norway, Poland, Romania, Slovakia, Spain, Sweden, UK and Denmark
Quetiapine SR	Germany
Valganciclovir	Germany and UK
Galantamin	Germany
Posaconazole	Germany, UK, Netherlands, Denmark, Sweden, Romania, Czech Republic and Slovakia
Ranolazine	Germany and UK
Tenofovir+Emtricitabine+Efavirenz	Germany, UK, Netherlands, Spain, Denmark and Sweden

## API

Revenue from sale of APIs to regulated and semi-regulated markets globally was ₹ 8,778.91 Mn (USD 136.34 Mn) during the year as against ₹ 8,094.10 Mn (USD 120.86 Mn) for the previous year, recording a 8.46% increase.

APIs are the principal ingredients for finished dosages and are also known as bulk actives or bulk drugs. APIs become formulations when the dosage is administered by using additional inactive ingredients either in oral forms such as tablets, capsules, dry syrups or liquid orals or in sterile forms like injectable dry powder vials or liquid injectables.

Glenmark forayed in to the API business in 2001 and over the last 15 years has built a large business based on strong product selection, focusing on key regulated markets and maintaining high operational efficiency and a strong compliance culture. The Company has robust R&D capabilities in API for developing an attractive pipeline and achieving cost efficiencies to overcome external market challenges.

The Company also markets and supplies its API products to leading generic manufacturers in the US,



 GLENMARK UPPER LATIN AMERICA TEAM

Europe and Japan, in addition to fulfilling captive API requirements. Key APIs driving sales for Glenmark in FY18 were Perindopril, Lercanidipine, Amiodarone, Etoricoxib and Adapalene. During the year, Glenmark also successfully concluded the US FDA audit of the API plant at Mohol and is awaiting the EIR from the agency.

As on March 31, 2018, the Company has filed over 370 Global DMFs in various markets, including 103 USDMFs, 28 CEPs, 40 EU-DMFs, 22 Canadian DMFs, 12 Japan DMFs, 13 Australian DMFs and other DMFs in various ROW countries.

## Outlook

Despite the challenging economic situation in most emerging markets, including the volatile currencies, Glenmark continues to remain positive on the long-term growth prospects in key emerging markets. The focus in emerging markets will be to continuously invest in product pipeline, namely in the areas of respiratory, dermatology and oncology therapy. While Glenmark will contain its new investments in emerging markets, it will continuously focus on building the product pipeline in these therapy areas. The US remains the most important market for Glenmark and the organisation continues to invest significantly in this market. All the incremental R&D resources are being invested in the US market and this region will be a key driver for growth in the future. On the generics front, Glenmark will continuously file products in the areas of dermatology and injectables, including complex injectables. On the discovery front, the pipeline is progressing well with several molecules in clinical or pre-clinical development.

The Company will also continue with its approach of out-licensing its molecules. Going ahead, the



 GLENMARK CZECH REPUBLIC TEAM

organisation will continue to lay equal emphasis on small molecules as well as biologics and will continue to focus on discovering primarily first-in-class molecules globally for unmet medical needs.

Our primary objective has always been to facilitate the Company's evolution from a generics organisation to a fully integrated, globally commercialised pharmaceutical company with innovative products. Glenmark has always been focused on a long-term growth strategy while meeting the short-term growth objectives. Today, we have a

strong pipeline of products in the US, which primarily consists of differentiated products. We have built a robust India business and have set up a strong foundation for our future growth. In markets like Europe, we anticipate to grow in double digit over the next 3-4 years. The emerging markets (ex-India), though a small portion of the overall revenue, will also continue to grow.

Further, with six novel molecule and three specialty products in our R&D pipeline and with our end-to-end capabilities from R&D to full-scale manufacturing (both

in small molecules and novel biologics), the Company enjoys a strong position in IP leadership and global footprint for rapid market penetration. Our complex generic portfolio will also play a significant role in Glenmark's growth strategy in various markets in which we operate and we continue to have complex generic products in our filed pipeline. Moreover, we would continue to develop more products in-house. Our strategy is to leverage both inhouse and external capabilities to develop our complex generic products portfolio to differentiate ourselves from the competitors.



A SNAPSHOT OF GLENMARK'S MANUFACTURING FACILITY

#### Safe Harbour Statement

This report has been prepared by Glenmark Pharmaceuticals Ltd. The information, statements and analysis made in this report describing the Company's objectives, projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and Regulations. Forward-looking statements may include words or phrases such as 'believes', 'expects', 'anticipates', 'intends', 'plans', 'foresees' or other words or phrases of similar import. Similarly, statements that describe objectives, plans or goals both for itself and for any of its business components also are forward-looking statements.

All such forward looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated. The analysis contained herein is based on numerous assumptions. Actual result may vary from those expressed or implied depending upon economic conditions, government policies and other incidental factors. No representation or warranty, either expressed or implied, is provided in relation to this report. This report should not be regarded by recipients as a substitute for the exercise of their own judgment.

# Risk Management

## PRINCIPAL RISK FACTORS AND UNCERTAINTIES

Company's business, financial condition and results of operations are subject to certain risks and liabilities that may affect the Company's performance and ability to achieve its objectives. The factors that the Company believes could cause its actual results to differ materially from expected and historical results have been discussed hereunder. However, there are other risks and uncertainties that may affect the Company's performance and ability to achieve its objectives that are not currently known to the Company, or which are deemed immaterial.

The Company has implemented an ERM programme through which it reviews and assesses significant risks on a regular basis to help ensure that there is a system of internal controls in place. This system includes policies and procedures, communication and training programmes, supervision and monitoring and processes for escalating issues to the appropriate level of senior management. Such a system helps facilitate the Company's ability to respond appropriately to risks and to achieve the Company's objectives and helps ensure compliance with applicable laws, regulations and internal policies.

The principal risks and uncertainties that might affect the Company's business are identified below. The listing agreement with the stock exchanges mandates the identification, minimization and periodical review of these risks and uncertainties. However, it is not possible for the Company to implement controls to adequately respond to all the risks that it may face and there can be no complete assurance provided that the steps that the Company undertakes to address certain risks, including those listed below under "Mitigating activities include," will manage these risks effectively or at all. The principal risk factors and uncertainties mentioned herein have not been listed in order of their importance.

## DELIVERING COMMERCIALY SUCCESSFUL NEW PRODUCTS

**Risk description: Risk that R&D will not deliver commercially successful new products**

The Company operates in highly competitive markets globally and faces competition from local manufacturers. Significant product innovations, technological advancements or the intensification of price competition by competitors may materially and adversely affect the Company's revenues. The Company cannot always predict the timing or impact

of competitive products or their potential impact on sales of the Company's products.

Continuous development of commercially viable new products as well as the development of additional uses for existing products is critical to the Company's ability to increase overall sales.

Developing new pharmaceutical products is investment intensive, having a longer gestation period with uncertain outcome. A new product candidate can fail at any stage of the development process and one or more late stage product candidates could fail to receive regulatory approval. New product candidates may appear promising in development but after significant investment of Company's economic and human resources, may fail to reach the market or may have only limited commercial success. This could be, for example, as a result of efficacy or safety concerns, an inability to obtain necessary regulatory approvals, difficulty in manufacturing or excessive manufacturing costs, erosion of patent coverage as a result of a lengthy development period, infringement of patents or other intellectual property rights of others or an inability to differentiate the product adequately from those with which it competes.

Furthermore, health authorities have increased their focus on safety and product differentiation when assessing the benefit/ risk balance of drugs, which has made it more difficult for pharmaceutical products to gain regulatory approval. There is also increasing pressure on healthcare budgets as a result of the increase in the average age and absolute population in developed and developing markets. A failure to develop commercially successful products or to develop additional uses for existing products for any of these reasons could materially and adversely affect the Company's revenues.

### Mitigating activities include

The Company instead of following the traditional hierarchical R&D business model has its R&D business model based on smaller units in an attempt to encourage greater entrepreneurialism and accountability for our scientists, which the Company believes creates an environment that is more conducive to the development of commercially viable new products and the development of additional uses for existing products.

In addition, the Company plans to continue collaborating with other pharmaceutical companies,

which the Company believes enables sharing the risk, availability of technical expertise and decrease the amount of time it takes to develop products.

The Company reviews both product development and external collaborations and targets are selected after exhaustive screening and research across various parameters. The Company progressively evaluates both the scientific and financial considerations for a product as well as the potential benefits/risks associated with the continued development of the assets.

### **ENSURING PRODUCT QUALITY**

**Risk description:** Risk to the patient or consumer as a result of the failure by the Company, its contractors or suppliers to comply with good manufacturing practice regulations in commercial manufacturing or through inadequate governance of quality through product development

Patients, consumers and healthcare professionals trust the quality of our products at the point of use. A failure to ensure product quality is an enterprise risk which is applicable across all of the Company's global operations.

A failure to ensure product quality could have far reaching implications in terms of the health of our patients and customers, reputation, regulatory, legal, and financial consequences for the Company.

The quality of the product may be influenced by many factors including product and process understanding, consistency of manufacturing components, compliance with current Good Manufacturing Practice (cGMP), accuracy of labelling, reliability and security of the supply chain, and the embodiment of an overarching quality culture.

The internal and external environment continues to evolve as new products, new markets and new legislation are introduced. Particular attention is currently being focused on security of supply, product standards and sound distribution practices.

New cGMP legislation is being introduced in many emerging markets including China and Brazil. On the inspection front, pharmaceutical inspectors are increasingly looking for global application of corrective actions beyond the original site of inspection.

### **Mitigating activities include**

The Company has adopted a single Quality Management System (QMS) that defines Corporate quality standards and systems for the business units associated with Pharmaceuticals products and R&D investigational materials. The QMS has a broad scope, covering the end to end supply chain from starting materials to distributed product, and is applicable throughout the complete life cycle of products from R&D to mature commercial supply.

The QMS is periodically updated based on experience, new regulation and improved scientific understanding to seek to ensure operations comply with cGMP requirements globally, and supports the delivery of consistent and reliable products.

A team of Quality and Compliance professionals are aligned with each business unit to provide oversight and assist the delivery of quality performance and operational compliance. Management oversight of those activities is accomplished through a hierarchy of Quality Council Meetings. Staff are trained to seek to assure that standards, as well as expected behaviours based on the Company's values, are followed.

The Company's Head -Corporate Quality Assurance oversees the activities of the Company Quality Council which serves as a forum to escalate emerging risks, share experiences of handling quality issues from all business units and ensure that the learnings are assessed and deployed across the Company.

The Company has implemented a risk-based approach to assessing and managing its third-party suppliers that provide materials used in finished products. Contract manufacturers making Company products are audited to help assure expected standards are met.

### **SUPPLY CHAIN CONTINUITY**

#### **Risk description: Risk of interruption of product supply**

Supply chain operations are subject to review and approval of various regulatory agencies that effectively provide our license to operate. The manufacture of pharmaceutical products and their constituent materials requires compliance with good manufacturing practice regulations. The Company's manufacturing sites are subject to review and approval by the FDA and other regulatory agencies.

Compliance failure by the Company's manufacturing facilities or by suppliers of key services and materials could lead to product recalls and seizures, interruption of production, delays in the approval of new products, and revoking of license to operate pending resolution of manufacturing issues. For example, non-compliance with cGMP requirements for US supply could ultimately result, in the most severe circumstances, in fines and disgorgement of profits. Any interruption of supply or the incurring of fines or disgorgement impacting significant products or markets could materially and adversely affect the Company's revenues.

Materials and services provided by third-party suppliers are necessary for the commercial production of our products, including specialty chemicals, commodities and components necessary for the manufacture and packaging of many of the Company's pharmaceutical products. Some of the third party services procured, for example, services provided by clinical research organisations to support development of key products, are very important to the operation of the Company's businesses. The clinical trial processes should strictly adhere to GCP standards in terms of quality, safety, procedures and other standards. Clinical trial service provider may lack in adhering to GCP standards.

Although the Company undertakes business continuity planning, single sourcing for certain components, bulk active materials, finished products, and services creates a risk of failure of supply in the event of regulatory non-compliance or physical disruption at the manufacturing sites.

The failure of a small number of single-source, third-party suppliers or service providers to fulfill their contractual obligations in a timely manner or as a result of regulatory non-compliance or physical disruption at the manufacturing sites may result in delays or service interruptions, which may materially and adversely affect the Company's revenues.

#### **Mitigating activities include**

The Supply Chain model of the Company is designed to help ensure the supply, quality and security of the Company's products and the Company closely monitors the delivery of our products with the intent of ensuring that our customers have the medicines and products they need.

Safety stocks and backup supply arrangements for high revenue and critical products are in place to help mitigate this risk. In addition, the standing of manufacturing external suppliers is also routinely monitored in order to identify and manage supply base risks.

The Company selects Clinical Trial agencies which are of repute and follows a process of regular monitoring and auditing of the clinical trial sites.

Where practical, dependencies on single sources of critical items are removed by developing alternative sources. In cases where dual sourcing is not possible, an inventory strategy has been developed to protect the supply chain from unanticipated disruptions. The Company has set up new manufacturing facilities/ upgraded the existing facilities which can continue the manufacturing operations in case of interruption of operations of a certain facility. The Company while filing for product approvals with various regulatory authorities registers multiple manufacturing sites.

#### **PRODUCT PRICING**

Risk description: Risk that the Company may fail to secure adequate pricing for its products or existing regimes of pricing laws and regulations become more unfavourable. Pharmaceutical products are subject to price controls or pressures and other restrictions in many markets, around the world. Some governments intervene directly in setting prices. For example, in India, the government enforces price control through bringing the products under DPCO. In addition, in some markets, major purchasers of pharmaceutical products have the economic power to exert substantial pressure on prices or the terms of access to formularies. Difficult economic conditions, particularly in the major markets in Europe, could increase the pricing pressures on the Company's pharmaceutical products. Some markets follow the reference pricing for fixation of the price of the products. The price depends on the home market price or the price where the product was launched. The Company cannot accurately predict whether existing controls, pressures or restrictions will increase or whether new controls, pressures or restrictions will be introduced. Such measures may materially and adversely affect the Company's ability to introduce new products profitably and its financial results.

#### **Mitigating activities include**

The Company plans to initiate measures to reduce costs, improve efficiencies and reallocate resources to support identified growth opportunities in these markets. The Company is also continuously evaluating further strategic options to ensure the development of new capabilities and the ability to maximise the value of the Company's current and future portfolio.

The Company makes conscious efforts to launch new value added products with some differentiation i.e. improvised products which can fetch better pricing.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

### **Risk description: Risks arising from non-compliance with laws and regulations affecting the Company**

The Company's global operations subjects it to compliance with a broad range of laws and regulatory controls on the development, manufacturing, testing, approval, distribution and marketing of its pharmaceutical products that affect not only the cost of product development but also the time required to reach the market and the uncertainty of successfully doing so. The Company operates globally in complex legal and regulatory environments that often vary among jurisdictions.

As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, the potential exists for conduct of the Company to be called into question.

Historically, there have been more stringent regulatory requirements in developed markets. However, in recent years, emerging markets have been increasing their regulatory expectations based on their own national interpretations of US and EU standards. Stricter regulatory controls heighten the risk of changes in product profile or withdrawal by regulators on the basis of post-approval concerns over product safety, which could reduce revenues and result in product recalls and product liability lawsuits. There is also greater regulatory scrutiny, on advertising and promotion and in particular on direct-to-consumer advertising.

### **Mitigating activities include**

The Company's internal control framework is designed to help ensure we adhere to legal and regulatory requirements through continuous evaluation. We are in the process of further strengthening the framework in order to meet the evolving regulations.

The Company has implemented numerous mechanisms to monitor and support our compliance with legal and regulatory requirements. The following represent some examples of these mechanisms.

The Company's head of Regulatory oversees the activities of the Regulatory Team which includes promoting compliance with regulatory requirements and company wide standards, making regulatory services more efficient and agile, and further aligning regulatory capabilities with business needs at global and local levels.

The Company's senior management oversees the system of principles, policies and accountabilities

to help ensure the Company applies the generally recognized principles of good medical science, integrity and ethics to the discovery, development and marketing of products. This includes reinforcing the Company's commitment to respecting a clear distinction between scientific engagement on the one hand, and product promotion on the other.

## CHANGING GLOBAL POLITICAL AND ECONOMIC CONDITIONS

### **Risk description: Risk of exposure to various external political and economic conditions, as well as natural disaster that may impact the Company's performance and ability to achieve its objectives**

Many of the world's largest economies, including the major markets in which the Company operates and financial institutions have recently faced extreme financial difficulty, including a decline in asset prices, liquidity problems and limited availability of credit. Due to the economic uncertainty in emerging markets there has been a huge devaluation of the currency in certain geographies in which the Company operates. Certain geographies have imposed restrictions on the imports as well as the remittances outside the country. In addition, the Company operates across a wide range of markets and these markets have the potential to encounter natural disasters that could impact business operations.

The economic conditions may also adversely affect the ability of our distributors, customers, suppliers and service providers to pay for our products, or otherwise to buy necessary inventory or raw materials, and to perform their obligations under agreements with the Company, which could disrupt our operations and negatively impact our business and cash flow. Some of our distributors, customers, suppliers and service providers may be unable to pay their bills in a timely manner, or may even become insolvent, which could also negatively impact our business and results of operations. These risks may be elevated with respect to our interactions with third parties with substantial operations in countries where current economic conditions are the most severe, particularly where such third parties are themselves exposed to risk from business interactions directly with fiscally-challenged government payers.

Such continued economic weakness and uncertainty could materially and adversely affect the Company's revenues, results of operations and financial condition. The Company's businesses may be particularly sensitive to declines in consumer or government spending. In addition, further or renewed declines in asset prices may result in a lower return on the Company's financial investments.

The Company has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal and regulatory changes or nationalisation in jurisdictions in which the Company operates.

#### **Mitigating activities include**

The extent of the Company's portfolio and geographic footprint assist in mitigating our exposure to any specific localised risk to a certain degree. External uncertainties are carefully considered when developing strategy and reviewing performance. The Company effectively manages its currency risk exposure.

### **COMPLIANCE WITH FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS**

**Risk description:** Risk associated with financial reporting and disclosure and changes to accounting standards

New or revised accounting standards, rules and interpretations issued from time to time under the Indian Accounting Standards and IFRS could result in changes to the recognition of income and expense that may materially and adversely affect the Company's financial results.

Stock exchanges review the financial statements of listed companies for compliance with accounting and regulatory requirements. The Company believes that it complies with the appropriate regulatory requirements concerning its financial statements and disclosures.

#### **Mitigating activities include**

The Company keeps up to date with the latest developments for financial reporting requirements by working with the external auditor and other advisors to ensure adherence to relevant reporting requirements.

### **COMPLIANCE WITH TAX LAW**

**Risk description:** Risk that as the Company's business models and tax law and practice change over time, the Company's existing tax policies and operating models are no longer appropriate

The Company's effective tax rate is driven by rates of tax in jurisdictions that are both higher and lower than that applied in India. In India, weighted deduction is applicable for R & D and tax concessions are available for setting up manufacturing units in specified zones.

Furthermore, given the scale and international nature of the Company's operations, intra-Company

transfer pricing is an inherent tax risk as it is for other international businesses. Changes in tax laws or in their application with respect to matters such as transfer pricing, foreign dividends, controlled companies, R&D tax credits, taxation of intellectual property or a restriction in tax relief allowed on the interest on intra-Company debt, could impact the Company's effective tax rate and materially and adversely affect its financial results.

The tax charge included in the financial statements is the Company's best estimate of its tax liability, but until such time as audits by tax authorities are concluded, there is a degree of uncertainty regarding the final tax liability for the period. The Company's policy is to submit tax returns within the statutory time limits and engage with tax authorities to ensure that the Company's tax affairs are as current as possible, and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible. In exceptional cases where matters cannot be settled by agreement with tax authorities, the Company may have to resolve disputes through formal appeals or other proceedings.

#### **Mitigating activities include**

The Company continuously monitors the changes in the tax policies in the key jurisdictions to deal proactively with any potential future changes in tax law.

Tax risk is managed by a set of policies and procedures to ensure consistency and compliance with tax legislation. The Company engages advisors and legal counsel to review tax legislation and applicability to the Company. The Company has attempted to mitigate the risk of more aggressive audits by being as up to date as possible with our tax affairs and working in real time with tax authorities where possible.

### **COMPLIANCE WITH ANTI-BRIBERY AND CORRUPTION LEGISLATION**

**Risk description:** Risk of failing to create a corporate environment opposed to corruption or failing to instill business practices that prevent corruption and comply with anti-corruption legislation

The Company's international operations may give rise to possible claims of bribery and corruption. The Company operates in a number of markets where the corruption risk has been identified as high. Failure to comply with applicable legislation such as the US Foreign Corrupt Practices Act and the UK Bribery Act, or similar legislation in other countries, could lead to action against the Company.

This could potentially include fines, prosecution, debarment from public procurement and reputational

damage, all of which could materially and adversely affect the Company's revenues.

#### **Mitigating activities include**

The Company has taken steps to develop a policy on Anti Bribery/Anti-Corruption (ABAC). The policy would prescribe ongoing training, and detailed requirements in respect to third party due diligence, contracting and oversight.

### **POTENTIAL LITIGATION**

#### **Risk description: Risk of substantial adverse outcome of litigation and government investigations**

The Company operates globally in complex legal and regulatory environments that often vary among jurisdictions. The failure to comply with applicable laws, rules and regulations in these jurisdictions may result in legal proceedings. As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, prior conduct may be called into question. Also, notwithstanding the efforts the Company makes to determine the safety of its products through regulated clinical trials, unanticipated side effects may become evident only when the drugs are introduced into the marketplace.

### **PRODUCT LIABILITY LITIGATION**

Pre-clinical and clinical trials are conducted during the development of potential pharmaceutical to determine the safety and efficacy of the products for use by humans following approval by regulatory authorities. Notwithstanding the efforts the Company makes to determine the safety of its products through regulated clinical trials, unanticipated side effects may become evident only when drugs are widely introduced into the marketplace.

In other instances, third-parties may perform analyses of published clinical trial results which, although not necessarily accurate or meaningful, may raise questions regarding the safety of pharmaceutical products which may be publicised by the media and may result in product liability claims. Claims for pain and suffering and punitive damages are frequently asserted in product liability actions and, if allowed, can represent potentially open ended exposure and thus could materially and adversely affect the Company's financial results.

In some cases, the Company may voluntarily cease marketing a product or face declining sales based on concerns about efficacy or safety, even in the absence of regulatory action.

### **SALES AND MARKETING LITIGATION**

The Company operates globally in complex legal and regulatory environments that often vary among jurisdictions. The failure to comply with applicable laws, rules and regulations in these jurisdictions may result in civil and criminal legal proceedings brought against the Company.

#### **Mitigating activities include**

The Company attempts to mitigate the risks inherent in drug development through conscientious approaches to product development and distribution that focus on patient safety as an overriding priority, and that includes accurate documentation of the exercise of careful medical governance.

The Company has constructed a system of medical governance to help ensure the safety and efficacy of the drugs it produces. The Company's Chief Medical Officer (CMO) is responsible for medical governance for the Company. Safeguarding human subjects in Company clinical trials and patients who take Company products is of paramount importance, and the CMO has the authoritative role for evaluating and addressing matters of human safety. Senior physicians and representatives of supportive functions, as well as the lawyer who leads legal support for Pharmaceuticals R&D, is an integral component of the system.

In addition to the medical governance framework within the Company as described above, the Company uses several mechanisms to foster the early resolution of new disputes as they arise and reduce the number of such disputes that actually proceed to litigation.

The Company formalised processes for proactive risk/ dispute management. The programme aims to drive a more standardised practice to the early resolution of disputes and consistent use across the organisation, and establishes a specific vocabulary and identity for the concept of early analysis and resolution, thereby accelerating the desired culture shift. The Legal team also routinely trains the Company's employees on strategies to attempt to minimize the Company's litigation exposure.

### **MANAGING ENVIRONMENTAL, HEALTH, SAFETY AND SUSTAINABILITY COMPLIANCE**

#### **Risk description: Risk of ineffectively managing environment, health, safety, and sustainability ('EHSS') objectives and requirements**

The environmental laws of various jurisdictions impose actual and potential obligations on the Company to remediate contaminated sites.

Failure to manage properly the environmental risks could result in additional remedial costs that may materially and adversely affect the Company's financial results.

The impact of this risk, should the risk occur, could lead to significant harm to people, the environment and communities in which the Company operates and the failure to meet stakeholder expectations and regulatory requirements.

#### **Mitigating activities include**

Management of EHSS risk is fundamental to the Company's performance and reputation. The Company is committed to appropriately managing EHSS risk and has embedded its importance into its operations.

The Company operates rigorous procedures to seek to eliminate hazards where practicable and protect employees' health and well-being, but the right culture is our essential starting point. Our employment practices are designed to create a work place culture in which all Company employees feel valued, respected, empowered and inspired to achieve our goals.

The Company's continuing efforts to improve environmental sustainability have reduced the Company's water consumption, hazardous waste, and energy consumption. The Company actively manages our environmental remediation obligations to ensure practices are environmentally sustainable and compliant.

### **INFORMATION TECHNOLOGY**

#### **Risk Description: Risk that the data is lost due to breakdown of systems or they are subject to intrusions**

The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and random attack. While we have invested adequately in the protection of data and information technology, there can be no

assurance that our efforts will prevent breakdown or breaches in our systems that could adversely affect our business.

#### **Mitigating Activities include**

The Company takes steps to have proper back ups and security systems in place so as to avoid loss or intrusion of data.

### **REVENUE CONCENTRATION**

#### **Risk Description: Risk of Product/ Revenue concentration**

A few products may account for nearly 2/3rd of the revenue of particular regions. This may lead to decline in the revenue on account of declining phase in the product life cycle. In some geographical regions, the substantial revenue may be generated from a particular region. Failure to have adequate market penetration or early movers advantage may affect long term growth and market share. The regional needs for products of a particular therapeutic segment/ category varies across geographies. The product development strategy may not be in synergy with the regional needs or may not be able to deliver the desired product in timely manner so as to replace the products at the end of the life cycle or enable the company to penetrate new markets. The risk of not having a long term product pipeline will lead to not being able to replace/ introduce new products to counter the risk of fall in the market share of ageing products as a result of the introduction of generic versions after the expiry of patents.

#### **Mitigating activities include**

The Company has a project management team which continuously monitors the short-term and long-term needs of various geographies. Based on the research and interactions with the regional markets, the product development strategy is formulated. The product pipeline is built up based on a long-term vision of 3-5 years. The business plans are drawn up with an in-built mechanism to de-risk the concentration of revenues from a few customers and regions.



recommended their re-appointment for consideration of the Shareholders.

All Independent Directors have declared that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of Listing Regulations.

#### **Re-Appointment of Independent Directors**

Mr. Sridhar Gorthi, Mr. J. F. Ribeiro, Mr. D. R Mehta, Mr. Bernard Munos and Dr. Brian W. Tempest, hold office as Independent Director up to 31 March 2019. On the recommendation of Nomination and Remuneration Committee, the Board, at its meeting held on 29 May 2018 has re-appointed Mr. Sridhar Gorthi, Mr. J. F. Ribeiro, Mr. D. R Mehta, Mr. Bernard Munos and Dr. Brian W. Tempest as the Independent Directors for a term of five years with effect from 1 April 2019, subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company.

#### **Appointment of Mr. V S Mani**

On the recommendation of Nomination and Remuneration Committee, Mr. V S Mani (DIN 01082878) was appointed as an Additional Director of the Company at Board meeting held on 29 May 2018. The Board at the same meeting also appointed Mr. V S Mani as a Whole-time Director designated as "Executive Director & Global Chief Financial Officer" liable to retire by rotation for a period of 5 (Five) years with effect from 29 May 2018, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting. Brief profile of Mr. V S Mani is given in the Notice convening the 40th Annual General Meeting, for the reference of the Shareholders.

#### **Key Managerial Personnel:**

In terms of Section 203 of the Companies Act, 2013, the following are the Key Managerial Personnel (KMP) of the Company:

Mr. Glenn Saldanha - Chairman & Managing Director

Mrs. Cherylann Pinto - Director - Corporate Affairs

Mr. Murali Neelakantan - Executive Director - Global General Counsel (with effect from 11 May 2017 upto 29 May 2018)

Mr. P. Ganesh - President & Global Chief Financial Officer (upto 15 November 2017)

Mr. V. S. Mani - President & Global Chief Financial Officer (with effect from 16 November 2017)

Mr. Harish Kuber - Company Secretary & Compliance Officer

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

As per Section 129(3) of the Companies Act, 2013 and Listing Regulations, the Consolidated Financial Statements of the Company and all its subsidiaries for the year ended 31 March 2018 prepared in accordance with Indian Accounting Standards (Ind As) and International Financial Reporting Standards (IFRS) forms part of the Annual Report. Further, in terms of the first proviso of Section 129(3) of the Companies Act, 2013 and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014 a statement containing the salient features, performance and financial position of the subsidiaries in the prescribed Form AOC-1 is appended herewith as Annexure I to the Report.

During the F.Y. 2017-18 Glenmark Pharmaceuticals Singapore Pte. Ltd. was formed as Wholly Owned Subsidiary of the Company.

The policy for determining material subsidiaries may be accessed on the Company's website at the link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy\\_on\\_material\\_subsidary.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_material_subsidary.pdf)

The Audited Accounts of the subsidiaries together with its Board's Report and Auditors' Report are available for inspection of members on any working day at the Corporate Office of the Company between 11:00 a.m. to 1:00 p.m. Your Company will also make available these documents upon request by any member of the Company interested in obtaining the same.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report on the operations of the Company, as required under Schedule V of Listing Regulations is provided in a separate section and forms an integral part of this report.

## **RELATED PARTY TRANSACTIONS**

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2, is appended as Annexure II to this report.

The Board at its meeting held on 29 May 2018, had approved a revised policy of Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed

before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company avails professional advisory services from the following Companies/firms in which the Directors are interested:

Trilegal, a firm in which one of the Directors of the Company is a partner and the Company has paid to it ₹ 1.6 million as sitting fees.

The policy on materiality of related party transactions and dealing with related party transactions may be accessed on the Company's website at the link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy\\_on\\_related\\_party\\_transactions\\_and\\_its\\_materiality.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_related_party_transactions_and_its_materiality.pdf)

## AUDITORS AND AUDITORS' REPORT

### Statutory Auditors

The Auditors, M/s. Walker Chandiok & Co LLP, Chartered Accountants (ICAI Firm Registration No. 001076N), were appointed as Auditors at the 37th Annual General Meeting held on 22 September 2015 for a term of five years i.e., till the conclusion of the 42nd Annual General Meeting of the Company which was subject to ratification at every Annual General Meeting till the conclusion of 41st Annual General Meeting.

The Auditors Report does not contain any qualification, reservation or adverse remark.

### Cost Auditors

The Board, on the recommendation of the Audit Committee, has re-appointed M/s. Sevekari, Khare & Associates (Registration No. 000084) as Cost Auditors to audit the cost records of the Company for the F.Y. 2018-19 at a remuneration of ₹ 1.45 million.

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules 2014, as amended from time to time, the cost audit records maintained by the Company are required to be audited. In terms of the provisions of the Companies Act, 2013, the remuneration payable to them is required to be ratified by the Shareholders at the ensuing Annual General Meeting and accordingly, a resolution seeking ratification has been included as Item No. 14 of the Notice convening the Annual General Meeting.

### Internal Auditors

Pursuant to the provisions of Section 138 of the Act and the Companies (Accounts) Rules, 2014, the Board of the Company have appointed M/s. R.G.N. Price & Co., to conduct internal audit for the Company.

### Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013, the Board of the Company at its meeting held on 29 May 2018 has appointed Mr. Surjan Singh Rauthan, proprietor of M/s. S. S. Rauthan & Associates, Practicing Company Secretaries to conduct an audit of the secretarial records for the F.Y. 2018-19.

The Company has received consent from Mr. Surjan Singh Rauthan, proprietor of M/s. S. S. Rauthan & Associates, Practicing Company Secretaries to act as the auditor for conducting audit of the Secretarial records for the F.Y. ending 31 March 2019.

The Secretarial Audit Report for the F.Y. ended 31 March 2018 is appended herewith as Annexure III to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

The Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

## CHANGES IN CAPITAL STRUCTURE

There is no change in paid-up share capital in the F.Y. 2017-18.

### Employee Stock Options Schemes: Employee Stock Options Scheme 2003

No employee was issued Stock Options during the year. As on 31 March 2018; 47,000 options were cancelled and no options were outstanding.

The information in compliance with Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended is appended herewith as Annexure IV-A to this Report.

### Employee Stock Options Scheme 2016

The Shareholders' of the Company at the Annual General Meeting of the Company held on 12 August 2016 had approved, a new Scheme 'Glenmark Pharmaceuticals Limited - Employee Stock Options Scheme 2016' ("ESOS 2016") under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable laws, Regulations, etc. for the purpose of granting options to the permanent employees of the Company and its subsidiaries, as applicable.

At the Annual General Meeting of the Company held on 29 September 2017 the Shareholders approved the amendment to the Scheme in relation to re-pricing of the options granted from ₹ 800 to ₹ 600 and

maximum number of options that would be granted would be upto 1% of the paid up share capital of the Company as at 31 March 2017 i.e. ₹ 282,168,156/- (282,168,156 Equity Shares of ₹ 1/- each) i.e. 2,821,682 options which upon exercise would result in the issue of 2,821,682 shares of ₹ 1/- each.

25,306 options were issued under ESOS 2016; 75,377 options were cancelled and no options were exercised. As of 31 March 2018, 569,686 options were outstanding.

On exercising the convertible options so granted, the paid-up equity share capital of the Company will increase by a like number of shares.

The information in compliance with Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended is appended herewith as Annexure IV-B to this Report.

## FINANCE

The Company had issued U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S. \$ 200,000,000, 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

### U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds):

The Company had issued Bonds on 28 June 2016. The Bonds will be convertible at the option of the holders' of the Bonds (the "Bondholders") at any time on or after 1 December 2017 and upto the close of business on 18 June 2022 into equity shares. Each Bond will be convertible at the option of the holder thereof into fully paid equity share at an initial conversion price to be determined on 30 November 2017.

On 30 November 2017 the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds, subject to any further adjustments according to conditions) at ₹ 861.84 as determined in accordance with condition 6.1.3 of the Trust Deed.

On 30 November 2017 the Company confirmed the Fixed Exchange Rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the Fixed Exchange Rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFI" USDINR Spot Mid Price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if

any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

Each Bondholder has the right to require the Company to redeem in whole or in part, such Bondholder's Bonds, on 28 July 2021, at a price equal to 121.78% of its outstanding principal amount of Bonds, together with interest (if any) accrued but unpaid on 28 July 2021.

The Bonds are listed on the Singapore Stock Exchange.

### U.S. \$ 200,000,000, 4.5% Senior Notes (Notes):

The Company issued Notes on 1 August 2016. The Notes will mature on 2 August 2021.

The interest on Notes will be payable semi-annually in arrears on 1 February and 1 August each year. The final interest payment and the payment of principal will occur on 2 August 2021.

The Notes are Redeemable at any time on or after 2 August 2019, all or part of the Notes by paying the redemption price, subject to fulfilment of certain conditions. The Company, at its discretion, may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount, plus the applicable redemption premium, and accrued and unpaid interest and additional amounts, if any.

The Notes are listed on the Singapore Stock Exchange.

## LISTING AT STOCK EXCHANGES

The Equity shares of your Company continue to be listed on BSE Limited and the National Stock Exchange of India Limited.

Bonds and Notes are listed on Singapore Exchange Limited.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules 2014 is appended herewith as Annexure V to this Report.

## PARTICULARS OF EMPLOYEES

Information as required under the provisions of Section 197(12) of the Companies Act, 2013 read together with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, is appended herewith as Annexure VI to this report.

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is appended herewith as forming part of this Report.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The report on the CSR activities undertaken by the Company in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 including the composition of the CSR Committee is appended herewith as Annexure VII to this Report.

### **EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in Form MGT-9 is appended herewith as Annexure VIII to this report.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Sections 134(3) (c) and 134 (5) of the Companies Act, 2013, the Directors confirm that -

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2018 and of the profit of the Company for the year ended 31 March 2018;
- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- (vi) proper systems have been devised to ensure compliance with the provisions of all applicable

laws and such systems were adequate and operating effectively.

### **BOARD PERFORMANCE EVALUATION**

The Company has devised a Performance Evaluation Framework and Policy, which sets out a mechanism for the evaluation of the Board and the Directors.

Performance evaluation of the Board and the Directors was carried out through an evaluation mechanism in terms of the aforesaid Performance Evaluation Framework and Policy.

### **FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

In compliance with the requirements of Listing Regulations the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, changes in the regulatory environment, etc.

The familiarization programme may be accessed on the Company's website at the link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/familiarisation\\_programme\\_for\\_independent\\_directors.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/familiarisation_programme_for_independent_directors.pdf)

### **BOARD AND COMMITTEE MEETINGS**

A calendar of Board and Committee Meetings to be held during the year was circulated in advance to the Directors. Four Board Meetings were convened and held during the year.

The Board has constituted an Audit Committee with Mr. Julio F. Ribeiro as the Chairman and Mr. Sridhar Gorthi and Mr. Milind Sarwate as Members. There have been no instances during the year when recommendations of the Audit Committee were not accepted by the Board.

Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such Meetings, are provided in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

### **NOMINATION AND REMUNERATION POLICY**

Pursuant to the provisions of Section 178(4) of the Companies Act, 2013 and Regulation 19(4) of Listing Regulations our policy on the appointment of Directors including Independent Directors, Key Managerial Personnel (KMP) and Senior Management and the policy on remuneration of the Directors, KMP and other employees provides

a referendum based on which the Human Resource Management Team plans and strategies their recruitment plans for the strategic growth of the Company. The Nomination & Remuneration Policy may be accessed on the Company's website at the link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/nomination\\_and\\_remuneration\\_policy.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/nomination_and_remuneration_policy.pdf)

### GREEN INITIATIVE

The Ministry of Corporate Affairs had undertaken the Green Initiative in Corporate Governance by allowing paperless compliances by companies through electronic mode.

Your Company supports the Green Initiative and has accordingly decided to send necessary communications to its Shareholders to their respective registered E-mail addresses.

Your Company appeals to you, its Shareholders, who are yet to register the E-mail addresses that they take necessary steps for registering the same so that you can also become a part of the initiative and contribute towards a Greener environment.

### RISK MANAGEMENT POLICY AND INTERNAL ADEQUACY

The Company has put in place an Enterprise Risk Management Policy. The Risk register is updated at regular intervals. The details of risk management have been included in the Management Discussion and Analysis Report, which forms a part of this Annual Report.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

### HUMAN RESOURCES

Company's industrial relations continued to be harmonious during the year under review.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the standalone

financial statements forming a part of this Annual Report.

### SUSTAINABILITY

#### Business Responsibility Report (BRR)

In accordance with Regulation 34(2) of the Listing Regulations the inclusion of BRR as a part of the Annual Report is mandated for top 500 listed entities based on the market capitalization. BRR for the year 2017-18 has been prepared in accordance with the format prescribed by SEBI. The summary of the BRR is appended herewith as Annexure IX to this Report. The full Report on BRR will be available on Company's website [www.glenmarkpharma.com](http://www.glenmarkpharma.com). Any Shareholder interested in obtaining a physical copy of the same may write to the Company Secretary & Compliance Officer at the Corporate Office of the Company.

### GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

### POLICY ON PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Prevention of Sexual Harassment of Women at Workplace Act") and Rules framed thereunder and an Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment.

The Company has ensured wide dissemination of the Policy and the provisions of Prevention of

Sexual Harassment of Women at Workplace Act by conducting sessions throughout the Company.

2 complaints were received and addressed during the F.Y. 2017-18, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company is committed to providing safe and conducive work environment to all of its employees and associates.

### **APPRECIATION AND ACKNOWLEDGEMENTS**

Your Directors express their gratitude to the Company's customers, shareholders, business

partners' viz. distributors and suppliers, medical profession, Company's bankers, financial institutions including investors for their valuable sustainable support and co-operation.

Your Directors commend the continuing commitment and dedication of employees at all levels.

For and on behalf of the Board of Directors

**Glenn Saldanha**

Place: Mumbai  
Date: 29 May 2018

Chairman & Managing Director  
(DIN 00050607)

## Annexure I Form No. AOC 1

### Statement containing salient features of the financial statements of Subsidiaries/ Associates / Joint ventures

#### PART 'A' Subsidiaries

₹ in Million

Sr. No.	Name of Company	Glenmark Therapeutics AG	Glenmark Pharmaceuticals (Kenya) Limited	Glenmark Pharmaceuticals (Australia) Pty.Ltd.	Glenmark Imper.L.L.C.	Glenmark Pharmaceuticals Malaysia Sdn Bhd.	Glenmark Pharmaceuticals (Nigeria) Ltd.	Glenmark South Africa (Pty) Ltd	Glenmark Philippines Inc.	Glenmark FZE	Glenmark Egypt S.A.E.	Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Glenmark Pharmaceuticals S.R.L.	Viso S.L.U.	Glenmark Therapeutics Inc.	Glenmark Pharmaceuticals Europe (R&D) Ltd.	Glenmark Pharmaceuticals Uruguay S.A.	Glenmark Pharmaceuticals Mexico, S.A. DE CV.	Glenmark Pharmaceuticals Venezuela, C.A	Glenmark Pharmaceuticals Peru SAC.	Glenmark Pharmaceuticals Ltda.
1	Share Capital	12.59	97.18	72.48	1,435.61	977.2	208.97	0.77	116.70	12.92	421.73	0.00*	339.29	0.22	495.85	88.09	517.30	1,695.29	715.13	449.54	11,349.79
2	Reserves	(2.39)	48.33	(71.48)	1,448.99	79.33	(349.35)	589.29	52.79	182.48	(401.69)	(368.81)	(291.34)	43.43	(403.22)	174.23	131.58	(1149.07)	(879.96)	(438.44)	(7694.79)
3	Total Assets	0.38	867.39	1.84	5,110.63	592.97	203.60	590.09	338.51	239.27	103.25	531.18	523.56	334.82	95.31	293.79	650.29	762.60	1,488.61	370.45	4,261.02
4	Total Liabilities	0.18	721.88	0.84	2,226.03	415.92	343.98	0.03	169.02	43.87	83.21	899.98	475.61	291.17	2.68	31.47	1.41	216.38	1,653.44	359.35	606.02
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	-	689.17	-	4,401.21	820.66	16.43	0.01	479.95	288.66	108.90	1,046.57	247.61	326.45	27.84	331.10	0.00*	722.86	0.01	168.55	2,429.97
7	Profit before Tax	(2.93)	15.38	(0.47)	221.30	85.42	(76.68)	(0.17)	24.74	41.68	(17.79)	(0.43)	31.77	61.10	9.48	20.22	(1.05)	(103.04)	(26.43)	(160.61)	(172.09)
8	Provision for Tax	0.04	27.68	-	51.67	17.82	8.60	-	9.94	-	-	(2.04)	32.17	13.61	4.29	(114)	0.04	(24.39)	(2.68)	16.80	61.59
9	Profit After Tax	(2.97)	(12.30)	(0.47)	169.63	67.60	(85.28)	(0.17)	14.80	41.68	(17.79)	1.61	(0.40)	47.49	5.19	21.36	(1.09)	(78.65)	(23.75)	(177.42)	(235.69)
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	Currency	USD	KES	AUD	RUB	RM	NGN	ZAR	PHP	AED	EGP	ZAR	RON	EURO	USD	GBP	USD	MXN	VEF	PEN	BRL
13	Exchange Rate (₹)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Rate	64.82	0.64	49.77	113	16.77	0.18	5.46	1.24	17.65	3.67	5.46	17.13	79.87	64.82	90.81	64.82	3.56	0.001	20.06	19.60
	Average Rate	64.39	0.62	49.81	111	15.45	0.19	4.96	1.27	17.53	3.61	4.96	16.35	75.35	64.39	85.40	64.39	3.48	0.24	19.65	20.01

Contd..

Sr. No.	Name of Company	Glenmark Pharmaceuticals S.A., Switzerland	Glenmark Pharmaceuticals Holding S.A., Switzerland	Glenmark Pharmaceuticals Nordic AB	Glenmark Pharmaceuticals SP z.o.o.	Glenmark Pharmaceuticals SK s.r.o.	Glenmark Pharmaceuticals S.R.O.	Glenmark Pharmaceuticals Colombia SAS	Glenmark Pharmaceuticals (Thailand) Co. Ltd.	Glenmark Pharmaceuticals SRL	Glenmark Pharmaceuticals Inc.	Glenmark Pharmaceuticals Europe Ltd	Glenmark Pharmaceuticals B.V.	Glenmark Pharmaceuticals Arzneimittel GmbH.	Glenmark Generics SA.	Glenmark Pharmaceuticals Distribution S.L.O.	Glenmark Speciality Pharmaceuticals SA	Glenmark Pharmaceuticals Canada Inc.	Glenmark Pharmaceuticals Ukraine LLC	Glenmark Pharmaceuticals Ecuador S.A.	Glenmark Pharmaceuticals Singapore Pte. Ltd.**
1	Share Capital	3,428.24	15,464.05	0.36	83.87	0.43	143.00	169.14	7.99	0.19	2,804.15	518.09	1.15	3.19	4,740.11	27.55	2,031.94	107.21	32.12	108.77	-
2	Reserves	(13,323.52)	(725.27)	76.59	6.15	25.90	3,464.67	(170.19)	(15.25)	(0.32)	6,889.21	444.97	34.90	251.18	(3,443.26)	1,833.29	(672.17)	(30.62)	30.11	(59.48)	-
3	Total Assets	13,899.75	64,306.42	264.27	1,308.40	325.57	4,791.25	41.28	12.65	-	30,806.97	4,623.60	464.97	4,875.96	1,492.79	2,490.63	5,640.60	157.96	247.07	116.62	-
4	Total Liabilities	23,795.03	49,567.64	187.32	1,218.38	299.24	1,183.58	42.33	19.91	0.13	21,113.61	3,660.54	428.92	4,621.59	195.94	629.79	4,280.83	81.37	184.84	67.33	-
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	3,148.74	4,775.4	98.69	1,525.92	579.90	3,657.07	7.95	16.12	-	30,931.49	4,675.60	505.21	2,330.64	571.56	1,371.48	-	182.39	310.68	206.09	-
7	Profit before Tax	(2,345.70)	(2,381.27)	(85.61)	(57.11)	(38.67)	(117.71)	(113.09)	2.27	(0.02)	1,127.65	337.63	34.23	229.37	(711.48)	80.47	(137.87)	2.61	36.81	(59.85)	-
8	Provision for Tax	-	124.81	(26.61)	(12.94)	(6.30)	192.93	(1.55)	0.47	-	604.65	34.34	6.31	44.82	22.25	(8.84)	0.02	1.34	7.28	-	-
9	Profit After Tax	(2,345.70)	(2,506.08)	(59.00)	(44.17)	(32.37)	(310.64)	(111.54)	1.80	(0.02)	523.00	303.29	27.92	184.55	(733.73)	89.31	(137.89)	1.27	29.53	(59.85)	-
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	% of Shareholding	100	100	100	100	100	100	100	49	100	100	100	100	100	100	100	100	100	100	100	100
12	Currency	USD	USD	SEK	PLN	EURO	CZK	COP	THB	DOP	USD	GBP	EURO	EURO	ARS	CZK	USD	CAD	UAH	USD	USD
13	Exchange Rate (₹)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Rate	64.82	64.82	7.75	18.9	79.87	3.15	0.02	2.07	1.31	64.82	90.81	79.87	79.87	3.22	3.15	64.82	50.23	2.44	64.82	-
	Average Rate	64.39	64.39	7.72	17.84	75.35	2.91	0.02	1.95	1.33	64.39	85.40	75.35	75.35	3.69	2.91	64.39	50.22	2.40	64.39	-

**Notes**

1. Reporting period of the above subsidiaries is the same as that of the Company.
2. \*Amount denotes less than Rupees ten thousand.
3. \*\*Glenmark Pharmaceuticals Singapore Pte. Ltd. is incorporated during the financial year and yet to commence its operations.
4. Part B of the Annexure is not applicable as there are no associate companies/ joint Ventures of the Company as on 31 March 2018.

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

**Cherylan Pinto**

Executive Director  
(DIN 0011844)

**V S Mani**

Executive Director & Global Chief Financial Officer  
(DIN 01082878)

**Harish Kuber**

Company Secretary & Compliance Officer

## Annexure II

Form No. AOC-2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. No contracts or arrangements or transactions were entered into by the Company with related parties during the year ended 31 March 2018, which were not at arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:
  - a) Name of the related party and nature of relationship: Glenmark Pharmaceuticals Inc., USA (Formerly Glenmark Generics Inc., USA); Subsidiary
  - b) Nature of contracts/ arrangements/ transactions: Sale-Materials & Services
  - c) Duration of the contracts/ arrangements/ transactions: Ongoing
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any: Based on Transfer Pricing Guidelines; ₹ 17,581.98 million.
  - e) Date(s) of approval by the Audit Committee/ Board: Not applicable; Since the contract was entered in the ordinary course of business and is on arm's length basis.
  - f) Amount paid as advances: Nil

Transactions having value of more than 10% of the Consolidated turnover have been identified as material.

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

**Cherylann Pinto**

Executive Director  
(DIN 0011844)

**V S Mani**

Executive Director & Global Chief Finance Officer  
(DIN 01082878)

**Harish Kuber**

Company Secretary & Compliance Officer

## Annexure III

### Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
**Glenmark Pharmaceuticals Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Glenmark Pharmaceuticals Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31 March 2018 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period ended on 31 March 2018 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the Rules made thereunder and amendments from time to time;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder and amendments from time to time;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder and amendments from time to time;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder and amendments from time to time to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments from time to time;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments from time to time;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and amendments from time to time;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and amendments from time to time, regarding the Companies Act and dealing with client;
  - g) During the Audit Period the Company has not delisted any Securities, hence, provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 are not applicable;
  - h) During the Audit Period the Company has not bought back any Securities, hence provisions of The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable;

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and amendments from time to time.
- iii) The Listing Agreements entered into by the Company with BSE Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Secretarial Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 etc., mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a) Drugs and Cosmetics Act, 1940
- b) Drugs and Magic remedies (Objectionable Advertisement) Act, 1954
- c) Narcotic Drugs and Psychotropic Substances Act, 1985
- d) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
- e) The Medicinal and Toilet Preparations (Excise Duties) Act, 1955
- f) The Ozone Depleting Substances (Regulation and Control) Rules, 2001
- g) Poisons Act, 1919
- h) Petroleum Act, 1934
- i) Drugs (Control) Act, 1950
- j) Drugs (Price Control) Order, 2013
- k) Food Safety and Standards Act, 2006
- l) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.
- m) Acts prescribed under Environmental Protection
- n) Acts as prescribed under Direct Tax and Indirect Tax
- o) Labour Welfare Act of respective State
- p) Laws prescribed under Trademarks, Copyrights and Patent Acts
- q) Local Laws as applicable to various offices and plants

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board Meetings, Agenda and Detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the Board of Directors or Committee (s) of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, there are no event/ action have taken place which is having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **MARK & ASSOCIATES COMPANY SECRETARIES LLP**

**Surjan Singh Rauthan**

Partner  
FCS No 4807  
COP No 3233

Place: Mumbai  
Date: 29 May 2018

This report is to be read with my letter of even date which is Annexed as Annexure A and forms an integral part of this Annual Report.

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## **ANNEXURE A TO SECRETARIAL AUDIT REPORT OF EVEN DATE**

To,  
The Members  
**Glenmark Pharmaceuticals Limited**

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to make a report based on the secretarial records produced for our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. We have obtained the management's representation about the compliances of laws, rules, regulations and happenings of events, wherever required.
5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.
6. This Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MARK & ASSOCIATES COMPANY SECRETARIES LLP**

**Surjan Singh Rauthan**

Partner  
FCS No 4807  
COP No 3233

Place: Mumbai  
Date: 29 May 2018

## Annexure IV (A)

### Disclosures pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

#### EMPLOYEE STOCK OPTION SCHEME 2003

The Company had formulated an Employee Stock Option Scheme (ESOS/ Scheme) in 2003 to enable the employees and whole-time Directors of Glenmark Pharmaceuticals Limited (“the Company”) and its subsidiaries to participate in the future growth and financial success of the Company. The ESOS aims at achieving the twin objectives of (i) aligning employee interest to that of the Shareholders; and (ii) retention of talent. The Scheme was drawn-up in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. There were no variations in the term of the options.

The Scheme was approved by the Members at their meeting held on 26 September 2003 wherein approval for issue of stock options upto 5% of the paid-up share capital of the Company as on 31 March 2003 was granted.

The ESOS are administered by the Nomination and Remuneration Committee of the Board constituted by the Company pursuant to the provisions of Section 178 of the Companies Act, 2013 (‘the Administrator’). The Administrator’s decisions, determinations and interpretations will be final and binding on all eligible employees and participants under ESOS.

There were 47,000 options which were granted and vested but not exercised by the employees and exercise period of the options had elapsed. At the Nomination and Remuneration Committee meeting held on 27 July 2017 all the 47,000 options were cancelled. As on 31 March 2018, no options were outstanding.

The Company accounts for compensation expense under the Employee Stock Option Schemes using the intrinsic value method as permitted by the Guidance Note on “Accounting for Employee Share-based Payments” issued by the Institute of Chartered Accountants of India. The difference between the market price and the exercise price as at the date of the grant is treated as compensation expense and charged over the vesting period.

Further details/ disclosures in respect of Employee Stock Options form a part of the Notes to accounts of financial statements in this Annual Report and also available at Company’s website viz: [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

Place: Mumbai

Date: 29 May 2018

## Annexure IV (B)

### Disclosures pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

#### EMPLOYEE STOCK OPTION SCHEME 2016

The Board, at its Meeting held on 12 May 2016 had approved the Glenmark Pharmaceuticals Limited - Employee Stock Option Scheme 2016 (ESOS). Further, the Shareholders' of the Company also approved the ESOS at the Annual General Meeting held on 12 August 2016.

The said ESOS has been formulated under SEBI (Share Based Employee Benefits) Regulations, 2014, or any statutory modification or re-enactment thereof, for the purpose of granting options to the permanent employees (including employees of the subsidiaries whether Indian or foreign), Directors of the Company whether whole-time or not (excluding Independent Directors) and its subsidiaries, as applicable to participate in the future growth and financial success of the Company. The ESOS aims at achieving the twin objectives of (i) aligning employee interest to that of the Shareholders; and (ii) retention of talent. The Scheme contemplates fresh/ new issue of shares by the Company.

The ESOS are administered by the Nomination and Remuneration Committee of the Board constituted by the Company pursuant to the provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee decisions, determinations and interpretations will be final and binding on all eligible employees and participants under ESOS. The ESOS, as amended from time to time, shall be in force for a period of 15 years from the date of the inception of the scheme i.e. 12 August 2016.

At the Annual General Meeting held on 12 August 2016, the ESOS was approved for issue of stock options upto 5% of the paid-up share capital of the Company as on 31 March 2016. The paid-up capital of the Company as on 31 March 2016 was 282,158,156 shares of ₹ 1/- each. The total number of options that could be granted under the scheme were 1,41,07,900 which upon exercise will result in the issue of 1,41,07,900 shares of ₹ 1/- each. The maximum number of options that can be granted to any individual employee/ Director will not exceed an entitlement of 1,25,000 shares of ₹ 1/- each.

At the Annual General Meeting of the Company held on 29 September 2017 the shareholders approved the amendment to the Scheme in relation to re-pricing of the options granted from ₹ 800 to ₹ 600 per option and maximum number of options that would be granted would be upto 1% of the of the paid up share capital of the Company as at 31 March 2017 i.e. ₹ 282,168,156/- (282,168,156 Equity Shares of ₹ 1/- each) i.e. 2,821,682 options which upon exercise would result in the issue of 2,821,682 shares of ₹ 1/- each.

The vesting of options will commence after a minimum period of one year from the date of the grant, and may extend upto a maximum period of six years from the date of the grant, with such lock in period as may be decided by the Board/ Nomination and Remuneration Committee. Further, the Nomination and Remuneration Committee may on merits of the case relax/ extend the vesting period.

Exercise Price shall be any one of the following as may be determined by Nomination and Remuneration Committee:

- Market price of the equity shares (market price shall be as defined in SEBI (Share Based Employee Benefits) Regulations, 2014, from time to time or;
- At a price as may be determined by the Nomination and Remuneration Committee from time to time or;
- At par value of the equity share i.e. ₹ 1.

The number of stock options and the exercise price payable by the option grantees under the Scheme shall automatically stand augmented or reduced in the same proportion as the present face value bears to the revised face value of the equity shares of the Company after any split/ consolidation/ bonus issue without affecting any other rights or obligations of the said grantees.

The Company accounts for compensation expense under the ESOS using the intrinsic value method as permitted by the Guidance Note on "Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India. The difference between the market price and the exercise price as at the date of the grant is treated as compensation expense and charged over the vesting period.

Further details/ disclosures in respect of Employee Stock Options form a part of the Notes to accounts of financial statements in this Annual Report and also available at Company's website viz: [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 29 May 2018

**Glenn Saldanha**  
Chairman & Managing Director  
(DIN 00050607)

## Annexure V

Information under Section 134(3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 as amended from time to time and forming part of the Board's Report.

### (A) CONSERVATION OF ENERGY:

#### (i) The steps taken or impact on conservation of energy;

Following steps have been taken in the areas of lighting, pumps & motors, power factor, automation, refrigeration system and fuel.

##### Lighting

Replaced compact fluorescent light (CFL) with light emitting diode (LED) at several plants.

Installed Energy saver for lighting system.

##### Pumps-Motors & Blowers

Replaced chilled water primary pumps with high efficiency pumps.

Replaced brine primary pumps with high efficiency pumps.

Installed high efficiency pumps for utility services.

Temperature based variable frequency drives (VFD) installed for cooling tower fans.

Installed energy efficient blower on air handling units (AHU)

##### Power Factor

Maintained power factor > 0.99 using auto power factor controlled at power sites.

##### Automation

Installed VFDs for air compressors and cooling water pumps.

Installed VFDs on AHU motors.

##### Refrigeration & Compress Air System

Interconnection made between Process and utility chillers for standby and better capacity utilization.

Modification done in cooling tower and water condenser for better efficiency of water cooling system.

Installed new screw air compressors with air network modification.

Achieved energy saving with close monitoring of seasonal ambient temp and optimum settings of chiller unit.

Installed DX type AC units over central AC for better capacity utilization of system.

##### Fuel

Fuel saved by reduction in idle run of Diesel Generator set.

Installed condensing economizer on flue gas system of steam boilers.

Installed condensate recovery system for boiler feed water.

##### Water

Installed condensate recovery system and saved RO permeate.

Used RO reject, CT blow-down & rain water for urinal flushing.

Rain water used after its filtration in CT make-up and flushing of urinals.

#### (ii) The steps taken by the Company for utilizing alternate sources of energy;

Installed 100kW roof top solar and hydropower through open access.

Implementation of hydropower open access in progress

Installed solar LED lights inside the plant.

Use of Bio-fuel instead of LDO/ HSD in boiler

#### (iii) The capital investment on energy conservation equipment;

Total capital invested in 2017-18 on energy conservation equipment is ₹ 18.19 million

### (B) TECHNOLOGY ABSORPTION:

#### I. Efforts made towards technology adoption:

Our efforts in the area of technology absorption, adoption and innovation are based on our own efforts in R & D. They include improvement in yield and quality, efficacy, improvement of processes and development of new processes with validation studies.

Specific areas in which R&D is carried out by the Company & its subsidiaries and benefits derived as a result of new platform technologies and products to create competitive advantage,

better safety, efficacy and sustained performance during life cycle of products.

### 1.0 Pharmaceutical Development

Design a quality product and its manufacturing process to consistently deliver the intended performance of the product. Control specifications and manufacturing process to achieve sustained performance and quality. Dosage form selection based on suitability and intended use. Determination of aspects of drug substances, excipients, container closure system and manufacturing process those are critical to product quality and evaluation of drug substance physicochemical and biological properties. Manufacturing process improvements and product lifecycle management.

Development of immediate release, delayed release, sustained release, metered dose inhalers, dry powder inhalers, nasal sprays, topical, liquid orals, injectable formulations and various platform technologies. Formulation development includes literature survey, compatibility studies, pre-formulation studies, formulation development of dosage forms for selected drug molecules on laboratory scale.

R&D has developed the formulations for new molecules, existing molecules and fixed dose combinations which include its standardization and technology transfer and execution at production site, evaluation of these batches against reference samples for safety, efficacy and bio-equivalence.

#### Products that have been developed during the F.Y. 2017-18

##### Oncology Projects

1. Carmustine for injection 100 mg/vial
2. Abiraterone Acetate Tablets 250mg (Brazil market)

##### General Category Projects

1. Remogliflozin Etabonate and Metformin Hydrochloride Tablets
2. Azelinidipine and Telmisartan Tablet
3. Dabigatran Etxilate Capsules
4. Teneligliptin Oxalate Tablet

5. Teneligliptin Oxalate + Metformin Hydrochloride ER Tablets
6. Azilsartan Tablets
7. Deoxycholic acid for injection 20 mg/vial
8. Apremilast Tablet
9. Bezafibrate Prolonged Release Tablets
10. Metformin ER tablets 500 and 1000 mg

### 2.0 Analytical Method Development

Development of new analytical test procedures for various dosage forms to establish the quality and setting up specification for the release, stability testing of dosage forms and Active Pharmaceutical Ingredient. These methods are validated as per International Regulatory Standards.

The responsibilities of this department also include the evaluation of the stability of the products developed at R&D under various Climatic Conditions as per ICH Guidelines of Stability. This data is used as a basis to predict the shelf life of the products and also to prepare the stability study protocols for the commercial products manufactured as drug products/ drug substance.

- 2.1 New analytical test procedures were developed for various dosage forms to establish the quality and setting up specification for the release, stability testing of dosage forms and Active Pharmaceutical ingredient. These methods were validated as per International Regulatory Standards.

Evaluation of the stability under various climatic conditions for the indigenously developed drug product was also done as per ICH Guidelines. This data is used as a basis to predict the shelf life as well as to prepare the stability study protocols of the products for the commercial manufacturing.

### 2.2 Analytical Research Activities for NCE Research

- 2.2.1 A new NMR of 400 MHz equipped with autosampler from Bruker Switzerland was installed at R&D Centre Mahape. This Instrument

helped in improving efficiency, increasing output and performing many research oriented experiments in-house which were so far being outsourced.

2.2.2 New analytical test procedures were developed to establish the structure and evaluate the quality of NCE prior to initial biological screening. During pre-clinical studies, generated analytical data for establishing the quality and setting up specification for the release testing of drug substances. The methods used to release the drug substances which are used in clinical trials, are validated as per International Regulatory Guidelines/Standards.

2.2.3 Physicochemical properties of new chemical entities in respiratory indication were established and characterization studies were conducted.

2.2.4 CMC related Dossiers, study protocols and study reports were prepared to support various pre-clinical studies and clinical trial applications with Regulatory Agencies.

2.2.5 Performed polymorphic evaluation of various NCEs and Derma products. Reports of Derma products were submitted to US FDA and technology was transferred to manufacturing plants while NCE study was done to find most suitable polymorphic form to take forward for development studies.

2.2.6 Salt selection studies on various NCEs and Teneligliptin were performed to find suitable salt.

2.2.7 Reference standards of NCE were generated and supplied to CROs and manufacturing sites.

### 2.3 Process Development and Synthesis

Chemistry department supports the pre-clinical and early clinical development programs by providing expertise in the areas of Process Chemistry. With best-in-class infrastructure, we do synthesis from milligram to kilogram and multi-kilogram scale. Competence in process research enables development of economically efficient and scale-up friendly processes that can lead to speedy development of drug candidates.

Key attributes of Process Chemistry are Process development, Process optimization & validation, Process improvement, Scale-up, Complete process package including impurity profiling & working standards; Technology development and transfer services along with the process dossier; Supply of NCE for clinical studies from cGMP pilot plant; Synthesis of new

salts & polymorphs; Synthesis of Metabolites, Asymmetric synthesis, chiral separation, carbohydrate chemistry.

The key responsibility of department is development and optimization of synthetic routes for New Chemical Entities (NCE) and to ensure consistent delivery of the intended quantities of these NCEs required for different clinical studies.

1. R & D has developed new synthetic routes for novel molecules. The chronological pathway followed is process development, validation, technology transfer and manufacture of the NCE at GMP production sites. The targets explored in NCEs space during the year were mPGES-1, ROR Gamma, NOX-4, GSNOR, Cathepsin, BRD4 and ITK with molecules having diverse and complex chemistry.
2. Specific target hits i.e. GRC 38831, GRC 39815 (ROR Gamma), GRC 47466 (NOX4), and GRC 27864 (mPGES-1) were developed

### 3.0 Benefits derived as a result of the R&D

Glenmark has always made continuous investment in R&D.

3.1 In India markets following Formulations were commercialized/ or made ready for commercialization.

1. Apremilast Tablets
2. Azilsartan + Chlorthalidone Tablets
3. Luliconazole and Beclomethasone Lotion
4. Luliconazole and Beclomethasone Cream
5. Candid Mouth Gel
6. Candid Activ Powder
7. White soft Paraffin and Liquid Paraffin Lotion (Ecziderm)
8. MaxRich Cream
9. MaxRich Lotion
10. Fisiotiv-AD Lotion
11. Antiaging Cream
12. Kidglo Baby Massage Oil

13. Kidglo Baby Body Wash
14. AcniPop Face Wash
15. Levosalbutamol sulphate Inhalation 50 mcg
16. Canditral 200 Capsules
17. Bortezomib for injection

## II. Future Plan of Action:

Commercialisation of new products for which the products are under trials at development stage. R&D is working on various new molecules identified after a thorough study of the market. These include Antifungals, Antibacterials, Antiasthmatic molecules, Antidiabetic products, Antiaging, Antiinflammatory, Antihyperlipidemic, Antiosteoporosis and Antiemetic products, Antihypertensive molecules, Nutraceuticals, Sunscreens Products, Skin Care Products, development of formulations for various markets, specialized NDDS products and Technology - such as micro spheres & aerosols foam Mousse.

R & D is working on the following segments:

- Antifungal molecules
- Antidiabetic products
- Antiaging products
- Antiinflammatory products
- Atihyperlipidemic products
- Antiosteoporosis products
- Antihypertensive molecules
- Sunscreens Products
- Skin Care Products
- Development of the products for the treatment in respiratory segment.
- Development of the products for the treatment of rheumatoid arthritis.
- Technology - such as micro spheres & aerosols foam Mousse.
- Development of formulations for Semi regulatory market.
- Development of formulations for Latin American market.
- Development of formulations for US market.
- Metered dose inhaler products for India Brazil / US market.
- Development of specialized NDDS products for Indian/ SRM.
- Nasal sprays for Semi regulatory market and US market

## III. Information regarding technology imported during the last five years: NIL.

## IV. Expenditure on R&D: (Standalone)

		(₹ in Million)	
S. No	Particulaors	2017-18	2016-17
1.	Capital Expenditure	111.82	270.94
2.	Revenue Expenditure	4,536.81	4,623.41
3.	Total	4,648.63	4,894.35
4.	R&D Expenditure as a percentage of total turnover	7.03%	5.94%

## (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange earned was ₹ 36,317.13 million and outflow was ₹ 9,719.57 million.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 29 May 2018

**Glenn Saldanha**  
Chairman & Managing Director  
(DIN 00050607)

## Annexure VI

### Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each Director to the median employee's remuneration (MRE) and such other details in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### Remuneration of Whole-time Directors

Name	Title	% increase in the remuneration in the year ended 31 March 2018	Ratio to MRE of the employees
Mr. Glenn Saldanha	Chairman & Managing Director	15%	408.75
Mrs. Cherylann Pinto	Executive Director	11%	108.59
Mr. Murali Neelakantan*	Executive Director	Not Applicable	84.75

\*With effect from 11 May 2017 and upto 29 May 2018

#### Remuneration to Non-Executive Directors

Name	Title	Ratio to MRE of the employees
Mrs. B. E. Saldanha	Non-Executive Director	1.01
Mr. Rajesh Desai	Non-Executive Director	3.03
Mr. J. F. Ribeiro	Non-Executive Independent Director	4.05
Mr. D. R. Mehta	Non-Executive Independent Director	4.05
Mr. Sridhar Gorthi	Non-Executive Independent Director	4.05
Mr. Bernard Munos	Non-Executive Independent Director	1.01
Dr. Brian W. Tempest	Non-Executive Independent Director	1.01
Mr. Milind Sarwate	Non-Executive Independent Director	4.05

#### Remuneration to other Key Managerial Personnel (KMP)

Name	Title	% increase in the remuneration in the year ended 31 March 2018
Mr. V S Mani *	President & Global Chief Financial Officer	Not Applicable
Mr. P Ganesh**	President & Global Chief Financial Officer	Not Applicable
Mr. Harish Kuber	Company Secretary & Compliance Officer	Not Applicable

\* With effect from 16 November 2017

\*\* Upto 15 November 2017

**(i) The ratio of remuneration of each director to the median remuneration (MRE) of the employees of the Company for the financial year:**

The MRE of the employees of the Company during the year ended 31 March 2018 was ₹ 0.395 million. The details are laid out in the tables above.

The remuneration of the Non-Executive Directors comprises only sitting fees paid to them for attending the meetings of the Board and other committee meetings. Hence, the percentage increase of their remuneration has not been considered for the above purpose.

**(ii) The percentage increase in remuneration of each Director and KMP in the financial year:**

The percentage increase is mentioned in the tables above.

**(iii) The percentage increase in median remuneration of the employees in the financial year:**

The percentage increase in the median remuneration of the employees was 9.18%.

**(iv) Number of Permanent employees on the rolls of the Company:**

As on 31 March 2018, the Company had 13,716 permanent employees on the rolls of the Company.

**(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase in the remuneration for all employees other than managerial personnel was 11.05%, while the average increase in the managerial remuneration was 13.80%.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:**

We affirm that the remuneration paid is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 29 May 2018

**Glenn Saldanha**

Chairman & Managing Director

(DIN 00050607)

## Annexure VII

### Annual Report on the Corporate Social Responsibility (CSR) Activities

#### 1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Glenmark's underlying belief is to make a positive contribution to the society and ensuring environment sustainability. We strive to create a healthier world and enrich lives of all our stakeholders and community at large through our CSR initiatives.

Glenmark Foundation is the CSR arm of Glenmark Pharmaceuticals Limited. The foundation focuses on two core areas which are child health and sustainable livelihoods. The Foundation currently implements its projects through various non-governmental organisations (NGO) partners, government bodies and other social institutions.

Our Vision is "enriching lives to create a healthier and happier world" and we have identified the following focus areas for our interventions:

Child Health: Our commitment towards Child Health is to reduce infant mortality and child mortality in children between 0 to 5 years by focusing on:

- *Reducing malnutrition*
- *Implementing immunization sanitation and hygiene programs*
- *Promoting preventive health care for mothers and care givers*

Sustainable Livelihood: Our commitment is in the area of skill development through vocational training for the youth and helping the physically disabled regain mobility and leading a productive life by providing artificial limbs.

Access to Health Care: We are committed to donating medicines to the less privileged people who are suffering from life threatening and other diseases.

Employee Volunteering: Our CSR initiatives are further supplemented through our employee volunteering programs where employees are encouraged to contribute financially or non-financially for a social cause.

Promotion of Sports: Our endeavour to see India on the global map in the field of sport is through our effort in the Glenmark Aquatic Foundation.

The Board had approved the CSR policy of the Company. It can be viewed at [http://www.glenmarkpharma.com/UITemplate/HtmlContainer.aspx?res=P\\_GLN\\_AB\\_T\\_GCRC1](http://www.glenmarkpharma.com/UITemplate/HtmlContainer.aspx?res=P_GLN_AB_T_GCRC1)

#### 2. The Composition of the CSR Committee

Sr. No.	Name	Designation/ Category
1	Mrs. Cherylann Pinto	Chairperson-Executive Director
2	Mr. Sridhar Gorthi	Member-Independent Director
3	Mr. Rajesh Desai	Non-Executive Director

#### 3. Average net profit of the company for last three financial years

₹ 19,240 million

#### 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

₹ 384.79 million

## 5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year; ₹ 384.79 million

(b) Amount unspent, if any; ₹ 91.48 million

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector	Location of the Project/ Program	Amount outlay (₹ in million) (budget) project or programs wise	Amount spent on the projects or programs (in ₹ Million)	Amount spent: Direct or through implementing agency
<b>i</b>	<b>Expenditure on projects and programs</b>					
1	Providing aids and appliances to the differently-able persons	Promoting health care including preventive health care	Jaipur, Rajasthan	6.00	6.00	Bhagwan Mahaveer Viklang Sahayata Samti
2	Social and Economic Development	Promoting Education, Promoting Healthcare, Promoting health care including preventive health care, Reducing child mortality and improving maternal health, Vocational skill livelihood enhancement projects and Eradicating hunger and poverty	Bharuch, Gujarat, East Sikkim, Sikkim, Baddi & Nalagarh, Himachal Pradesh, Aurangabad, Maharashtra, Mumbai, Maharashtra, Nashik, Maharashtra, Sinnar, Maharashtra, Mohol, Maharashtra, Kurkumbh, Maharashtra, Burhanpur, Madhya Pradesh, Indore Madhya Pradesh, Betul, Madhya Pradesh, Khandawa, Madhya Pradesh, Bardez, Goa	110.50	110.50	Glenmark Foundation
3	Transform the ecosystem of swimming in India	Training to promote Olympic sports	Mumbai & Delhi	63.03	63.03	Glenmark Aquatic Foundation
4	Rural Education program	Promoting education	Maharashtra	5.80	5.80	Ashutosh Foundation
5	Rural Education program	Promoting education	Maharashtra	3.00	3.00	R C Patel Educational Trust
6	Education Programm	Promoting education	Maharashtra	0.10	0.10	Direct
7	Rural Education program	Promoting education	Maharashtra	35.20	35.20	The Shirpur Education Society
8	Health Care	Promoting health care including preventive health care	Across location in India	19.50	19.50	Direct
9	Health Care	Promoting health care	Goa & Nagpur	50.05	50.05	Direct
<b>ii</b>	<b>Overheads administrative expenses</b>	Office	Mumbai	0.13	0.13	
	<b>Total</b>			<b>293.31</b>	<b>293.31</b>	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

The Company has been voluntarily carrying out CSR from Financial Year 2011 onwards. The actual spend of the Company on the CSR for this Financial Year was less than 2% of the average net profit for the last three years. The Company endeavors to increase the expenses in the coming years as more of its CSR projects are implemented.

7. The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

**Glenn Saldanha**

(Chairman & Managing Director)  
(DIN 00050607)

**Cherylann Pinto**

(Chairperson CSR Committee)  
(DIN 00111844)

## Annexure VIII

### Extract of Annual Return

as on the financial year ended 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT - 9

#### I. REGISTRATION AND OTHER DETAILS:

i) **CIN:** L24299MH1977PLC019982

ii) **Registration Date:** 18 November 1977

iii) **Name of the Company:** Glenmark Pharmaceuticals Limited

iv) **Category / Sub-Category of the Company:** Company having Share Capital

v) **Address of the Registered Office and contact details:** B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai - 400 026.

**Tel No.:** 91 22 4018 9999, **Fax No.:** 91 22 4018 9986

vi) **Whether listed Company:** Yes

vii) **Name, Address and Contact details of Registrar and Transfer Agent, if any:**

Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032

**Tel No.:** 91 40 6716 1500, **Fax No.:** 91 40 2342 0814

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. NO.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Pharmaceuticals	21002	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES						
Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Glenmark Holding S.A.	Chemin de la Combeta 5, CH - 2300 La Chaux-de-Fonds, Switzerland	NA	Subsidiary	100	2(87)
2	Glenmark Pharmaceuticals S.A., Switzerland	Chemin de la Combeta 5, CH - 2300 La Chaux-de-Fonds, Switzerland	NA	Subsidiary	100	2(87)
3	Glenmark Farmaceutica Ltda.	Rua Gomes de Carvalho, 1.195, CJ 31 - Vila Olimpia, CEP: 04547-004 Sao Paulo	NA	Subsidiary	100	2(87)
4	Glenmark Pharmaceuticals SRO	City Towers, Hvezdova 1716/2b, 140 78 Praha 4, Czech Republic	NA	Subsidiary	100	2(87)

## PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	Glenmark Pharmaceuticals SK SRO	Tomasikova 64, 83101, Bratislava, Slovak Republic	NA	Subsidiary	100	2(87)
6	Glenmark Pharmaceuticals S.R.L	18 Elefterie Street, 5th District, Bucharest, Romania	NA	Subsidiary	100	2(87)
7	Glenmark Pharmaceuticals (Europe) R&D Ltd.	Laxmi House, 2B Draycott Avenue, Kenton, Middlesex HA3 0BU, England, U.K.	NA	Subsidiary	100	2(87)
8	Glenmark Therapeutics Inc., USA	750 Corporate Drive, Mahwah, NJ 07430	NA	Subsidiary	100	2(87)
9	Glenmark Pharmaceuticals SP Z.O.O.	ul. Osmariska 14, 02-823 Warszawa, Poland	NA	Subsidiary	100	2(87)
10	Glenmark South Africa (Pty) Ltd.	Erasmus Forum A, 434 Rigel Avenue South, Erasmusrand, 0181	NA	Subsidiary	100	2(87)
11	Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Erasmus Forum A, 434 Rigel Avenue South, Erasmusrand, 0181	NA	Subsidiary	100	2(87)
12	Glenmark Impex L.L.C.	Letnikovskaya st., Building 3(2), Moscow: 115114, Russia	NA	Subsidiary	100	2(87)
13	Glenmark Pharmaceuticals (Nigeria) Ltd.	No. 2B, Olabode Close, Ilupeju, Lagos.	NA	Subsidiary	100	2(87)
14	Glenmark Dominicana SRL	Av San Vicente de Paul, Esq Puerto Rico, Bldg Baro Plaza, Suite 13, Alma Rosa I, Santo Domingo Province, Town East, Dominican Republic	NA	Subsidiary	100	2(87)
15	Glenmark Pharmaceuticals (Australia) Pty Ltd.	Suite 202B, 350 George Street, Sydney NSW 2000 Australia	NA	Subsidiary	100	2(87)
16	Glenmark Pharmaceuticals (Malaysia) SDN. BHD	Suite 12B-23, Level 12B, Wisma Zelan, No.1, Jalan Tasik Permaisuri 2, Bandar Tun Razak, Cheras, 56000, Kuala Lumpur, Malaysia	NA	Subsidiary	100	2(87)
17	Glenmark Philippines Inc.	Units 901 & 902, 9th Floor, 11th Corporate Center Building, 11th Avenue Corner Triangle Drive, North Bonifacio, Bonifacio Global City, Taguig City 1634	NA	Subsidiary	100	2(87)
18	Glenmark Pharmaceuticals Egypt S.A.E.	22, Soliman Azmy Street, from AbdelHamid Badawy street, in front of ALShams Squash Building, Heliopolis	NA	Subsidiary	100	2(87)

## PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
19	Glenmark Pharmaceuticals F.Z.E.	Office No. LB12009, Jabel Ali, Dubai, United Arab Emirates.	NA	Subsidiary	100	2(87)
20	Glenmark Uruguay SA	Avenida 18 de Julio, 117, 5th Flr, City of Montevideo, Rep. of Uruguay	NA	Subsidiary	100	2(87)
21	Glenmark Pharmaceuticals Mexico, SA DE CV	Av. Insurgentes Sur No. 1685, Piso 9 Despacho 903, Col Guadalupe Inn. Mexico D.F. 01020	NA	Subsidiary	100	2(87)
22	Glenmark Pharmaceuticals Peru S.A.C.	Calle la Habana 192 Oficina 501 San Isidro - Lima - Perú	NA	Subsidiary	100	2(87)
23	Glenmark Pharmaceuticals Venezuela, CA	Office 31 located at Torre Kyra, Av. Francisco de Miranda, 4th Avenue of Campo Alegre, Caracas	NA	Subsidiary	100	2(87)
24	Glenmark Pharmaceuticals Colombia SAS	Calle 98 No. 8 Of. 503, Bogotá D.C.	NA	Subsidiary	100	2(87)
25	Glenmark Pharmaceuticals Europe Ltd.	Laxmi House, 2B Draycott Avenue, Kenton, Middlesex HA3 0BU, England, U.K.	NA	Subsidiary	100	2(87)
26	Glenmark Pharmaceuticals Inc., USA	750 Corporate Drive, Mahwah, NJ 07430	NA	Subsidiary	100	2(87)
27	Glenmark Generics S.A. Argentina	Suipacha 1111 18° - C1008AAW - Buenos Aires	NA	Subsidiary	100	2(87)
28	Glenmark Pharmaceuticals B.V.	Joop Geesinkweg 901, 1114 AB Amsterdam-Duivendrecht	NA	Subsidiary	100	2(87)
29	Glenmark Arzneimittel GmbH	Sitz Grodenzell, Industriestrasse 31, 18194, Grobenzell, Germany	NA	Subsidiary	100	2(87)
30	Glenmark Pharmaceuticals Canada INC.	371, Queen Street, Suit 400, Fredericton, New Brunswick, E3B 1B1	NA	Subsidiary	100	2(87)
31	Glenmark Pharmaceuticals (Kenya) Limited	L.R. No. 1870/01/210 3rd Floor, Corner Plaza Westlands, Parklands Road, P.O. Box 489-00606, Nairobi, Kenya	NA	Subsidiary	100	2(87)
32	Glenmark Therapeutics AG	Wellenruti 581, 9053 Teufena AR Switzerland	NA	Subsidiary	100	2(87)
33	Glenmark Pharmaceuticals Distribution SRO	City Towers, Hvzdova 1716/2b, Nusle, 140 78 Praha 4, ID No. 047 27 339, Czech Republic	NA	Subsidiary	100	2(87)
34	Glenmark Specialty S.A.	CH-2300 La Chaux-de-Fonds, Avenue Leopold-Robert 37, Switzerland	NA	Subsidiary	100	2(87)

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES						
Sl. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
35	Viso Farmaceutica SLU	Ribera del Loira 46, Campo de las Naciones, 28042 Madrid, Spain	NA	Subsidiary	100	2(87)
36	Glenmark Pharmaceuticals (Thailand) Co. Ltd.	1350/84 Thaironk Tower Building, 8th Floor, Phatthanakarn Road, Suanluang, Bangkok, Thailand	NA	Subsidiary	49	2(87)
37	Glenmark Pharmaceuticals Nordic AB	Skeppsbron 5, 211 20 Malmö	NA	Subsidiary	100	2(87)
38	Glenmark Ukraine LLC	8, Illinska Street, "Illinsky" Business Center, 2nd Block, 4th floor, Podilskyi District, Kyiv, 04070, Ukraine	NA	Subsidiary	100	2(87)
39	Glenmark-Pharmaceuticals Ecuador S.A.	Av. Simón Bolívar and Nayon. Ekopark Building, 7th floor, Office No. 703	NA	Subsidiary	100	2(87)
40	Glenmark Pharmaceuticals Singapore Pte. Ltd.	6 Shenton Way, #38-01 OUE Downtown, Singapore 068809	NA	Subsidiary	100	2(87)

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### (i) Category-wise Share Holding

CATEGORY OF SHAREHOLDER	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) PROMOTER AND PROMOTER GROUP</b>									
<b>(1) INDIAN</b>									
Individual /HUF	2976940	-	2976940	1.05	3066850	-	3066850	1.09	0.04
Central Government/ State	-	-	-	-	-	-	-	-	-
Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	128241936	-	128241936	45.45	128241936	-	128241936	45.45	-
<b>Sub-Total A(1) :</b>	<b>131218876</b>	<b>-</b>	<b>131218876</b>	<b>46.50</b>	<b>131308786</b>	<b>-</b>	<b>131308786</b>	<b>46.54</b>	<b>0.04</b>
<b>(2) FOREIGN</b>									
Individuals (NRIs/ Foreign	-	-	-	-	-	-	-	-	-
Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A=A(1)+A(2)</b>	<b>131218876</b>	<b>-</b>	<b>131218876</b>	<b>46.50</b>	<b>131308786</b>	<b>-</b>	<b>131308786</b>	<b>46.54</b>	<b>0.04</b>

CATEGORY OF SHAREHOLDER	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. INSTITUTIONS</b>									
Mutual Funds /UTI	9327166	-	9327166	3.31	10832399	-	10832399	3.84	0.53
Financial Institutions / Banks	7667272	-	7667272	2.72	7847813	-	7847813	2.78	0.06
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors/FPI	98086968	-	98086968	34.76	86753059	-	86753059	30.75	-4.01
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	<b>115081406</b>	<b>-</b>	<b>115081406</b>	<b>40.78</b>	<b>105433271</b>	<b>-</b>	<b>105433271</b>	<b>37.37</b>	<b>-3.42</b>
<b>2. NON-INSTITUTIONS</b>									
Bodies Corporate	8404370	3000	8407370	2.98	7619206	-	7619206	2.70	-0.28
Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lakh	14781190	814554	15595744	5.53	22613412	611736	23225148	8.23	2.70
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	6796870	1200000	7996870	2.83	7425513	600000	8025513	2.84	0.01
Others									
Foreign Bodies	-	-	-	-	-	-	-	-	-
H U F	416611	-	416611	0.15	708646	-	708646	0.25	0.10
IEPF	-	-	-	-	805418	-	805418	0.29	0.29
Directors	155526	-	155526	0.06	155526	-	155526	0.05	-0.01
Non Resident Indians	1186959	10600	1197559	0.42	1593953	6600	1600553	0.57	0.15
Clearing members	352366	-	352366	0.12	1098880	-	1098880	0.39	0.27
NRI - Non-Repatriation	215437	-	215437	0.08	384963	-	384963	0.14	0.06
Trusts	1530391	-	1530391	0.54	1802246	-	1802246	0.64	0.10
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(2) :</b>	<b>33839720</b>	<b>2028154</b>	<b>35867874</b>	<b>12.71</b>	<b>44207763</b>	<b>1218336</b>	<b>45426099</b>	<b>16.10</b>	<b>3.38</b>
<b>Total B=B(1)+B(2) :</b>	<b>148921126</b>	<b>2028154</b>	<b>150949280</b>	<b>53.50</b>	<b>149641034</b>	<b>1218336</b>	<b>150859370</b>	<b>53.46</b>	<b>-0.04</b>
<b>C. SHARES HELD BY CUSTODIANS FOR GDRS AND ADRS</b>									
<b>GRAND TOTAL (A+B+C) :</b>	<b>280140002</b>	<b>2028154</b>	<b>282168156</b>	<b>100.00</b>	<b>280949820</b>	<b>1218336</b>	<b>282168156</b>	<b>100.00</b>	<b>-</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Saldanha Family Trust	128241936	45.45	-	128241936	45.45	-	-
2	B. E. Saldanha	1015622	0.36	-	1035122	0.37	-	0.01
3	Glenn Saldanha	798168	0.28	-	830423	0.29	-	0.01
4	Cherylann Pinto	698150	0.25	-	719305	0.26	-	0.01
5	Robin Pinto	459000	0.16	-	476000	0.17	-	0.01
6	Neha Saldanha	6000	-	-	6000	0	-	-
	<b>TOTAL</b>	<b>131218876</b>	<b>46.50</b>	<b>-</b>	<b>131308786</b>	<b>46.54</b>	<b>-</b>	<b>0.04</b>

**(iii) Change in Promoters Shareholding**

Sl. No.		Shareholding at the beginning of the year		Increase/ (Decrease)	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
<b>1</b>	<b>Saldanha Family Trust</b>					
	At the beginning of the year	128241936	45.45			
	At the end of the year				128241936	45.45
<b>2</b>	<b>Glenn Saldanha</b>					
	At the beginning of the year	798168	0.28			
	Purchase of shares from the open market on 16 May 2017			6925		
	Purchase of shares from the open market on 24 May 2017			7900		
	Purchase of shares from the open market on 29 November 2017			17430		
	At the end of the year				830423	0.29
<b>3</b>	<b>Cherylann Pinto</b>					
	At the beginning of the year	698150	0.25			
	Purchase of shares from the open market on 16 May 2017			4155		
	Purchase of shares from the open market on 17 May 2017			1000		
	Purchase of shares from the open market on 18 May 2017			2000		
	Purchase of shares from the open market on 19 May 2017			2000		
	Purchase of shares from the open market on 24 May 2017			5000		
	Purchase of shares from the open market on 25 May 2017			2000		
	Purchase of shares from the open market on 28 November 2017			2000		



**(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sl. No.	Name of the Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1</b>	<b>ARANDA INVESTMENTS (MAURITIUS) PTE LTD</b>				
	At the beginning of the year	11261010	3.99	11261010	3.99
	Bought during the year	NIL	NIL	11261010	3.99
	Sold during the year	NIL	NIL	11261010	3.99
	At the end of the year	11261010	3.99	11261010	3.99
<b>2</b>	<b>HSBC POOLED INVESTMENT FUND</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Bought during the year	8463603	2.30	8463603	2.30
	Sold during the year	NIL	NIL	8463603	2.30
	At the end of the year	8463603	2.30	8463603	2.30
<b>3</b>	<b>FRANKLIN TEMPLETON INVESTMENT FUND</b>				
	At the beginning of the year	180676	0.06	180676	0.06
	Bought during the year	4509456	1.60	4509456	1.60
	Sold during the year	NIL	NIL	4509456	1.60
	At the end of the year	4690132	1.66	4690132	1.66
<b>4</b>	<b>NEW HORIZON OPPORTUNITIES MASTER FUND</b>				
	At the beginning of the year	4000000	1.42	4000000	1.42
	Bought during the year	NIL	NIL	NIL	NIL
	Sold during the year	NIL	NIL	NIL	NIL
	At the end of the year	4000000	1.42	4000000	1.42
<b>5</b>	<b>LIC OF INDIA CHILD FORTUNE PLUS BALANCED FUND</b>				
	At the beginning of the year	3962708	1.40	3962708	1.40
	Bought during the year	NIL	NIL	3962708	1.40
	Sold during the year	NIL	NIL	3962708	1.40
	At the end of the year	3962708	1.40	3962708	1.40
<b>6</b>	<b>HDFC TRUSTEE COMPANY LIMITED</b>				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Bought during the year	3620100	1.28	3620100	1.28
	Sold during the year	NIL	NIL	3620100	1.28
	At the end of the year	3620100	1.28	3620100	1.28
<b>7</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	3278867	1.16	3278867	1.16
	Bought during the year	NIL	NIL	3278867	1.16
	Sold during the year	NIL	NIL	3278867	1.16
	At the end of the year	3278867	1.16	3278867	1.16
<b>8</b>	<b>WELLINGTONPN TRUST COMPANY</b>				
	At the beginning of the year	1974773	0.7	1974773	0.7
	Bought during the year	788006	0.28	2762779	0.98
	Sold during the year	NIL	NIL	2762779	0.98
	At the end of the year	2762779	0.98	2762779	0.98

Sl. No.	Name of the Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>9</b>	<b>GOVERNMENT OF SINGAPORE</b>				
	At the beginning of the year	2989205	1.06	2989205	1.06
	Bought during the year	216483	0.08	3205688	1.14
	Sold during the year	1153162	0.41	2052526	0.73
	At the end of the year	2052526	0.73	2052526	0.73
<b>10</b>	<b>STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL</b>				
	At the beginning of the year	3144095	1.11	3144095	1.11
	Bought during the year	442499	0.16	3586594	1.27
	Sold during the year	3507424	1.24	79170	0.03
	At the end of the year	79170	0.03	79170	0.03

Note:

- The above information is based on the weekly beneficiary position received from depositories.
- The date wise increase/decrease in shareholding of the top shareholder is available on the website of the Company [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

#### (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.		Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>A</b>	<b>DIRECTORS</b>							
1	Glenn Saldanha Chairman & Managing Director	798168	0.28	01.04.2017				
				16.05.2017	6925	Purchase from Open Market	805093	0.29
				24.05.2017	7900	Purchase from Open Market	812993	0.29
				29.11.2017	17430	Purchase from Open Market	830423	0.29
				<b>31.03.2018</b>			<b>830423</b>	<b>0.29</b>
2	Cherylann Pinto Director-Corporate Affairs	698150	0.25	01.04.2017				
				16.05.2017	4155	Purchase from Open Market	702305	0.25
				17.05.2017	1000	Purchase from Open Market	703305	0.25
				18.05.2017	2000	Purchase from Open Market	705305	0.25

Sl. No.		Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				19.05.2017	2000	Purchase from Open Market	707305	0.25
				24.05.2017	5000	Purchase from Open Market	712305	0.25
				25.05.2017	2000	Purchase from Open Market	714305	0.25
				28.11.2017	2000	Purchase from Open Market	716305	0.25
				06.12.2017	3000	Purchase from Open Market	719305	0.26
				<b>31.03.2018</b>			<b>719305</b>	<b>0.26</b>
3	Rajesh Desai Non Executive Director	109167	0.04	01.04.2017				
				<b>31.03.2018</b>			<b>109167</b>	<b>0.04</b>
4	Blanche Saldanha Non Executive Director	1015622	0.36	01.04.2017				
				16.05.2017	8000	Purchase from Open Market	1023622	0.36
				19.05.2017	11500	Purchase from Open Market	1035122	0.37
				<b>31.03.2018</b>			<b>1035122</b>	<b>0.37</b>
5	Julio F Ribeiro Non Executive Independent Director	45800	0.02		-		45800	0.02
6	Sridhar Gorthi Non Executive Independent Director	559	0.00		-		559	0.00
7	D R Mehta Non Executive Independent Director	-	-		-		-	-
8	Milind Sarwate Non Executive Independent Director	-	-		-		-	-
9	Brian W. Tempest Non Executive Independent Director	-	-		-		-	-
10	Bernard Munos Non Executive Independent Director	-	-		-		-	-
11	Murali Neelakantan Executive Director - Global General Counsel	-	-		-		-	-

Sl. No.		Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
<b>B</b>	<b>KEY MANAGERIAL PERSONNEL</b>							
1	P Ganesh President & Global Chief Financial Officer*	-	-		-		-	-
2	Harish Kuber Company Secretary & Compliance Officer	-	-		-		-	-
3	V S Mani President & Global Chief Financial officer**	-	-	-	-	-	600	0.00

\* Upto 15 November 2017

\*\* With effect from 16 November 2017

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/ accrued but not due for payment.

(Standalone)

(₹ in Millions)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
1 Principal Amount	25.94	27,739.41	-	27,765.35
2 Interest Due but not Paid	-	-	-	-
3 Interest Accrued but not due	-	131.45	-	131.45
<b>Total (1+2+3)</b>	<b>25.94</b>	<b>27,870.86</b>	<b>-</b>	<b>27,896.80</b>
<b>Change in Indebtedness during the Financial Year</b>				
Addition	171.48	1,900.23	-	2,071.71
Reduction	-	-	-	-
<b>Net Change</b>	<b>171.48</b>	<b>1,900.23</b>	<b>-</b>	<b>2,071.71</b>
<b>Indebtedness at the end of the Financial Year</b>				
1 Principal Amount	197.42	29,613.31	-	29,810.73
2 Interest Due but not Paid	-	-	-	-
3 Interest Accrued but not due	-	157.78	-	157.78
<b>Total (1+2+3)</b>	<b>197.42</b>	<b>29,771.09</b>	<b>-</b>	<b>29,968.51</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:** (₹ in Million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Mr. Glenn Saldanha	Mrs. Cherylann Pinto	Mr. Murali Neelakantan*	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	133.60	34.75	29.29	197.64
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12.52	4.31	4.22	21.06
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission- as % of profit- others, specify...	15.50	3.88	-	19.38
5	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>161.62</b>	<b>42.94</b>	<b>33.51</b>	<b>238.08</b>
	Ceiling as per the Act				<b>1,249.75</b>

\* Appointed on 11 May 2017

**B. Remuneration to other Directors:**

(₹ in Million)

Sl No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mrs. B. E. Saldanha	Mr. Rajesh Desai	Mr. J. F. Ribeiro	Mr. Sridhar Gorthi	Mr. D. R. Mehta	Dr. Brian W. Tempest	Mr. Bernard Munos	Mr. Milind Sarwate	
1.	Independent Directors									
•	Fee for attending board/ committee meetings	-	-	1.60	1.60	1.60	0.40	0.40	1.60	7.20
•	Commission	-	-	-	-	-	-	-	-	-
•	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>1.60</b>	<b>1.60</b>	<b>1.60</b>	<b>0.40</b>	<b>0.40</b>	<b>1.60</b>	<b>7.20</b>
2.	Other Non-Executive Directors									
•	Fee for attending board/ committee meetings	0.40	1.20	-	-	-	-	-	-	1.60
•	Commission	-	-	-	-	-	-	-	-	-
•	Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>0.40</b>	<b>1.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.60</b>
	<b>Total (1+2)</b>	<b>0.40</b>	<b>1.20</b>	<b>1.60</b>	<b>1.60</b>	<b>1.60</b>	<b>0.40</b>	<b>0.40</b>	<b>1.60</b>	<b>8.80</b>
	Overall Ceiling as per the Act									<b>124.97</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(₹ in Million)

Sl No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. P Ganesh*	Mr. Harish Kuber	Mr. V. S. Mani**	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.36	2.15	12.90	26.41
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	8.40	0.60	8.24	17.24
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission- as % of profit- others, specify...	-	-	-	
5	Others, please specify	-	-	-	
	<b>Total</b>	<b>19.76</b>	<b>2.75</b>	<b>21.14</b>	<b>43.65</b>

\*Upto 15 November 2017

\*\*With effect from 16 November 2017

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

## Annexure IX

### Business Responsibility Report (BRR)

Sr. No.	SEBI - BRR Disclosure	Response / Reference
<b>Section A: General Information about the Company</b>		
1	Corporate Identification Number	L24299MH1977PLC019982
2	Name of the Company	Glenmark Pharmaceuticals Limited
3	Registered Address	B/2, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026, Maharashtra, India
4	Website	www.glenmarkpharma.com
5	Email id	csr@glenmarkpharma.com
6	Financial year reported	1 April 2017 to 31 March 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceuticals
8	List 3 key products / services that the Company manufactures / provides (as in balance sheet)	The Company's key products/ services and global market presence are described in the Annual Report F.Y. 2017-18, under Business Review section of Management Discussion and Analysis.
9	Total number of locations where business activity is undertaken by the Company	16 manufacturing facilities 6 R&D Centres
10	Markets served by the Company	We have a global presence in over 80 countries with our key geographies USA, India, ROW, Europe and LATAM.
<b>Section B: Financial Details of the Company</b>		
1	Paid up capital (INR)	282,168,156
2	Total turnover (INR)	91,030.70 million (Consolidated Ind AS)
3	Total profit after tax (INR)	8,038.70 million (Consolidated Ind AS)
4	Total spending on Corporate Social Responsibility (CSR) as percentage of PAT (%)	1.52%
5	List of activities in which the above expenditure has been incurred	Child Health, Access to healthcare, Sustainable livelihoods, Promotion of education and swimming in India
<b>Section C: Other Details</b>		
1	Does the Company have any Subsidiary Company/ Companies	Yes
2	Do the Subsidiary Company/ Companies participate in the Business Responsibility (BR) Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Yes, the subsidiary companies participate in Glenmark's Business Responsibility initiatives. A complete list of the subsidiary companies is available in the Annual Report FY 2017-18.
3	Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	Glenmark's Business Responsibility initiatives do not extend to other entities. However, we encourage our external stakeholders, such as suppliers and contractors, to adhere to responsible business practices.
<b>Section D: Business Responsibility Information</b>		
1	Details of the Director/ Directors responsible for BR	
(a)	Details of the Director/ Directors responsible for implementation of the BR policy/ policies	
	DIN Number	00111844
	Name	Mrs. Cherylann Pinto
	Designation	Director - Corporate Affairs



Sr. No.	SEBI - BRR Disclosure	Response / Reference
<b>3</b>	<b>Governance related to BR</b>	
(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board of Directors assess the Company's BR performance annually.
(b)	Yes, the company publishes the Corporate Responsibility	Yes, the company publishes the Corporate Responsibility Report annually as per the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business'.

### Section E: Principle-wise Performance

P-1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	<p>We have policies, governance structures and procedures in place to ensure high level of corporate governance and ethics within our organization. The 'Glenmark Code' sets standards to ensure that we do the right things, at right time and in a right manner. Further details are available in the Corporate Governance section of the Annual Report F.Y. 2017-18.</p> <p>During the reporting year, the Company received 174 stakeholder complaints, of which all were resolved as of year-end.</p>
P-2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	We stringently adhere to all internationally accepted standards of product quality, purity, efficacy and safety. Our Pharmacovigilance department maintains processes and systems for collecting and assessing safety information throughout the lifecycle of each product. We are also continually focused on decreasing the environmental impacts of our operations and products. For details, please refer to the 'Innovation and Operational Excellence' and 'Environmental Sustainability and Safety First Culture' sections of our Corporate Responsibility Report 2017-18.
P-3	Businesses should promote the wellbeing of all employees	<p>At Glenmark, we believe that our Company's success relies on the collective success of our people. It is our employees who help us create a better world each day, living by our motto of enriching lives. We have built a working culture which ensures the safety, well-being and professional growth of all our employees and service providers. We promote continuous development by aligning our employee's career aspirations with our organizational goals. For further details, please refer to 'Learning and Leadership Culture' section of our Corporate Responsibility Report 2017-18.</p> <p>The Company has a recognized workers' union at its Nashik plant and 1% of the permanent workers are its members.</p> <p>No complaints pertaining to child labour, forced labour or involuntary labour were reported in FY 2017-18. 2 complaints related to sexual harassment of women at workplace were received and addressed in the reporting year.</p>

Sr. No.	SEBI - BRR Disclosure	Response / Reference
P-4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	All our business activities as well as corporate social responsibility initiatives are guided by the motto of Enriching Lives. These initiatives aim to create a positive impact on the lives of the most disadvantaged and vulnerable sections of the society within India and abroad. For further details, please refer to the 'Corporate Social Responsibility' section of our Corporate Responsibility Report 2017-18.
P-5	Businesses should respect and promote human rights	Employee well-being and safety is an important aspect of our business responsibility. We have built a working culture which ensures the safety, well-being and professional growth of all our employees and service providers. We stringently adhere to all local laws in the geographies that we operate. Our policies related to Equal Employment, Anti-Discrimination and Anti-Harassment cover all our employees. For further details, please refer the 'Learning and Leadership Culture' section of our Corporate Responsibility Report 2017-18.
P-6	Business should respect, protect, and make efforts to restore the environment	Protection of the environment and conserving natural resources are key aspects of our business responsibility. We continually seek opportunities to make our processes more resource-efficient, increase the use of renewable energy sources and minimize release of wastes in the environment. Going beyond legal compliance, our Environment, Health & Safety actions seek to implement global best practices within our operations. For details about our environmental initiatives please refer the 'Environmental Sustainability and Safety First Culture' section of our Corporate Responsibility Report 2017-18.
		The Company does not have any Clean Development Mechanism (CDM) projects, but it has undertaken several initiatives which have led to reduction of Greenhouse Gas emissions.
		The Company has adhered to the applicable standards and limits for emissions and waste prescribed by the respective SPCB/ CPCB and did not receive any show-cause notice which is pending as of end of F.Y. 2017-18.
P-7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Glenmark proactively participates in discussions at industry forums and policy advocacy on industry issues. For further details please refer the 'About Glenmark' section of our Corporate Responsibility Report 2017-18.
P-8	Businesses should support inclusive growth and equitable development	Enriching Lives is a commitment that we fulfil not only in our business but also beyond our operational boundary. Our ongoing initiatives on child health, access to healthcare, sustainability livelihoods and promotion of aquatic sports continue to create a significant positive impact within our communities. In addition, we have initiated a flagship program to address the problem of indoor pollution by installing smokeless chulhas in rural households. This initiative complements one of our three core therapeutic focus areas and is aimed at addressing respiratory illnesses. As part of the annual Joy of Giving philanthropy festival, our employees continue to champion our efforts through volunteering and monetary contributions to social causes. Further details about our initiatives can be found in the 'Corporate Social Responsibility' section of our Corporate Responsibility Report 2017-18.

Sr. No.	SEBI - BRR Disclosure	Response / Reference
P-9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	<p>Responsibility towards our customers is well reflected in our stringent and incessant focus on ensuring product safety, leading to patient safety. For further details please refer the 'Innovation and Operational Excellence' section of our Corporate Responsibility Report 2017-18.</p> <p>There are no customer complaints not addressed and are pending as on the end of FY 2017-18. The Company complies with all applicable product labelling standards as per the laws of the land in all the markets that it serves.</p> <p>There are no stakeholder cases pending against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior as of end of FY 2017-18, except for the cases below:</p> <p><b>Case 1:</b> On a complaint by a stockist with the CCI in July 2015 against pharma companies (including the Company and its C&amp;F agent) and the Trade associations, alleging refusal to supply medicines to them in spite of having all valid licenses and documents, CCI ordered the DG to investigate and submit a report. CCI clubbed this matter with other matters on a similar complaint against other pharmaceutical co.'s and local Trade associations. On submission of DG's report CCI has recently issued notices to the Company and some of its employees to submit their objections to the said report. The company and its impugned employees have filed its objections to the said report. The Company has represented the matter through Senior Council before the commission.</p> <p><b>Case 2:</b> Upon a complaint filed by a stockist against the Chemist &amp; Druggist Association Goa (CDAG), Glenmark and another Company, alleging refusal to supply them drugs, the CCI passed an order imposing a penalty of ₹ 10,62, 062/- on CDAG. No penalty was imposed on the Company. CDAG's appeal against the said order has been admitted for hearing on merits. Company is a proforma party to the appeal. In the interim CDAG has been directed to deposit the penalty amount with CCI, to be maintained as fixed deposit till the final hearing and outcome of the matter.</p> <p>We undertake regular surveys of consumers and other stakeholders.</p>

Further details of our initiatives are available in the Corporate Responsibility Report for FY 2017-18, as required by Regulation 34(2)(f) of the Listing Regulations, which is hosted on the Company's website at [www.glenmarkpharma.com](http://www.glenmarkpharma.com).

# Report on Corporate Governance

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a Report on Corporate Governance is given below:-

## 1. THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Code of Governance is aimed at assisting the top management of the Company in efficient conduct of its business and in meeting its obligations to shareholders. The Company has adopted a codified Corporate Governance Charter, inter-alia, to fulfill its corporate responsibilities and achieve its financial objectives.

The Company believes in and has consistently practiced good Corporate Governance. The Company creates an environment for the efficient conduct of the business and to enable management to meet its obligations to all its stakeholders, including amongst others, shareholders, customers, employees and the community in which the Company operates.

## 2. BOARD OF DIRECTORS:

### • Composition:

The composition of the Board of Directors of the Company ('the Board') is in conformity with the Listing Regulations and the Companies Act, 2013 ('the Act'). As on 31 March 2018, the Board comprised Eleven Directors, of whom, three were Executive and eight were Non-Executive Directors. The Chairman of the Board is an Executive Director.

The Non-Executive Directors are professionals with experience in management, pharmaceutical industry, legal, finance, marketing and general administration who bring in a wide range of skills and experience to the Board.

### a) Details of the Board:

Name of the Director	Status	Relationship with other Directors	No. of Board Meeting attended	No. of other Directorships held#	Committee Membership(s)##	
					Chairman	Member
Mr. Glenn Saldanha Chairman & Managing Director DIN-00050607	Executive Promoter Group	Son of Mrs. B. E. Saldanha and Brother of Mrs. Cherylann Pinto	4	-	2	1
Mrs. Cherylann Pinto DIN-00111844	Executive Promoter Group	Daughter of Mrs. B. E. Saldanha and Sister of Mr. Glenn Saldanha	4	-	2	2
Mr. Rajesh Desai* DIN- 00050838	Non-Executive	None	4	-	-	3
Mrs. B. E. Saldanha DIN-00007671	Non-Executive Promoter Group	Mother of Mr. Glenn Saldanha and Mrs. Cherylann Pinto	4	-	-	-
Mr. D. R. Mehta DIN-01067895	Non-Executive Independent	None	4	5	3	8
Mr. Bernard Munos DIN-05198283	Non-Executive Independent	None	4	-	-	-
Mr. J. F. Ribeiro DIN-00047630	Non-Executive Independent	None	4	1	3	-
Dr. Brian W. Tempest DIN-00101235	Non-Executive Independent	None	4	3	3	4

Name of the Director	Status	Relationship with other Directors	No. of Board Meeting attended	No. of other Directorships held#	Committee Membership(s)##	
					Chairman	Member
Mr. Sridhar Gorthi DIN-00035824	Non-Executive Independent	None	4	1	1	4
Mr. Milind Sarwate DIN-00109854	Non-Executive Independent	None	4	6	7	11
Mr. Murali Neelakantan** DIN-02453014	Executive	None	3	1	-	1

# Includes Directorship(s) in Indian Companies. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies.

## Membership/Chairmanship of the Audit Committee, Stakeholder's Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Share Transfer Committee and Operations Committee of all Public Limited Companies have been considered.

\* Retired as an Executive Director with effect from close of working hours on 31 March 2017 and continued as Non-Executive Director with effect from 1 April 2017.

\*\* Appointed as an Executive Director with effect from 11 May 2017 and resigned from the post of Executive Director with effect from 29 May 2018.

#### b) Details of Board Meetings and Attendance:

During the Financial Year ended 31 March 2018; Four board meetings were held on the following dates:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1	11 May 2017	10	10
2	27 July 2017	11	11
3	2 November 2017	11	11
4	8 February 2018	11	11

The gap between two meetings did not exceed one hundred and twenty days.

- A. None of the Non-Executive Directors of the Company has any pecuniary relationship or transactions with the Company other than sitting fees paid for attending board meetings/ committee meetings.
- B. Mr. Glenn Saldanha, Mrs. B. E. Saldanha, Mrs. Cherylann Pinto, Mr. Murali Neelakantan, Mr. Rajesh Desai, Mr. J. F. Ribeiro, Mr. D. R. Mehta, Dr. Brian Tempest and Mr. Milind Sarwate attended the last Annual General Meeting of the Company held on 29 September 2017.
- C. Information flow to the Board:

The Managing Director apprises the Board on the overall performance of the Company. The Board also, inter-alia, reviews the strategy, annual business plan and capital expenditure budgets, compliance reports of the laws applicable to the Company, review of major legal issues, internal financial controls and financial reporting systems, minutes of the Board Meetings of the Company's subsidiary companies, adoption of quarterly/ half-yearly/ annual results, transactions pertaining to purchase/ disposal of property, major accounting provisions, corporate restructuring, minutes of the Meetings of the Audit and other Committees of the Board.

In addition to the information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, the Board is kept informed of major events and approvals that are taken wherever necessary.

The Board is also presented with the Operating plans of the businesses for its review, inputs and approval. Likewise, the Quarterly Financial Statements and Annual Financial Statements are first presented to the Audit Committee and subsequently to the Board for its approval. The Agenda papers mentioning the brief details about the items are circulated well in advance to the Board. In some instances documents are tabled during the course of the Board Meetings or Meetings of the Committees of the Board.

The Company has adopted the Glenmark Code of Conduct for Executive Directors, Senior Management Personnel and other Executives of the Company. The Company has received confirmations from the Managing Director as well as Senior Management Personnel regarding compliance of the Code during the year under review. It has also adopted the Glenmark Code of Conduct for Non-Executive Directors of the Company. The Company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the year under review.

D. Post-meeting follow-up system:

After the Board Meetings, the Company has a formal system of follow-up, review and reporting on actions taken by the management on the decisions of the Board and Committees of the Board.

**Familiarisation programmes for Board Members:**

The Board members are provided with the necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved, etc.

Quarterly updates on relevant statutory changes are presented to the Board.

The policy on familiarisation programmes as stated above is available on the website of the Company and can be accessed at the web link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/familiarisation\\_programme\\_for\\_independent\\_directors.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/familiarisation_programme_for_independent_directors.pdf)

**Meetings of Independent Directors:**

All the Independent Directors of the Company have been appointed as per the provisions of the Act and Listing Regulations. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment have been disclosed on the website of the Company [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

The Company's Independent Directors meet at least once in every Financial Year without the presence of Executive Directors or management personnel. Such meetings are conducted in an informal environment to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views.

One meeting of the Independent Directors was held during the year.

### 3. BOARD COMMITTEES:

As per the Listing Regulations, the Board has formed the following Committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.

#### 1. Audit Committee:

- The Company has a qualified and independent Audit Committee which has been formed in pursuance of Regulation 18 of the Listing Regulations and Section 177 of the Act. The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process to ensure accurate and timely disclosures, with the highest level of transparency, integrity and quality of financial reporting. The Audit Committee oversees the work carried out in the financial reporting process by the management, the internal

auditors and the independent auditors and notes the processes and the safeguards employed by each. The Audit Committee has the ultimate authority and responsibility to select, evaluate and where appropriate, replace the independent auditor in accordance with the law. All possible measures have been taken by the Audit Committee to ensure the objectivity and independence of the independent auditor.

- **Terms of Reference:**

- a) Approving and implementing the audit procedures and techniques.
- b) Reviewing audit reports of both statutory and internal auditors with auditors and management.
- c) Reviewing financial reporting systems, internal control systems and control procedures.
- d) Ensuring compliance with regulatory guidelines.
- e) Reviewing the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- f) The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- g) Review and monitor the auditor's independence and performance and effectiveness of audit process.
- h) Examination of the financial statement and the auditor's report thereon.
- i) Approval or any subsequent modification of transactions of the Company with related parties.
- j) Scrutiny of inter-corporate loans and investments.
- k) Valuation of undertakings or assets of the Company, wherever it is necessary.
- l) Evaluation of internal financial controls and risk management systems.
- m) Monitoring the end use of funds raised through public offers and related matters.
- n) Establishment and monitoring of the Vigil Mechanism/ Whistle Blower Policy.
- o) Reviewing the statements of significant related party transactions submitted by the management.
- p) Any other matter referred to by the Board.

The terms of reference of this Committee are wide enough covering matters specified in the Act read together with Regulation 18 of the Listing Regulations. The current Charter of the Audit Committee is in line with international best practices and the regulatory changes formulated by Securities and Exchange Board of India (SEBI) and the listing agreements with the Stock Exchanges on which your Company is listed.

Any other duties/ terms of reference for the Audit Committee which are incidental/ necessary for the fulfillment of the above mentioned terms of reference would be deemed to be under the purview of the Audit Committee.

Four Audit Committee Meetings were held during the year – 10 May 2017, 26 July 2017, 01 November 2017 and 07 February 2018.

Details of the composition and attendance of Members of the Audit Committee during the Financial Year ended 31 March 2018 are as follows:

Name	No. of meetings		Remarks	Category of Directorship
	Held	Attended		
Mr. J. F. Ribeiro	4	4	Chairman	Independent Director
Mr. Sridhar Gorthi	4	4	Member	Independent Director
Mr. Milind Sarwate	4	4	Member	Independent Director

The gap between two meetings did not exceed one hundred and twenty days.

Mr. J. F. Ribeiro, Chairman of the Audit Committee, holds a Bachelor's degree in Commerce and a Bachelor's degree in Law from the Bombay University. All members of the Audit Committee are financially literate and have accounting and related financial management expertise.

The Chairman & Managing Director, Executive Director & Chief Financial Officer and Cost Auditor are permanent invitees to the Audit Committee Meetings. The Statutory Auditors & Internal Auditors of the Company are present in the Audit Committee meetings held during the year. The Company Secretary officiates as the Secretary to the Committee.

## 2. Stakeholders Relationship Committee:

- The Stakeholders Relationship Committee has the mandate to review and redress Shareholder grievances including complaints related to, non-receipt of share certificates, non-receipt of balance sheet, non-receipt of dividend, etc. The Committee reviews Shareholders' complaints and resolution thereof.

Four Stakeholders Relationship Committee meetings were held during the year - 11 May 2017, 27 July 2017, 02 November 2017 and 08 February 2018.

- Details of composition and attendance of the Members of the Stakeholders Relationship Committee Meetings during the F.Y. ended 31 March 2018 as under:

Name	No. of meetings		Remarks	Category of Directorship
	Held	Attended		
Mr. J. F. Ribeiro	4	4	Chairman	Independent Director
Mrs. Cherylann Pinto	4	4	Member	Executive Director
Mr. D. R. Mehta	4	4	Member	Independent Director
Mr. Milind Sarwate	4	4	Member	Independent Director

- Details of complaints received and resolved during the year ended 31 March 2018 are as follows:

No. of complaints	2017-2018	2016-2017
Complaints as on 1 April 2017	NIL	-
Received	174	128
Resolved	174	128
Pending	NIL	NIL

- Name and Designation of the Compliance Officer:

Mr. Harish Kuber, Company Secretary & Compliance Officer  
Ph. No. 91 22 4018 9999  
E-mail ID: complianceofficer@glenmarkpharma.com

The Board has appointed Mr. Harish Kuber (Company Secretary & Compliance Officer) as the Nodal Officer for the purpose of Investor Education and Protection Fund (IEPF) Regulations.

- The Company's Registrars & Transfer Agent Karvy Computershare Private Limited (Karvy) had received letters/ complaints during the financial year, all of which were replied/ resolved to the satisfaction of the shareholders.

### 3. Nomination and Remuneration Committee:

- The purpose of the Nomination and Remuneration Committee of the Board is to discharge the Board's responsibilities related to Nomination and Remuneration of the Company's Executive/ Non-Executive Directors. The Committee has the overall responsibility of approving and evaluating the nomination and remuneration plans, policies and programs for Executive/ Non-Executive Directors, Senior Management and Key Managerial Personnel.

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- The Committee shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out performance evaluation of each Director.
- The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Devise a policy on Board diversity.
- Formulate criteria for evaluation of Independent Directors and the Board.

Four Nomination and Remuneration Committee meetings were held during the year - 11 May 2017, 27 July 2017, 02 November 2017 and 08 February 2018.

- Details of composition and attendance of the Members of Nomination and Remuneration Committee during the F.Y. ended 31 March 2018 are as under:

Name	No. of meetings		Remarks	Category of Directorship
	Held	Attended		
Mr. J. F. Ribeiro	4	4	Chairman	Independent Director
Mr. Glenn Saldanha	4	4	Member	Executive Director
Mr. D. R. Mehta	4	4	Member	Independent Director
Mr. Sridhar Gorthi	4	4	Member	Independent Director
Mr. Milind Sarwate	4	4	Member	Independent Director

- Compensation Policy:

The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goals. The Company has formulated an Employee Stock Option Scheme for rewarding & retaining performers.

- Board Performance Evaluation:

During the year, the Board has carried out an annual performance evaluation of its own performance, performance of the Directors.

The Company has devised a Performance Evaluation Framework and Policy, which sets out a mechanism for the evaluation of the Board and the Directors. During the year, performance evaluation of the Board and the Directors was carried out through an evaluation mechanism in terms of this Policy.

### 4. Risk Management Committee:

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks as also identify business opportunities.

Four Risk Management Committee meetings were held during the year - 11 May 2017, 27 July 2017, 02 November 2017 and 08 February 2018.

- Details of composition and attendance of the Members of Risk Management Committee during the F.Y. ended 31 March 2018 are as under:

Name	No. of meetings		Remarks	Category of Directorship
	Held	Attended		
Mr. Glenn Saldanha	4	3	Chairman	Executive Director
Mr. Rajesh Desai	4	4	Member	Non-Executive Director
Mr. D. R. Mehta	4	4	Member	Independent Director

#### 4. REMUNERATION OF DIRECTORS:

##### Remuneration Policy:

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees forms an integral part of Board's Report. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

- The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to the Directors. All Board-level compensation is approved by the Shareholders and separately disclosed in the financial statements. Remuneration of the Executive Directors consists of a fixed component and a performance incentive. The annual compensation of the Executive Directors is approved by the Nomination and Remuneration Committee, within the parameters set by the Shareholders at the Shareholders' meetings.
- The remuneration of the Executive and Non-Executive Directors of your Company is decided by the Board on the terms and conditions as per the recommendation by the Nomination and Remuneration Committee.
- Details of remuneration/ fees/ commission paid to Directors during the F.Y. ended 31 March 2018 are as under:

Sr. No	Name of Director	Salaries	Retirement benefits/ other reimbursements	Commission	Sitting Fees	Total
		Amount	Amount	Amount	Amount	Amount
1	Mr. Glenn Saldanha	133.60	12.52	15.50	-	161.62
2	Mrs. Cherylann Pinto	34.75	4.31	3.88	-	42.94
3	Mr. Murali Neelakantan*	29.29	4.22	-	-	33.51
4	Mr. Rajesh Desai**	-	-	-	1.20	1.20
5	Mrs. B. E. Saldanha	-	-	-	0.40	0.40
6	Mr. D. R. Mehta	-	-	-	1.60	1.60
7	Mr. Bernard Munos	-	-	-	0.40	0.40
8	Mr. J. F. Ribeiro	-	-	-	1.60	1.60
9	Dr. Brian W. Tempest	-	-	-	0.40	0.40
10	Mr. Sridhar Gorthi	-	-	-	1.60	1.60
11	Mr. Milind Sarwate	-	-	-	1.60	1.60
<b>TOTAL</b>		<b>197.64</b>	<b>21.05</b>	<b>19.38</b>	<b>8.80</b>	<b>246.87</b>

\* Appointed as an Executive Director with effect from 11 May 2017 and resigned from the post of Executive Director with effect from 29 May 2018.

\*\* Retired as an Executive Director with effect from close of working hours on 31 March 2017 and continued as Non-executive Director with effect from 1 April 2017.

Note:

- Sitting fees of ₹ 1.60 million of Mr. Sridhar Gorthi was paid to Trilegal on his behalf.
- The Company pays ₹ 1 lac as sitting fees to the Non-Executive Directors for attending the Board and the Committee Meetings.
- Service Contract:

The Service Contract can be terminated with a notice of six months by Executive Directors.

Shareholding of the Non-Executive/ Independent Directors in the Company as on 31 March 2018 is given below:

Name of the Director	Equity Shares (Nos.)
Mrs. B. E. Saldanha	1,035,122
Mr. D. R. Mehta	NIL
Mr. Bernard Munos	NIL
Mr. J. F. Ribeiro	45,800
Dr. Brian W. Tempest	NIL
Mr. Sridhar Gorthi	559
Mr. Milind Sarwate	NIL
Mr. Rajesh Desai	109,167

## 5. DISCLOSURES BY MANAGEMENT:

- No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.
- There are no transactions with the Director or Management, their associates or their relatives, etc. that may have potential conflict with the interest of the Company at large.
- There was no non-compliance during the last three years by the Company on any matter relating to capital market. Consequently, there were neither penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.
- The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism/ Whistle Blower Policy under which the employees are free to report violations of applicable laws, regulations and the Code of Conduct. The reportable matters may be disclosed to the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

**Disclosures on materially significant related party transactions, i.e. the Company's transactions that are of material nature, with its Promoters, Directors and the management, their relatives or subsidiaries, among others that may have potential conflict with the Company's interests at large.**

During the period under review, the Company had not entered into any material transaction with any of its related parties.

None of the transactions with any of the related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Notes of Standalone Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its subsidiaries. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries.

All related party transactions are negotiated on an arms length basis and are intended to further the Company's interests.

The policy on material subsidiary as stated above is also available on the website of the Company and can be accessed at the web link [http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy\\_on\\_material\\_subsidary.pdf](http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_material_subsidary.pdf)

The policy on Related Party Transactions as stated above is available on the website of the Company and can be accessed at the web link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy\\_on\\_related\\_party\\_transactions\\_and\\_its\\_materiality.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_related_party_transactions_and_its_materiality.pdf)

### Adoption of Mandatory and Non-Mandatory Requirements

The Company has complied with all the mandatory requirements of the Listing Regulations.

The status of compliance with the non-mandatory requirements listed in Regulation 27(1) read with Part E of Schedule II of the Listing Regulations are as under:

- The position of the Chairman of the Board and the CEO are same;
- During the year under review, there is no audit qualification in the Company's Financial Statements.
- The Internal Auditor reports directly to the Audit Committee in all functional matters.
- The Company follows a robust process of communicating with the Shareholders which has been explained later in the Report under "Means of Communication."

## 6. GENERAL BODY MEETINGS:

- The last three Annual General Meetings of the Company were held at the venue and time as under:

Financial Year Ended	Date	Venue	Special Resolution Passed
31 March 2015	22 September 2015 at 11 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	None
31 March 2016	12 August 2016 at 11.30 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Yes
31 March 2017	29 September 2017 at 11.00 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Yes

- All resolutions moved at the last Annual General Meeting were passed by requisite majority of members by way of e-voting and e-poll.
- Special Resolution passed through Postal Ballot during the F.Y. 2017-18 : NIL

## 7. SHAREHOLDERS INFORMATION:

### Share Transfer Process:

The shares are received for physical transfer at Karvy's office and all valid transfer requests are processed and returned within a period of 15 days from the date of receipt.

### Dematerialisation of shares and Liquidity:

As of 31 March 2018, 99.57% of shares have been dematerialised and held in electronic form through National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The shares of the Company are permitted to be traded only in dematerialised form.

**Share Holding Pattern as at 31 March 2018:**

Description	No. of Shareholders	Shares held	% to Equity
Company Promoters	19	131,308,786	46.54
Foreign Portfolio Investors	434	86,753,059	30.75
Resident Individuals	147,335	32,071,874	11.37
Mutual Funds	28	10,267,742	3.64
Financial Institutions/ Banks	46	8,431,620	2.99
Bodies Corporates	1,254	7,600,056	2.69
Non-Resident Indians	4,223	1,985,516	0.70
Trusts	20	1,802,246	0.64
Clearing Members	145	1,098,880	0.39
IEPF	1	805,418	0.28
Foreign Nationals	15	42,959	0.01
<b>TOTAL</b>	<b>153,520</b>	<b>282,168,156</b>	<b>100</b>

**Distribution Schedule as on 31 March 2018:**

Sr. No.	Category (No. of Shares) From - To	No. of Shareholders	% of Shares	No. of Shares	% of Total Equity
1	1 - 5000	152,520	99.35	20,781,033	7.36
2	5001 - 10000	382	0.25	2,731,475	0.97
3	10001 - 20000	227	0.15	3,263,624	1.16
4	20001 - 30000	80	0.05	1,965,340	0.70
5	30001 - 40000	38	0.02	1,342,714	0.48
6	40001 - 50000	21	0.01	944,578	0.33
7	50001 - 100000	59	0.04	4,207,745	1.49
8	100001 And Above	193	0.13	246,931,647	87.51
<b>TOTAL</b>		<b>153,520</b>	<b>100</b>	<b>282,168,156</b>	<b>100</b>

- Date, Time and Venue of the ensuing Annual General Meeting:**

Annual General Meeting shall be held on Friday, 28 September 2018 at 11.00 a.m. at Sunville Banquet and Conference Hall, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

- Date of Book Closure:** Saturday, 22 September 2018 to Friday, 28 September 2018

- Date of declaration of dividend:**

A dividend of ₹ 2/- per share has been recommended by the Board at its meeting held on 29 May 2018 subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend shall be paid on or after 3 October 2018.

- Financial Calendar (Tentative and Subject to change):**

Quarter ending	Release of Results
Financial reporting for the first quarter ending 30 June 2018	August 2018
Financial reporting for the second quarter and half year ending 30 September 2018	November 2018
Financial reporting for the third quarter and nine months ending 31 December 2018	February 2019
Financial Results for the year ending 31 March 2019	May 2019

- Other Informations:**

Members can avail of nomination facility by filing Form SH-13 with the Company. Blank forms can be downloaded from the website of the Company.

Members may kindly note that consequent to split in the face value of equity shares of the Company from ₹ 10 to ₹ 2 and subsequently from ₹ 2 to ₹ 1, the share certificates of face value of ₹ 10 or ₹ 2 have

ceased to be valid for any purpose whatsoever. Members who are holding share certificates of the face value of ₹ 10 or ₹ 2 each are requested to kindly send their respective share certificates to Karvy for receiving ten or two equity shares of face value of ₹ 1 each in exchange of one equity share of face value of ₹ 10 each or ₹ 2 each.

- **Unclaimed Dividend:**

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend, which remains unclaimed for a period of seven years, will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

With effect from 7 September 2016, Investors / Depositors whose unpaid dividends, matured deposits or debentures etc. were transferred to IEPF under Companies Act, 1956 and/or Companies Act, 2013 can claim the amounts as per the procedures/guidelines available at the website of Ministry of Corporate Affairs: [www.mca.gov.in](http://www.mca.gov.in)

Information in respect of such unclaimed dividend when due for transfer is given below:

Financial Year Ended	Date of declaration of Dividend	Date of transfer to unpaid/unclaimed dividend account	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2011	11.08.2011	11.09.2011	10.09.2018	09.10.2018
31.03.2012	03.08.2012	03.09.2012	02.09.2019	01.10.2019
31.03.2013	02.08.2013	02.09.2013	01.09.2020	30.09.2020
31.03.2014	25.07.2014	25.08.2014	24.08.2021	23.09.2021
31.03.2015	22.09.2015	22.10.2015	21.10.2022	20.11.2022
31.03.2016	12.08.2016	12.09.2016	11.09.2023	10.10.2023
31.03.2017	29.09.2017	29.10.2017	28.10.2024	27.11.2024

Shareholders who have not so far encashed their dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to Karvy immediately.

- **Transfer of 'Underlying Shares' into Investor Education and Protection Fund (IEPF) (in cases where dividends have remained unclaimed for a period of seven consecutive years):**

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) (IEPF Rules) shares on which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of Investor Education and Protection Fund Authority (IEPFA) within a period of thirty days of such shares becoming due to be so transferred. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares.

Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the IEPF Rules.

Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Company.

- **Reconciliation of Share Capital Audit Report:**

A qualified practicing Company Secretary has carried out Audit every Quarter to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that the total issued/paid-up capital is in agreement with the aggregate total number of shares in physical form, shares allotted and advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL and CDSL.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates have been issued, on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.

- **Subsidiary Monitoring Framework:**

All the Subsidiary Companies of the Company are Board managed with their Boards having the rights and obligations to manage these Companies in the best interest of their stakeholders. The Company nominates its representatives on the Board of Subsidiary Companies and monitors performance of such Companies and the minutes of the meetings of the Subsidiary Companies are placed before the Company's Board regularly.

## 8. MEANS OF COMMUNICATION:

- **Quarterly/ Half-yearly/ Annual Results:**

The quarterly/ half-yearly/ annual results of the Company are published in the newspapers and posted on the website of the Company.

As a part of the Green initiative, the Annual Reports are sent by E-mail to Shareholders whose e-mail ids are registered with the Depositories/ Karvy. Quarterly/ Half-yearly and Annual Financial Results of the Company are published in the Financial Express and Loksatta newspapers.

The Financial Statements as stated above are also available on the website of the Company and can be accessed at the web link: <http://www.glenmarkpharma.com/investors/financial-results>

- **Management Discussion & Analysis Report:**

The Management Discussion & Analysis Report forms part of the Board's Report. All the matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

- **Company's Corporate Website:**

The Company has its own website and all the vital information relating to the Company and its products is displayed on its website: [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

- **Presentation to Institutional Investors or to Analysts:**

Official news releases and presentations made to Institutional Investors and analysts are posted on the Company's website.

Your Company also regularly provides information to the stock exchanges as per the requirement of the Listing Regulations. The Company's website is updated periodically to include information on new developments and business opportunities pertaining to your Company.

## 9. COMPANY'S SCRIP INFORMATION:

- **Listing on Stock Exchanges:**

- The shares of the Company are listed on BSE Ltd. (BSE) & The National Stock Exchange of India Ltd. (NSE)
- The Company's Bonds and Notes are listed on Singapore Stock Exchange Ltd.

Stock Exchange	Stock Codes/Symbols	ISIN
BSE	532296	INE935A01035
NSE	GLENMARK	INE935A01035

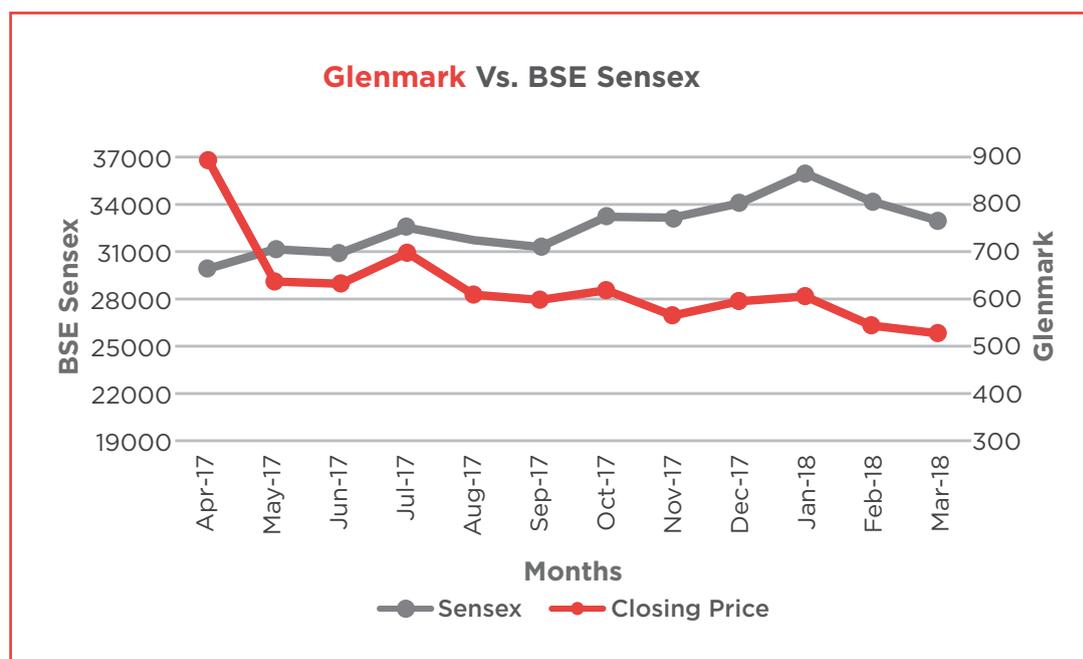
- Listing fee for the year - 2018-19 has been paid to the Stock Exchanges.

- Market Information:**

Market Price Data: High, low (based on closing price) and volume during each month in last financial year.

Month	BSE		NSE	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
Apr-17	918.95	845.50	915.90	846.00
May-17	930.00	600.00	908.90	600.00
Jun-17	664.45	622.30	664.00	622.00
Jul-17	748.00	632.05	746.00	631.60
Aug-17	715.90	591.50	716.00	591.75
Sep-17	641.25	567.95	641.30	567.80
Oct-17	626.65	595.05	626.90	594.65
Nov-17	656.00	562.25	654.95	562.10
Dec-17	602.35	528.00	602.00	525.85
Jan-18	647.60	583.50	647.00	583.05
Feb-18	611.90	517.40	609.00	517.05
Mar-18	568.00	524.30	568.45	524.00

Performance in comparison to broad based indices namely, BSE Sensex.



## 10. CORPORATE IDENTITY NUMBER (CIN):

The Corporate Identity Number (CIN), allotted by Ministry of Company Affairs, Government of India is L24299MH1977PLC019982

## 11. PLANT LOCATIONS:

The Company's plants are located at:

- E 37, MIDC Industrial Area, D Road, Satpur, Nashik - 422 007, Maharashtra
- Plot No. 7 & 9, Colvale Industrial Estate, Bardez - 403 115, Goa
- Unit - I, Village Kishanpura, Baddi - Nalagarh Road, Teh Baddi, Dist. - Solan, Himachal Pradesh - 174 101

- Unit - II, Village Bhattanwala, PO Rajpura, Teh Nalagarh, Dist. – Solan, Himachal Pradesh – 174 101
- Unit - III, Village Kishanpura, Baddi-Nalagarh Road, Dist. – Solan, Himachal Pradesh – 174 101
- Plot No 2, Phase -II, Pharma Zone, Special Economic Zone Area, Pithampur, Indore - 454 775, Madhya Pradesh
- Fibichova 143, 56617, Vysoke Myto, Czech Republic
- Calle 9 Ing Meyer Oks N 593, Parque Industrial Pilar, B1629MX Buenos Aires, Argentina
- Growth Centre, Samlik-Marchak, Dist. - East Sikkim, Sikkim
- Plot No. B-25, Five Star MIDC, Shendra, Dist. - Aurangabad, Maharashtra
- 4147 Goldmine Road, Monroe, NC 28110, USA
- Chemin de la Combeta 5, 2300 La Chaux-de-fonds, Switzerland

#### API

- 3109 - C, GIDC Industrial Estate, Ankleshwar, Dist. Bharuch - 393 002, Gujarat
- Plot No 163- 165/170 - 172, Chandramouli Industrial Estate, Mohol Bazarpeth, Solapur - 413 213, Maharashtra
- Plot No. A80, MIDC Area, Kurkumbh, Daund, Pune - 413 802, Maharashtra
- Z-103 I, Dahej SEZ, Dahej District, Bharuch, Gujarat
- Plot No. B-25, Five Star MIDC, Shendra, Dist. - Aurangabad, Maharashtra

#### R & D CENTRES

- Plot No. A 607, TTC Industrial Area, MIDC Mahape, Vashi, Navi Mumbai - 400 705, Maharashtra
- Chemin de la Combeta 5, 2300 La Chaux-de-fonds, Switzerland
- Plot No. C 152, MIDC Sinnar Industrial Area, Malegaon, Dist. - Nashik - 422 113, Maharashtra
- Plot No. M4, Taloja Industrial area, MIDC Taloja, Taluka Panvel, Dist. Raigad - 410 208, Maharashtra

#### CLINICAL RESEARCH CENTRES

- Plot No. D 508, TTC Industrial Estate, MIDC, Turbhe, Navi Mumbai - 400 705, Maharashtra

#### GLOBAL CLINICAL RESEARCH CENTRES

- 461, From Road, Paramus, NJ 07652, USA

## 12. OUTSTANDING GDR'S/ADR'S/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS EXERCISED, DATE AND LIKELY IMPACT ON EQUITY:

### • Employee Stock Options Scheme 2003:

During the Financial Year 2017-18, 47,000 options were cancelled and no new options were issued under Employees Stock Options scheme viz. ESOS' 2003.

As on 31 March 2018, no options were outstanding.

### • Employee Stock Options Scheme 2016:

The shareholders of the Company had approved Employee Stock Options Scheme 2016 in August 2016. During the Financial Year 2017-18, 25,306 options were issued under Employees Stock Options scheme viz. ESOS' 2016; 75,377 options were cancelled and no options were exercised. As of 31 March 2018, 569,686 options were outstanding and are due for exercise.

On exercising the convertible options so granted under the ESOS of the Company, the paid-up equity share capital of the Company will increase by a like number of shares.

- **U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds):**  
The Company had issued Bonds on 28 June 2016. The Bonds will be convertible at the option of the holders' of the Bonds (the "Bondholders") at any time on or after 1 December 2017 and upto the close of business on 18 June 2022 into equity shares. Each Bond will be convertible at the option of the holder thereof into fully paid equity share at an initial conversion price to be determined on 30 November 2017.

On 30 November 2017 the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds, subject to any further adjustments according to conditions) at ₹ 861.84 as determined in accordance with condition 6.1.3 of the Trust Deed.

On 30 November 2017 the Company confirmed the Fixed Exchange Rate as ₹ 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the Fixed Exchange Rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFIX" USDINR Spot Mid Price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

Each Bondholder has the right to require the Company to redeem in whole or in part, such Bondholder's Bonds, on 28 July 2021, at a price equal to 121.78% of its outstanding principal amount of Bonds, together with interest (if any) accrued but unpaid on 28 July 2021.

The Bonds are listed on the Singapore Stock Exchange.

- **U.S. \$ 200,000,000, 4.5% Senior Notes (Notes):**  
The Company issued Notes on 1 August 2016. The Notes will mature on 2 August 2021.

The interest on Notes will be payable semi-annually in arrears on 1 February and 1 August each year. The final interest payment and the payment of principal will occur on 2 August 2021.

The Notes are Redeemable at any time on or after 2 August 2019, all or part of the Notes by paying the redemption price, subject to fulfilment of certain conditions. The Company, at its discretion, may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount, plus the applicable redemption premium, and accrued and unpaid interest and additional amounts, if any

The Notes are listed on the Singapore Stock Exchange.

### 13. NATIONAL AUTOMATED CLEARING HOUSE (NACH):

To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided NACH facility to the members for the remittance of dividend. Members holding shares in physical form and desirous of availing this facility are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFS Code), along with their Folio Number to Karvy.

Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or Karvy cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the members.

**14. Code for prevention of Insider Trading:**

We have comprehensive guidelines on Prevention of insider trading. The guidelines are in compliance with the SEBI Regulation on prevention of Insider Trading.

**15. Investor Helpdesk: for clarifications/ assistance, if any, please contact:**

	<b>Corporate Office</b>	<b>Registrars &amp; Transfer Agent</b>
Persons to contact	Mr. Harish Kuber	Mr. V. Rajendra Prasad
Address	Glenmark Pharmaceuticals Limited Glenmark House, B. D. Sawant Marg, Chakala, Off. Western Express Highway, Andheri (E), Mumbai 400 099.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500 008.
Telephone	91 22 4018 9999	91 40 6716 1500
Fax No.	91 22 4018 9986	91 40 2342 0814
Email	complianceofficer@glenmarkpharma.com	rajendra.v@karvy.com
Website	www.glenmarkpharma.com	www.karvy.com
Investor Redressal	complianceofficer@glenmarkpharma.com	

**Declaration regarding affirmation of Code of Conduct:**

In terms of the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the members of the Board and the senior management personnel have affirmed compliance with the Code of Conduct for the year ended 31 March 2018.

Place: Mumbai

Date: 29 May 2018

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

### **Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on Financial Statements of the Company**

We, Mr. Glenn Saldanha, Chairman & Managing Director and Mr. V S Mani, President & Global Chief Financial Officer, of Glenmark Pharmaceuticals Limited, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining the internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - iii) during the year there were no instances of fraud which we have become aware. The management and its employees have a significant role in the Company's internal control system over financial reporting.

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

**V S Mani**

President & Global Chief Financial Officer

Place: Mumbai

Date: 29 May 2018

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### **Certificate on Corporate Governance**

To the Members of  
**Glenmark Pharmaceuticals Limited**

We have reviewed and examined the compliance of conditions of Corporate Governance by Glenmark Pharmaceuticals Limited for the year ended 31 March, 2018, as prescribed in regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations).

We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For MARK & ASSOCIATES COMPANY SECRETARIES LLP**

**Surjan Singh Rauthan**

Partner

Membership No. FCS- 4807

COP- 3233

Place: Mumbai

Date: 29 May 2018

# Independent Auditor's Report

To the Members of Glenmark Pharmaceuticals Limited

## Report on the standalone financial statements

1. We have audited the accompanying standalone financial statements of Glenmark Pharmaceuticals Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income/(loss)), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's responsibility for the standalone financial statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income/(loss)), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2018, and its profit (financial performance including other

comprehensive (loss)), its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 29

May 2018 as per Annexure B expressed an unmodified opinion;

- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. as detailed in Note 30 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662

Place: New Delhi  
Date: 29 May 2018

# Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties which are included under the head 'Property, plant and equipment' are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed upon such physical verification.
- (iii) The Company has granted loans to wholly owned subsidiaries being companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
  - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;
  - (b) the schedule of repayment of principal and interest has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount and interest is regular;
- (c) there is no overdue amount in respect of loans granted to such companies.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans given, investments made, guarantees and securities given.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in million)	Amount paid under Protest (₹ in million)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowed development of new product expenditure u/s 35(2AB)*	49.23	-	A.Y. 2005-06	Hon'able High Court, Mumbai
Income tax Act, 1961	Disallowance under reassessment order u/s 143(3) r.w.s 147.	1.26	-	A.Y. 2006-07	Commissioner of Income Tax (Appeal)
Income tax Act, 1961	Disallowance of R&D expenses	15.76	-	A.Y. 2009-10	Commissioner of Income Tax (Appeal)
Income tax Act, 1961	Transfer Pricing adjustment & allocation of R&D expenses to tax holiday units	39.82	-	A.Y. 2009-10	Hon'able High Court, Mumbai
Income tax Act, 1961	Disallowance made under scrutiny assessment order u/s 143(3)	43.21	-	A.Y. 2014-15	Commissioner of Income Tax (Appeal)
Central Sales tax Act, 1956	Rejection of C forms	1.24	-	F.Y. 2011-12	Additional Commissioner of Commercial Taxes (Appeal), Goa
The Goa VAT Act 2005	Disallowance of input tax credit	5.36	-	F.Y. 2011-12	Additional Commissioner of Commercial Taxes (Appeal), Goa
The Gujarat VAT Act 2003	Disallowance of input tax credit	1.11	-	FY 2011-12	Joint Commissioner of Commercial Taxes (Appeal), Gujarat
The Goa VAT Act 2005	Disallowance of input tax credit on capital goods	3.88	-	FY 2012-13	Additional Commissioner of Commercial Taxes (Appeal), Goa
The Central Excise Act 1944	Levy of penalty for non-submission of proof of exports	10.00	-	Apr 2003 to Sept 2007	Customs, Excise and Service Tax Appellate Tribunal ; Mumbai
The Central Excise Act 1944	Levy of penalty for non-submission of proof of exports*	16.31	-	Apr 2003 to Sept 2007	Customs, Excise and Service Tax Appellate Tribunal ; Mumbai
The Central Excise Act 1944	Disallowances of rebate claims*	17.19	17.19	FY 2010-11	Jt. Secretary, Dept. of Revenue, Ministry of Finance
The Central Excise Act 1944	Excise Duty on domestic clearance	14.18	14.18	Apr 2005 to Apr 2009	Customs, Excise and Service Tax Appellate Tribunal ; Mumbai
The Central Excise Act 1944	Excise Duty on domestic clearance*	7.99	7.99	Jan 2010 to Mar 2011	Customs, Excise and Service Tax Appellate Tribunal ; Mumbai
The Central Excise Act 1944	Disallowances of Rebate claims	5.48	5.48	Apr 2008 to Mar 2011	Jt. Secretary, Dept. of Revenue, Ministry of Finance
The Central Excise Act 1944	Rebate claim in export of product manufactured at LL location.	0.10	-	FY 2016-17	Commissioner of Central Excise (Appeal), Mumbai
The Finance Act 1944	Demand for service tax under reverse mechanism	29.68	-	Apr 2004 to Apr 2006	Customs, Excise and Service Tax Appellate Tribunal ; Mumbai

\* These cases have been decided in favour of the Company by the appellate authorities. The concerned revenue department has gone further appeal against the decision.

\*\* A.Y./F.Y. - Assessment year/Financial year.

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite

details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2018

# Annexure B

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Glenmark Pharmaceuticals Limited ("the Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

## Management's responsibility for internal financial controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide

a basis for our audit opinion on the Company's IFCoFR.

## Meaning of internal financial controls over financial reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

## Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For **Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662

Place: New Delhi  
Date: 29 May 2018

# Balance sheet

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	15,766.49	14,704.96
Capital work-in-progress	3	3,540.42	2,351.35
Intangible assets	4	1,224.73	1,258.74
Intangible assets under development	4	656.33	355.24
Financial assets	5		
i. Investments		32,126.84	18,666.99
ii. Loans		33,028.48	36,426.84
iii. Other non-current financial assets		380.91	344.70
Deferred tax assets (net)	6	6,606.15	5,940.64
Other non-current assets	7	565.85	447.70
<b>Total non-current assets</b>		<b>93,896.20</b>	<b>80,497.16</b>
<b>Current assets</b>			
Inventories	8	11,111.80	11,450.55
Financial assets	9		
i. Trade receivables		38,289.08	38,794.04
ii. Cash and cash equivalents		1,760.47	2,508.82
iii. Bank balances other than cash and cash equivalents		13.35	12.96
iv. Other current financial assets		1,937.10	1,836.15
Other current assets	10	5,640.71	4,905.78
<b>Total current assets</b>		<b>58,752.51</b>	<b>59,508.30</b>
<b>Total assets</b>		<b>152,648.71</b>	<b>140,005.46</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	11 & 12	282.17	282.17
Other equity		103,632.24	94,084.02
<b>Total equity</b>		<b>103,914.41</b>	<b>94,366.19</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	13		
i. Borrowings		26,860.29	25,893.46
ii. Other non-current financial liabilities		26.00	24.05
<b>Total non-current liabilities</b>		<b>26,886.29</b>	<b>25,917.51</b>
<b>Current liabilities</b>			
Financial liabilities	14		
i. Borrowings		2,950.44	1,871.89
ii. Trade payables		15,549.53	14,670.90
iii. Other current financial liabilities		1,137.36	1,358.42
Other current liabilities	15	1,278.69	1,240.90
Provisions	16	783.58	413.74
Current tax liabilities (net)	17	148.41	165.91
<b>Total current liabilities</b>		<b>21,848.01</b>	<b>19,721.76</b>
<b>Total liabilities</b>		<b>48,734.30</b>	<b>45,639.27</b>
<b>Total equity and liabilities</b>		<b>152,648.71</b>	<b>140,005.46</b>

See accompanying notes to the financial statements.

As per our report of even date

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration No: 001076N/N500013

Ashish Gupta  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

Glenn Saldanha  
Chairman & Managing Director  
DIN : 00050607

V S Mani  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

Cheryllann Pinto  
Executive Director  
DIN : 00111844

Harish Kuber  
Company Secretary &  
Compliance officer

# Statement of Profit and Loss

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	18	64,318.84	80,955.00
Other income	19	1,804.22	1,482.39
<b>Total income</b>		<b>66,123.06</b>	<b>82,437.39</b>
<b>Expenses</b>			
Cost of materials consumed	20	20,385.67	22,420.13
Purchases of stock-in-trade	21	2,881.77	2,669.96
Changes in inventories of work-in-process, stock-in-trade and finished goods	22	518.47	(835.17)
Employee benefit expense	23	10,219.21	9,144.71
Finance costs	24	1,908.98	1,526.02
Depreciation and amortisation expense	3 & 4	1,182.04	1,049.32
Other expenses	25	16,838.67	18,568.95
<b>Total expenses</b>		<b>53,934.81</b>	<b>54,543.92</b>
<b>Profit before exceptional items and tax</b>		<b>12,188.25</b>	<b>27,893.47</b>
Exceptional items	39	-	2,364.51
<b>Profit before tax</b>		<b>12,188.25</b>	<b>25,528.96</b>
<b>Tax expense</b>			
Current tax	6	2,706.77	6,040.24
Deferred tax		(661.99)	(1,917.36)
<b>Total Tax expense</b>		<b>2,044.78</b>	<b>4,122.88</b>
<b>Profit for the year</b>		<b>10,143.47</b>	<b>21,406.08</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement of the net defined benefit plans	26	(10.20)	(34.40)
- Income tax relating to the above		3.53	11.70
<b>Other comprehensive income / (loss) for the year</b>		<b>(6.67)</b>	<b>(22.70)</b>
<b>Total comprehensive income for the year</b>		<b>10,136.80</b>	<b>21,383.38</b>
<b>Earnings per equity share of ₹ 1 each</b>			
Basic (in ₹)	29	35.95	75.86
Diluted (in ₹)		35.94	75.84

See accompanying notes to the financial statements.

As per our report of even date

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm Registration No: 001076N/N500013

Ashish Gupta  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

Glenn Saldanha  
Chairman & Managing Director  
DIN : 00050607

V S Mani  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

Cherylann Pinto  
Executive Director  
DIN : 00111844

Harish Kuber  
Company Secretary &  
Compliance officer

## Statement of Changes in Equity for the year ended

(All amounts in million of Indian Rupees, unless otherwise stated)

### A Equity share capital

Particulars	Amount
<b>Balance as at 1 April 2016</b>	
Equity share capital	282.16
- Shares issued under Employee Stock Option ('ESOP') Scheme	0.01
<b>Balance as at 31 March 2017</b>	282.17
- Shares issued under Employee Stock Option ('ESOP') Scheme	-
<b>Balance as at 31 March 2018</b>	282.17

refer notes 11 and 12 for details on equity share capital

### B Other equity

	Reserves and Surplus						Total
	Securities premium	Capital reserve	Capital redemption reserve	Stock compensation reserve	General reserve	Retained earnings	
<b>Balance as at 1 April 2017</b>	16,853.60	1.00	200.00	14.44	1,384.18	75,630.80	94,084.02
Profit for the period	-	-	-	-	-	10,143.47	10,143.47
Other comprehensive income							
- Remeasurement of the net defined benefit plans (net of tax) (refer note 26)	-	-	-	-	-	(6.67)	(6.67)
Total comprehensive income for the year	-	-	-	-	-	10,136.80	10,136.80
Dividends to equity shareholders (including dividend distribution tax) (refer note 11 & 36)	-	-	-	-	-	(679.22)	(679.22)
Employee share based compensation (refer note 12(VI))	-	-	-	90.64	-	-	90.64
	-	-	-	90.64	-	(679.22)	(588.58)
<b>Balance as at 31 March 2018</b>	16,853.60	1.00	200.00	105.08	1,384.18	85,088.38	103,632.24

	Reserves and Surplus						Total
	Securities premium	Capital reserve	Capital redemption reserve	Stock compensation reserve	General reserve	Retained earnings	
<b>Balance as at 1 April 2016</b>	16,850.97	1.00	200.00	14.44	1,384.18	54,926.87	73,377.46
Profit for the period	-	-	-	-	-	21,406.08	21,406.08
Other comprehensive income							
- Remeasurement of the net defined benefit plans (net of tax) (refer note 26)	-	-	-	-	-	(22.70)	(22.70)
Total comprehensive income for the year	-	-	-	-	-	21,383.38	21,383.38
Dividends to equity shareholders (including dividend distribution tax) (refer note 11 & 36)	-	-	-	-	-	(679.45)	(679.45)
Shares issued under ESOP	2.63	-	-	-	-	-	2.63
	2.63	-	-	-	-	(679.45)	(676.82)
<b>Balance as at 31 March 2017</b>	16,853.60	1.00	200.00	14.44	1,384.18	75,630.80	94,084.02

# Statement of Cash Flows

(All amounts in million of Indian Rupees, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
<b>A. Cash flow from operating activities</b>		
Profit before tax	12,188.25	25,528.96
Adjustments for:		
Depreciation and amortisation expenses	1,182.04	1,049.32
Finance costs	1,908.98	1,526.02
Interest income	(1,780.86)	(1,443.49)
Income from investments - dividends	(7.72)	(8.77)
Loss/(Profit) on sale of property, plant and equipments	27.49	11.63
Exceptional item	-	2,364.51
Employee share based compensation	90.64	-
Provision for bad and doubtful debts/expected credit losses	41.50	-
Provision for gratuity and compensated absence	154.51	170.93
Provision for sales returns	320.00	-
Unrealised foreign exchange (gain)/loss	(599.88)	1,404.09
<b>Operating profit before working capital changes</b>	<b>13,524.95</b>	<b>30,603.20</b>
Adjustments for changes in working capital :		
- Decrease/(Increase) in trade receivables	393.93	(10,902.16)
- (Increase) in other receivables	(929.23)	(1,472.84)
- Decrease/(Increase) in inventories	338.75	(1,770.53)
- Increase /(Decrease) in trade and other payables	829.47	(1,215.33)
<b>Cash generated from operations</b>	<b>14,157.87</b>	<b>15,242.34</b>
- Taxes paid (net of refunds)	(2,920.71)	(6,465.10)
<b>Net cash generated from operating activities</b>	<b>11,237.16</b>	<b>8,777.24</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipments and Intangible Assets (including Capital work in progress)	(3,901.38)	(2,940.58)
Proceeds from sale of Property, Plant and Equipments and Intangible Assets	12.53	36.71
Investments in subsidiaries	(199.95)	(574.27)
Loans and advances to subsidiaries (net)	(7,962.03)	(22,437.55)
(Increase)/Decrease in restricted cash	(2.03)	21.88
Share application money paid	(193.14)	(398.15)
Interest received	867.07	480.25
Dividend received	7.72	8.77
<b>Net cash used in investing activities</b>	<b>(11,371.21)</b>	<b>(25,802.94)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from fresh issue of		
- Share capital including securities premium (net of issue expenses)	-	2.64
Proceeds from long-term borrowings	-	26,251.32
Proceeds from/(repayment) of short-term borrowings (net)	1,022.69	(6,059.80)
Interest paid	(959.62)	(722.34)

# Statement of Cash Flows

(All amounts in million of Indian Rupees, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Dividend paid (including dividend distribution tax)	(678.82)	(678.05)
<b>Net cash (used in) / generated from financing activities</b>	<b>(615.75)</b>	<b>18,793.77</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(749.80)</b>	<b>1,768.07</b>
<b>Opening balance of cash and cash equivalents</b>	<b>2,508.82</b>	<b>742.43</b>
Exchange fluctuation on cash and cash equivalent	1.45	(1.68)
<b>Closing balance of cash and cash equivalents</b>	<b>1,760.47</b>	<b>2,508.82</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	5.77	9.68
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	1,754.70	2,499.14
	<b>1,760.47</b>	<b>2,508.82</b>

## Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- Figures in bracket indicate cash outflow.
- Loan given to subsidiary amounted to ₹ 13,012.33 (2017 - ₹ Nil) converted into Investment during the year (refer note 27)
- Reconciliation of Financing Activities

Particulars	As at 31 March 2017	Borrowings made during the year	Amount repaid during the year	FCCB Premium and issue cost	Exchange difference	As at 31 March 2018
Long term borrowings	25,893.46	-	-	920.15	46.68	26,860.29
Short term borrowings	1,871.89	1,022.69	-	-	55.86	2,950.44

See accompanying notes to the financial statements.

As per our report of even date

**For Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration No: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary &  
Compliance officer

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## NOTE 1 - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. COMPANY INFORMATION

Glenmark Pharmaceuticals Limited (the "Company") is a public limited company incorporated in Mumbai, India. The registered office of the Company is at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai - 400026, India.

The Company is primarily engaged in the business of development, manufacture and marketing of pharmaceutical products, both formulation and active pharmaceutical ingredients. The Company's research and development facilities are located at Mahape, Sinnar, Turbhe and Taloja in India and manufacturing facilities are located at Nasik, Colvale, Baddi, Nalagarh, Ankleshwar, Mohol, Kurkumbh, Sikkim, Indore, Dahej and Aurangabad.

The Company's shares are listed on BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

### 2. BASIS OF PREPARATION AND MEASUREMENT

2.1 The Standalone financial statements (financial statements) of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

The preparation of these financial statements in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity,

or area where assumptions and estimates are significant to these financial statements are disclosed in note 3 and 3.1.

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 2.3 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing at the date of such transactions. Monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gain/loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the statement of profit and loss, unless they are considered as an adjustment to borrowing costs, in which case they are capitalised along with the borrowing cost.

## 2.4 Revenue recognition

### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade

discounts and allowances, but inclusive of excise duty (up to 30 June 2017). Revenue includes shipping and handling costs billed to the customer.

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates.

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers. Significant risks and rewards in respect of ownership of active pharmaceutical ingredients are transferred upon delivery of the products to the customers.

Revenue from contract research is recognised in statement of profit and loss when right to receive a non-refundable payment from out-licensing partner is established and such non-refundable amount is representative of work already done by Company.

### Services

Revenue from services rendered is recognised in statement of profit and loss over the period the underlying services are performed.

### Export entitlements

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive incentive as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### Other income

Other income consists of interest income on funds invested in financial assets,

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in statement of profit and loss, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

## 2.5 Property, plant and equipment

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the statement of profit and loss".

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, its cost can be measured reliably and it has a useful life of at least 12 months. The costs of other repairs and maintenance are recognised in the statement of profit and loss as incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as

per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### Depreciation

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The below given useful lives best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:	
Factory and other buildings	26 - 61 years
Plant and machinery	1 - 21 years
Furniture, fixtures and office equipment	1 - 10 years
Vehicles	1- 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

## 2.6 Borrowing costs

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported under 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

## 2.7 Intangible assets

### Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

or technical knowledge and understanding are recognised in the statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Company and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of profit and loss as incurred.

The Company's internal drug development expenditure is capitalised only if they meet the recognition criteria as mentioned above. Where uncertainties exist that the said criteria may not be met, the expenditure is recognised in the statement of profit and loss as incurred. Where the recognition criteria are met, intangible assets are recognised. Based on the management estimate of the useful lives, indefinite useful life assets are tested for impairment and assets with limited life amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licensed to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

Payments to in-license products and compounds from third parties generally taking the form of up-front payments and milestones are capitalised and amortised on a straight-line basis, over their useful economic lives from when the asset is available for use. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

## De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in the statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the statement of profit and loss.

## Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, are capitalised. Subsequent costs are charged to the statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software.

## Amortisation

Amortisation of intangible assets, intangible assets not available for use and intangible assets having indeterminable life, is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The estimated useful lives of intangible assets are 1 - 10 years.

## 2.8 Impairment Testing of property, plant and equipment, and intangible assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have

been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.9 Investments and financial assets

### Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Measurement of debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other income/expenses. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part

of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other income/expenses in the period in which it arises. Interest income from these financial assets is included in other income.

## Measurement of equity instruments

The Company subsequently measures all equity investments other than those elected to be at cost under Ind AS 27 at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the statement of profit and loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## 2.10 Financial liabilities

Non derivative financial liabilities include trade and other payables.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference

between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss. The gain / loss is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

## 2.11 Inventories

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, raw material, packing material are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials

# Notes to the Financial Statements

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consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

## 2.12 Accounting for income taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
- Taxable temporary differences relating to investments in subsidiaries to the

extent the Company is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised/ settled simultaneously.

## 2.13 Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

### Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## Land acquired on long term leases

The Company has capitalised the land acquired on long term lease. Such leases are acquired on payment of an upfront amount and do not carry any other minimum lease payments/other rentals over the lease term. The asset is initially recognised at the value of the upfront premium/charges paid to acquire the lease.

## Operating leases

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of profit and loss over the term of the lease.

## 2.14 Equity

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Securities premium includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from Securities premium, net of any related income tax benefits.

Retained earnings include all current and prior period results, as disclosed in the statement of profit and loss.

## 2.15 Employee benefits

### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be

paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the statement of profit and loss as incurred.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability/ (asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability/(asset) is recognised in the balance sheet.

## Defined benefit costs are recognised as follows:

- Service cost in the statement of profit and loss
- Net interest on the net defined benefit liability (asset) in the statement of profit and loss
- Remeasurement of the net defined benefit liability/ (asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the statement of profit and loss in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments.

Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the statement of profit and loss.

## Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Company's policy and receive cash in lieu thereof. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the date of the balance sheet. Such measurement is based on actuarial valuation as at the date of the balance sheet carried out by a qualified actuary.

## Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cash flows associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet.

Any amount that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

## 2.17 Share based compensation

All employee services received in exchange for the grant of any equity-settled share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the statement of profit and loss with a corresponding credit to equity (stock compensation reserve). If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as Securities premium.

## 3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENT IN APPLYING ACCOUNTING POLICIES

When preparing these financial statements, management undertakes a number of judgments', estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Company's accounting policies, the following judgements have been made apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements. Judgements are based on the information available at the date of balance sheet.

### Leases

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Company has also used Appendix C to Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- b) the arrangement conveys a right to use the asset.

### Deferred tax

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

## 3.1 Estimation Uncertainty

The preparation of these financial statements is in conformity with Ind AS and requires the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimates of life of various tangible and intangible assets, and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

## Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The useful life are specified in note 2.5 and 2.7

## Post-employment benefits

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty.

## Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Current and deferred income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## Expected credit loss

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables.
- ii Financial assets measured at amortised cost other than trade receivables."

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

The financial statements have been prepared using the measurement basis specified by Ind AS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if

the revision affects both current and future periods.

## 4 Standards issued but not yet effective: Appendix B to Ind AS 21, Foreign currency transactions and advance consideration :

On 28 March 2018, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related assets, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

## Ind AS 115 Revenue from contracts with customers :

In March 2018, the MCA notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supercedes Ind AS 18, "Revenue" and is applicable for all accounting periods on or after 1 April 2018.

Ind AS 115 introduces a new framework of 5 steps model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty or revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits 2 possible methods of transition :

- Retrospective approach  
Under this approach the standard will

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting policies, changes in accounting estimates and errors"

- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (cumulative catch-up approach)

The Company is evaluating the requirements of the amendment and the impact on the financial statements. The effect on adoption of the Ind AS 115 is expected to be insignificant.

## **Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses :**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the

amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the changes in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 April 2018. The Company will adopt the new standard on the required effective date. The Company is evaluating the requirement of the amendment and impact on the financial statements. The effect on adoption of the these amendment is expected to be insignificant.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 3- Property, Plant and Equipment

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
Balance as at 1 April 2017	50.27	405.18	4,857.26	655.76	12,746.04	1,003.65	174.21	53.90	19,946.27	2,351.35
- Other acquisitions	-	-	624.13	15.97	1,316.90	81.59	30.72	11.55	2,080.86	2,421.94
- Disposals/Transfers	-	-	(4.39)	-	(93.47)	(4.47)	(5.53)	(8.42)	(16.28)	(1,232.87)
Balance as at 31 March 2018	50.27	405.18	5,477.00	671.73	13,969.47	1,080.77	199.40	57.03	21,910.85	3,540.42
<b>Accumulated Depreciation</b>										
Balance as at 1 April 2017	-	52.47	599.66	100.49	3,684.16	622.84	142.76	38.93	5,241.31	-
- Depreciation charge for the year	-	7.08	87.71	11.63	772.93	81.34	13.20	5.99	979.88	-
- Disposals/Transfers	-	-	(0.78)	-	(60.86)	(3.07)	(5.33)	(6.79)	(76.83)	-
Balance as at 31 March 2018	-	59.55	686.59	112.12	4,396.23	701.11	150.63	38.13	6,144.36	-
<b>Carrying value</b>										
As at 1 April 2017	50.27	352.71	4,257.60	555.27	9,061.88	380.81	31.45	14.97	14,704.96	2,351.35
As at 31 March 2018	50.27	345.63	4,790.41	559.61	9,573.24	379.66	48.77	18.90	15,766.49	3,540.42
Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
Balance as at 1 April 2016	50.27	405.18	4,256.17	612.36	11,164.09	890.21	155.82	51.24	17,585.34	2,609.32
- Other acquisitions	-	-	601.09	43.40	1,612.70	115.51	18.57	3.31	2,394.58	1,157.82
- Disposals/Transfers	-	-	-	-	(30.75)	(2.07)	(0.18)	(0.65)	(33.65)	(1,415.79)
Balance as at 31 March 2017	50.27	405.18	4,857.26	655.76	12,746.04	1,003.65	174.21	53.90	19,946.27	2,351.35
<b>Accumulated Depreciation</b>										
Balance as at 1 April 2016	-	45.39	521.09	89.65	3,003.98	539.79	132.51	33.69	4,366.10	-
- Depreciation charge for the year	-	7.08	78.57	10.84	696.59	83.89	10.43	5.89	893.29	-
- Disposals/Transfers	-	-	-	-	(16.41)	(0.84)	(0.18)	(0.65)	(18.08)	-
Balance as at 31 March 2017	-	52.47	599.66	100.49	3,684.16	622.84	142.76	38.93	5,241.31	-
<b>Carrying value</b>										
As at 1 April 2016	50.27	359.79	3,735.08	522.71	8,160.11	350.42	23.31	17.55	13,219.24	2,609.32
As at 31 March 2017	50.27	352.71	4,257.60	555.27	9,061.88	380.81	31.45	14.97	14,704.96	2,351.35

- Refer note 14(i) for details of assets pledged against borrowings.

- Addition to fixed assets includes capital expenditure of ₹ 111.82 (2017 - ₹ 270.94) incurred at approved R&D centres.

- Additions include borrowing costs capitalised of ₹ 63.10 (2017- ₹Nil). The borrowing costs have been capitalised at a weighted average rate of 5.10%.

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## Note 4 - Intangible Asset

Intangible assets comprise the following

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
<b>Cost</b>				
<b>Balance as at 1 April 2017</b>	<b>1,186.67</b>	<b>2,552.39</b>	<b>3,739.06</b>	<b>355.24</b>
- Additions	161.23	7.49	168.72	313.14
- Disposals/transfers	(1.13)	-	(1.13)	(12.05)
<b>Balance as at 31 March 2018</b>	<b>1,346.77</b>	<b>2,559.88</b>	<b>3,906.65</b>	<b>656.33</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2017</b>	<b>588.28</b>	<b>1,892.04</b>	<b>2,480.32</b>	
- Amortisation for the year	200.98	1.18	202.16	
- on disposals/transfers	(0.56)	-	(0.56)	
<b>Balance as at 31 March 2018</b>	<b>788.70</b>	<b>1,893.22</b>	<b>2,681.92</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2017	598.39	660.35	1,258.74	355.24
<b>As at 31 March 2018</b>	<b>558.07</b>	<b>666.66</b>	<b>1,224.73</b>	<b>656.33</b>

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
<b>Cost</b>				
<b>Balance as at 1 April 2016</b>	<b>936.75</b>	<b>2,548.34</b>	<b>3,485.09</b>	<b>151.31</b>
- Additions	249.92	4.05	253.97	285.91
- Disposals/transfers	-	-	-	(81.98)
<b>Balance as at 31 March 2017</b>	<b>1,186.67</b>	<b>2,552.39</b>	<b>3,739.06</b>	<b>355.24</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2016</b>	<b>432.81</b>	<b>1,891.48</b>	<b>2,324.29</b>	<b>-</b>
- Amortisation for the year	155.47	0.56	156.03	-
- on disposals/transfers	-	-	-	-
<b>Balance as at 31 March 2017</b>	<b>588.28</b>	<b>1,892.04</b>	<b>2,480.32</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2016	503.94	656.86	1,160.80	151.31
<b>As at 31 March 2017</b>	<b>598.39</b>	<b>660.35</b>	<b>1,258.74</b>	<b>355.24</b>

At the year end, the intangible with indefinite or interminable lives were tested for impairment based on conditions at that date. In performing the impairment testing management considers various factors such as the size of the target market, competition, future possible price/volume erosion.

## Discount Rates and Long Term Growth Rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each asset. The present value of the expected cash flows of each asset is determined by applying a discount rate of 7.80% and terminal growth rate of 2%.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 5 - Non-Current Financial Assets

### (i) Investments

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unquoted</b>		
<b>(i) Equity shares</b>		
<b>(a) Investments in subsidiary companies - carried at cost</b>		
a) Glenmark Impex LLC, Russia [577,767,277 (2017-577,767,277) shares of RUB 1 each]	1,435.61	1,435.61
b) Glenmark Philippines Inc., Philippines [640,490 (2017-640,490) shares of Pesos 200 each]	116.70	116.70
c) Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria [645,114,304 (2017-645,114,304) shares of Naira 1 each]	208.97	208.97
d) Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia [5,686,618 (2017 -5,686,618) shares of RM 1 each]	97.72	97.72
e) Glenmark Holding S. A., Switzerland [242,239,894 (2017 - 51,500,000) shares of CHF 1 each]	24,680.71	11,668.38
f) Glenmark Pharmaceuticals (Australia) Pty.Ltd., Australia. [2,119,002 (2017-2,079,002) shares of AUD 1 each]	72.48	70.44
g) Glenmark Pharmaceuticals Egypt S.A.E., Egypt [55,426,520 (2017 - 46,534,157) shares of EGP 1 each]	421.74	389.57
h) Glenmark Pharmaceuticals FZE (U.A.E) [1 (2017 -1) shares of AED 1,000,000 each]	12.92	12.92
i) Glenmark Dominicana, SRL, Dominican Republic [ 153 (2017 -153) shares of RD 1000 each]	0.19	0.19
j) Glenmark Pharmaceuticals (Kenya) Limited, Kenya [1,560,400 (2017 - 1,560,400) shares of KES 100 each]	97.18	97.18
k) Glenmark Pharmaceuticals Venezuela, CA, Venezuela [169,954,890 (2017 - 169,954,890) shares of Bolivar 1 each] less: Provision for impairment	715.13 (715.13)	715.13 (715.13)
l) Glenmark Pharmaceuticals Colombia SAS, Colombia [121,759 (2017 - 85,759) shares of COP 1,000 each]	169.14	68.70
m) Glenmark Pharmaceuticals Peru SAC, Peru [22,304,170 (2017 - 22,304,170) shares of PEN 1 each]	449.54	449.54
n) Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico [404,975,500 (2017 - 341,093,668) shares of Mexican peso 1 each]	1,695.29	1,480.86
o) Glenmark Therapeutics AG, Switzerland [200,000 (2017 - 200,000) shares of CHF 1 each]	12.59	12.59
p) Glenmark Pharmaceuticals Europe Ltd., U.K. [6,285,121 (2017 - 6,285,121) shares of GBP 1 each]	578.23	578.23
q) Glenmark South Africa (Pty) Ltd., South Africa [113,656 (2017- 113,656) shares of ZAR 1 each]	1,044.20	1,044.20
r) Glenmark Uruguay S.A., Uruguay [201,240,258 (2017 - 201,240,258) shares of UYU 1 each]	774.53	774.53
s) Glenmark Pharmaceuticals (Thailand) Co.Ltd., Thailand [26,215 (2017 - 26,215) Ordinary shares of THB 100 each]	3.72	3.72
t) Glenmark-Pharmaceuticals Ecuador S.A. [1,689,800 (2017 - Nil) shares of USD 1 each]	108.77	-

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(b) Other investments (FVTPL)</b>		
(a) 289,832 (2017 - 289,832) Equity Shares of Narmada Clean Tech Ltd. of ₹ 10 each.	2.90	2.90
(b) 1 (2017 - 1) Time Share of Dalmia Resorts Limited	0.02	0.02
<b>(ii) Preference shares</b>		
<b>(a) Investment in subsidiary - carried at cost</b>		
2 Preference shares of THB 100 each (2017 - 2) of Glenmark Pharmaceuticals (Thailand) Co.Ltd.*	-	-
<b>(b) Other investments</b>		
(a) 1,176,471(2017 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each <b>(at FVTPL)</b>	42.65	42.65
(b) 1,000,000 (2017 - 1,100,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd <b>(at amortised cost)</b>	100.00	110.00
<b>(iii) Investment in government securities</b>		
National Savings Certificate - Sixth Issue <b>(at amortised cost)</b>	0.02	0.02
<b>Total</b>	<b>32,125.82</b>	<b>18,665.64</b>
<b>Quoted</b>		
<b>(i) Equity shares (FVTPL)</b>		
9,000 (2017 - 9,000) Bank of India of ₹ 10 each	0.93	1.26
1,209 (2017 - 1,209) IDBI Bank Limited of ₹ 10 each	0.09	0.09
<b>Total</b>	<b>1.02</b>	<b>1.35</b>
*amount denotes less than Rupees ten thousand.		
Investment in subsidiaries carried at cost	31,980.23	18,510.05
Investment carried at amortised cost	100.02	110.02
Investment carried at FVTPL	46.59	46.92

Note: The investment in equity and preference shares amounting to ₹ 45.57 (2017 - ₹ 45.57) been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Company's equity investment in this entity cannot be reliably measured.

## (ii) Loans

Particulars	As at 31 March 2018	As at 31 March 2017
Loans to related parties (Unsecured) (refer note 27)	33,028.48	36,426.84
<b>Total</b>	<b>33,028.48</b>	<b>36,426.84</b>

## (iii) Other non-current financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Security deposits considered good*	292.88	258.31
Time deposits	88.03	86.39
<b>Total</b>	<b>380.91</b>	<b>344.70</b>

\*Security deposits represent trade deposit given in the normal course of business realisable after twelve months from the reporting date.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 6 - Taxes

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current income tax expense	2,706.77	6,040.24
Deferred income tax expense/ (benefit)	1,429.68	(131.70)
Minimum Alternate Tax (MAT) Credit (Entitlement)/ utilisation	(2,091.67)	(1,785.66)
<b>Total</b>	<b>2,044.78</b>	<b>4,122.88</b>

The relationship between the expected tax expense based on the applicable tax rate of the Company and the tax expense actually recognised in the statement of profit and loss can be reconciled as follows:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Income tax expense at tax rates applicable	4,218.11	8,835.07
Tax adjustment for tax-exempt income		
- Income exempt from tax	(1,865.88)	(3,619.81)
Other tax adjustments		
- Additional deduction for research and development expenditure	(412.38)	(1,420.83)
- Additional deduction for accelerated depreciation	-	(69.36)
- Disallowance of donation/corporate social responsibility expenses	101.51	91.14
- Disallowance of provision for investment	-	279.05
- Other disallowance	110.75	80.85
- Other allowances	(107.33)	(53.23)
<b>Actual tax expense (net)</b>	<b>2,044.78</b>	<b>4,122.88</b>

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred tax assets</b>				
Provision for credit losses	762.53	11.97	-	774.50
MAT credit entitlement	7,367.85	2,091.67	-	9,459.52
Other financial assets	75.82	251.10	3.53	330.44
<b>Total</b>	<b>8,206.20</b>	<b>2,354.74</b>	<b>3.53</b>	<b>10,564.46</b>
<b>Deferred tax liabilities</b>				
Difference in depreciation on property, plant and equipment	2,265.56	230.46	-	2,496.02
Other taxable temporary differences	-	1,462.29	-	1,462.29
<b>Total</b>	<b>2,265.56</b>	<b>1,692.75</b>	<b>-</b>	<b>3,958.31</b>
<b>Net deferred income tax asset</b>	<b>5,940.64</b>	<b>661.99</b>	<b>3.53</b>	<b>6,606.15</b>

Particulars	As at 31 March 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2017
<b>Deferred tax assets</b>				
Provision for credit losses	220.87	541.66	-	762.53
MAT credit entitlement	5,582.19	1,785.66	-	7,367.85
Other financial assets	91.00	(26.88)	11.70	75.82
<b>Total</b>	<b>5,894.06</b>	<b>2,300.44</b>	<b>11.70</b>	<b>8,206.20</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	As at 31 March 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2017
<b>Deferred tax liabilities</b>				
Difference in depreciation on Property, plant and equipment	1,882.48	383.08	-	2,265.56
<b>Total</b>	<b>1,882.48</b>	<b>383.08</b>	<b>-</b>	<b>2,265.56</b>
<b>Net deferred income tax asset</b>	<b>4,011.58</b>	<b>1,917.36</b>	<b>11.70</b>	<b>5,940.64</b>

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income in the future periods are reduced.

## Note 7 - Other Non-Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	5.64	1.28
Advance tax (net of provision of ₹ 12,620.68 (2017 - ₹ 9,913.92))	262.06	65.62
Capital advances	298.15	380.80
<b>Total</b>	<b>565.85</b>	<b>447.70</b>

## Note 8 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
Raw material	4,751.60	4,941.61
Packing material	1,352.02	1,141.84
Work-in-process	2,448.02	2,796.84
Stores and spares	688.75	529.20
Finished goods	1,782.45	1,926.39
Stock-in-trade	88.96	114.67
<b>Total</b>	<b>11,111.80</b>	<b>11,450.55</b>

Refer note 14(i) for hypothecation of stocks of raw materials, packing materials, finished goods and work-in-process.

The Company recorded inventory write down (net) of ₹ 628.72 (2017 - ₹ 930.50). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock -in- trade in the statement of profit and loss.

## Note 9 - Current Financial Assets

### (I) Trade Receivables

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Considered good	38,289.08	38,794.04
Doubtful	2,237.90	2,196.40
Allowance for doubtful debts/expected credit losses	(2,237.90)	(2,196.40)
<b>Total</b>	<b>38,289.08</b>	<b>38,794.04</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. All of the Company's trade receivables have been reviewed for indications of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 41.50 (2017 - ₹ 1,558.21) has been recorded. The above amounts includes ₹ 28,807.62 (net of provision) pertaining to related parties (refer note 27). The movement in the expected credit losses is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	2,196.40	638.19
Provision for credit losses during the year (net)	41.50	1,558.21
<b>Closing balance</b>	<b>2,237.90</b>	<b>2,196.40</b>

## (ii) Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	1,754.70	2,499.14
Cash on hand	5.77	9.68
<b>Total</b>	<b>1,760.47</b>	<b>2,508.82</b>

## (iii) Bank Balances other than Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Other bank balance - Dividend accounts (refer note 1 below)	13.35	12.96
<b>Total</b>	<b>13.35</b>	<b>12.96</b>

**Note 1** - Dividend accounts represent balances maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividends. The corresponding liability for payment of dividends is included under other current financial liability in note 14(iii).

## (iv) Other Current Financial Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits-unsecured, considered good (refer note 1 below)	94.04	94.21
Export incentives	1,787.26	1,580.15
Other receivables (unsecured)	55.80	161.79
<b>Total</b>	<b>1,937.10</b>	<b>1,836.15</b>

**Note 1** - Security deposits represent trade deposits given in the normal course of business realisable within twelve months from the reporting date.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 10 - Other Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Advances recoverable in kind (unsecured)	1,372.68	1,069.34
Input taxes receivable	2,521.77	2,328.86
Advance to vendors	1,298.90	1,115.96
Prepaid expenses	194.56	84.39
Other Assets	252.80	307.23
<b>Total</b>	<b>5,640.71</b>	<b>4,905.78</b>

## Note 11 - Equity and Reserves

### a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 2,370,000,000 equity shares of ₹ 1 each.

### b) Dividends

Indian statutes mandate that dividends be declared out of distributable profits in accordance with the regulations. Should the Company declare and pay dividends, such dividends are required to be paid in INR to each holder of equity shares in proportion to the number of shares held. Dividend tax is borne by the Company.

The Company had declared dividend payout of ₹ 2/- per share (2017 - ₹ 2/- per share)

### c) Reserves

**Securities premium reserve** - The amount received by the Company over and above the face value of shares issued is shown under this head.

**Capital redemption reserve** - The capital redemption reserve had been created as per the requirement of earlier provision of Companies Act 1956. Such reserve is not currently available for distribution to the shareholders.

**General reserve** - The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Retained earnings** - Accumulated earnings include all current and prior period profits as disclosed in the statement of profit and loss.

**Stock compensation reserve** - stock compensation reserve consists of employee compensation cost allocated over the vesting period of options granted to employees. Such cost is recognised in statement of profit and loss and is credited to the reserve. Upon exercise of options, such reserves are reclassified to equity share capital and security premium.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 12 - Equity Share Capital

1	Share capital	As at 31 March 2018		As at 31 March 2017	
		No. of Shares	Amount	No. of Shares	Amount
(I)	<b>Authorised</b>				
	Equity Shares of ₹ 1 each	2,370,000,000	2,370.00	2,370,000,000	2,370.00
	Cumulative redeemable non-convertible preference shares of ₹ 100 each	4,000,000	400.00	4,000,000	400.00
	<b>Issued, subscribed and fully paid-up equity shares of ₹ 1 each</b>				
	<b>At the beginning of the year</b>	<b>282,168,156</b>	<b>282.17</b>	<b>282,158,156</b>	<b>282.16</b>
	Add: Issued during the year				
	- Under the Employee Stock Option Scheme, 2003 (ESOS)	-	-	10,000	0.01
	<b>At the end of the year</b>	<b>282,168,156</b>	<b>282.17</b>	<b>282,168,156</b>	<b>282.17</b>
(II)	<b>List of shareholders holding more than 5 % shares</b>	As at 31 March 2018		As at 31 March 2017	
		% of Holding	No. of Shares	% of Holding	No. of Shares
	Saldanha Family Trust	45.45	128,241,936	45.45	128,241,936

(III) As at 31 March 2018, pursuant to Employee Stock Option Scheme 2003, no options were outstanding. Pursuant to Employee Stock Options Scheme 2016, 569,686 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

### (IV) Right, Preference and restriction on shares

The Company presently has only one class of ordinary equity shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary equity shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

(V) In the period of five years immediately preceding 31 March 2018, the Company has not allotted any shares as fully paid up pursuant to contracts without payment being received in cash. Further, the Company has neither issued bonus shares nor bought back any shares during the aforementioned period.

### (VI) Employee Stock Option Scheme, 2003 and 2016 (ESOS)

The Company has formulated an Employee Stock Option Scheme 2003 and Employee Stock Option Scheme 2016 ('ESOS') namely ESOS 2003 and ESOS 2016 respectively under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1 - 6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Company on either the date of the grant or the closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. Pursuant to ESOS 2003, 47,000 options were cancelled during the year and as at 31 March 2018, no options were outstanding. Pursuant to ESOS 2016, 569,686 options were outstanding, which upon exercise are convertible into equivalent number of equity shares. Employee stock compensation charged during the year is ₹ 90.64.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The aggregate share options and weighted average exercise price under the above mentioned plan are as follows:

	2018		2017	
	Number	weighted average price (₹)	Number*	weighted average price*(₹)
Outstanding at the beginning of the year	666,757	459.29	84,500	279.99
Granted during the year	25,306	198.30	640,695	473.68
Forfeited during the year	(122,377)	399.82	(48,438)	377.24
Exercised during the year	-	-	(10,000)	263.89
Outstanding at the end of the year	569,686	460.47	666,757	459.29

All of the above options outstanding as of 31 March 2018 are unvested.

All share based employee payments would be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The fair value of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Particulars	31 March 2018	31 March 2017
Share price (₹)	600	215.85 - 800.00*
Exercise price (₹)	600	215.85 - 800.00*
Weighted average volatility rate	30%	30% - 60%
Dividend payout	200%	200%
Risk free rate	7.80%	7.70%-9.00%
Average remaining life	1-28 months	1-52 months

\*All figures have been accordingly adjusted for

- Split of face value from ₹ 10 to ₹ 2 in October 2003.
- 1:1 bonus issue in April 2005 and split of face value from ₹ 2 to ₹ 1 in September 2007.

The underlying expected volatility was determined by reference to historical data, adjusted for unusual share price movements. No special features inherent to the options granted were incorporated into the measurement of fair value.

## Note 13 - Non-Current Financial Liabilities

### (i) Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured loans</b>		
Foreign currency convertible bonds (FCCB)	14,067.85	13,178.95
Senior notes	12,792.44	12,714.51
<b>Total long-term borrowings</b>	<b>26,860.29</b>	<b>25,893.46</b>

In the year 2016, the Company had issued U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S.\$ 200,000,000, 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## U.S. \$ 200,000,000, 2.00 % Resettable Onward Starting Equity-linked Securities (Bonds):

The Company had issued Bonds on 28 June 2016. The Bonds becomes convertible at the option of the holders' of the Bonds (the "Bondholders") after 1 December 2017 and upto the close of business on 18 June 2022 into equity shares. Each Bond will be convertible at the option of the holder thereof into fully paid equity shares at the initial conversion price determined on 30 November 2017.

On 30 November 2017 the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds, subject to any further adjustments according to conditions) at ₹ 861.84 as determined in accordance with condition 6.1.3 of the Trust deed. As of 31 March 2018, none of the Bondholders have opted for the conversion option.

On 30 November 2017 the Company confirmed the fixed exchange rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

Each Bondholder has the right to require the Company to redeem in whole or in part, such Bondholder's Bonds, on 28 July 2021, at a price equal to 121.78% of its outstanding principal amount of Bonds, together with interest (if any) accrued but unpaid on 28 July 2021.

The Bonds are listed on the Singapore stock exchange.

## U.S. \$ 200,000,000, 4.5% Senior Notes (Notes) :

The Company issued Notes on 1 August 2016. The Notes will mature on 2 August 2021.

The interest on Notes will be payable semi-annually in arrears on 1 February and 1 August each year. The final interest payment and the payment of principal will occur on 2 August 2021.

The Notes are redeemable at any time on or after 2 August 2019, all or part of the Notes by paying the redemption price, subject to fulfilment of certain conditions. The Company, at its discretion, may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount, plus the applicable redemption premium, and accrued and unpaid interest and additional amounts, if any

The Notes are listed on the Singapore stock exchange.

Maturity profile of non-current borrowings

Year ending 31 March	31 March 2018	31 March 2017
2022	12,964.60	12,944.72
2023	14,342.35	13,514.74

## (ii) Other Non-current Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits	26.00	24.05
<b>Total</b>	<b>26.00</b>	<b>24.05</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 14 - Current Financial Liabilities

### (i) Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Secured loans</b>		
Loans repayable on demand from banks	197.43	25.94
<b>Unsecured loans</b>		
From banks	2,753.01	1,845.95
<b>Total</b>	<b>2,950.44</b>	<b>1,871.89</b>

Working capital facilities are secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets at certain locations.

The Company has not defaulted on repayment of loan and interest during the year.

The Company has taken working capital facility / term loans from banks at interest rates ranging between 0.40% to 9.70 % p.a.

### (ii) Trade Payables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006 [refer note (i) below]	-	-
Trade payables outstanding dues to creditors other than micro, small and medium enterprises	14,945.32	13,791.93
Trade payables to related party (refer note 27)	517.33	878.97
Acceptances	86.88	-
<b>Total</b>	<b>15,549.53</b>	<b>14,670.90</b>

Note (i) Based on the information available with the Company, no creditors have been identified as "supplier" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006". Accordingly, no disclosure under the MSMED Act has been given.

### (iii) Other Current Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Interest accrued but not due	157.78	131.45
Unclaimed dividend*	13.35	12.95
Employee dues	15.02	19.52
Sundry creditors for capital goods	303.17	547.46
Payable to related parties (refer note 27)	648.04	647.04
<b>Total</b>	<b>1,137.36</b>	<b>1,358.42</b>

\*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 15 - Other Current Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues	543.72	280.48
Accrued expenses	711.50	959.90
Other liabilities	23.47	0.52
<b>Total</b>	<b>1,278.69</b>	<b>1,240.90</b>

Other liabilities includes advance from customers and other such adjustable balances.

## Note 16 - Provisions

Particulars	As at 31 March 2018	As at 31 March 2017
Provisions for employee benefits :		
Provision for gratuity (refer note 26)	291.28	249.88
Provision for compensated absences (refer note 26)	172.30	163.86
Provision for sales return	320.00	-
<b>Total</b>	<b>783.58</b>	<b>413.74</b>

## Note 17 - Current Tax Liabilities (Net)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for income tax (net of advance tax of ₹ 9,282.43 (2017 - ₹ 9,264.93))	148.41	165.91
<b>Total</b>	<b>148.41</b>	<b>165.91</b>

## Note 18 - Revenue From Operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (refer note 37)	60,420.57	76,375.65
Sale of services	539.95	572.65
Other operating revenue	3,358.32	4,006.70
<b>Total</b>	<b>64,318.84</b>	<b>80,955.00</b>

## Note 19 - Other Income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Dividend income	7.72	8.77
Interest income	1,780.86	1,443.49
Miscellaneous income	15.64	30.13
<b>Total</b>	<b>1,804.22</b>	<b>1,482.39</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 20 - Cost of Materials Consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of raw material and packing material	19,633.20	21,797.15
Consumption of stores and spares	752.47	622.98
<b>Total</b>	<b>20,385.67</b>	<b>22,420.13</b>

## Note 21 - Purchases of Stock-In-Trade

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of finished goods	2,881.77	2,669.96
<b>Total</b>	<b>2,881.77</b>	<b>2,669.96</b>

## Note 22 - Changes in Inventories of Work-In-Process, Stock-In-Trade and Finished Goods

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(Increase)/Decrease in stock of finished goods, work-in-process and stock-in-trade	518.47	(835.17)
<b>Total</b>	<b>518.47</b>	<b>(835.17)</b>
(Increase)/Decrease in stocks		
At the year end		
Finished goods	1,782.45	1,926.39
Work-in-process	2,448.02	2,796.84
Stock-in-trade	88.96	114.67
	<b>4,319.43</b>	<b>4,837.90</b>
At the beginning of the year		
Finished goods	1,926.39	1,559.13
Work-in-process	2,796.84	2,233.18
Stock-in-trade	114.67	210.42
	<b>4,837.90</b>	<b>4,002.73</b>
<b>Total</b>	<b>518.47</b>	<b>(835.17)</b>

## Note 23 - Employee Benefit Expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	9,471.31	8,633.06
Contribution to provident and other funds and retirement benefits (refer note 26)	583.76	441.87
Employee stock compensation cost	90.64	-
Staff welfare expenses	73.50	69.78
<b>Total</b>	<b>10,219.21</b>	<b>9,144.71</b>

## Note 24 - Finance Costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on		
- Term loan	73.69	132.31
- Interest on foreign currency convertible bonds	1,148.42	834.83
- Interest on senior notes	673.79	440.91
- Others	13.08	117.97
<b>Total</b>	<b>1,908.98</b>	<b>1,526.02</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 25 - Other Expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Labour charges	838.40	829.13
Excise duty expenses	286.51	1,062.67
Power, fuel and water charges	1,153.27	1,039.08
Repairs and maintenance - plant and machinery	121.44	105.99
Repairs and maintenance - building	78.82	94.99
Repairs and maintenance - others	753.17	676.58
Rent	343.88	313.85
Rates and taxes	159.43	108.08
Director sitting fees	8.80	7.00
Other manufacturing expenses	458.74	233.51
Consumable - Lab chemicals and reagents	558.33	559.72
Selling and Marketing expenses	983.68	1,144.85
Sales promotion expenses	3,523.18	3,456.61
Export commission	79.67	67.32
Commission on sales	145.70	83.92
Travelling expenses	1,465.42	1,477.99
Freight outward	1,687.40	1,495.34
Telephone expenses	47.39	52.96
Provision for doubtful debts/expected credit losses (net)	41.50	-
Insurance premium	57.90	78.49
Electricity charges	174.32	189.91
Exchange loss (net)	6.88	675.16
Loss on sale of property, plant and equipments/intangible assets (net)	27.49	11.63
Auditors remuneration		
- Audit fees	18.50	15.50
- Other matters	0.25	-
- Out of pocket expenses	2.30	1.77
Corporate social responsibility expense (refer note 34)	293.31	190.27
Legal and professional charges	907.01	962.03
Other expenses	2,615.98	3,634.60
<b>Total</b>	<b>16,838.67</b>	<b>18,568.95</b>

## NOTE 26 - EMPLOYEE POST - RETIREMENT BENEFITS

The following are the employee benefit plans applicable to the employees of the Company.

### a) Gratuity (defined benefit plan)

In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2018	31 March 2017
Current service cost	74.02	66.90
<b>Personnel expenses</b>	<b>74.02</b>	<b>66.90</b>
Net interest on defined benefit schemes	19.23	13.59
<b>Net periodic expense</b>	<b>93.25</b>	<b>80.49</b>

The remeasurement components recognised in other comprehensive income for the Company's defined benefit plans comprise the following:

Particulars	31 March 2018	31 March 2017
<b>Actuarial (gains)/losses</b>		
Based on adjustment of financial assumptions	(4.22)	-
Due to liability experience adjustment	17.20	50.66
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(2.78)	(16.26)
<b>Total remeasurement loss recognised in the statement of other comprehensive income</b>	<b>10.20</b>	<b>34.40</b>

The following table shows the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's defined benefit plans.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	601.35	535.22
Fair value of plan assets	(310.07)	(285.34)
Net defined benefit liability	<b>291.28</b>	<b>249.88</b>
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	291.28	249.88

The movements in the net defined benefit liability recognised within the balance sheet are as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	249.88	176.45
Cost recognised in statement of profit and loss	93.25	80.49
Remeasurement (gains) / losses recognised in other comprehensive income	10.20	34.40
Actual employer contributions	-	(10.01)
Benefits paid	(62.05)	(31.45)
<b>Closing balance</b>	<b>291.28</b>	<b>249.88</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	535.22	417.00
Current service cost	74.02	66.90
Interest cost on the defined benefit obligations	41.18	32.11
Actual benefit payments	(62.05)	(31.45)
Actuarial (gains)/losses - Financial assumptions	(4.22)	-
Actuarial (gains)/losses - Liability experience	17.20	50.66
<b>Closing balance</b>	<b>601.35</b>	<b>535.22</b>

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2018	31 March 2017
Beginning balance	285.34	240.55
Interest income on plan assets	21.95	18.52
Actual employer contributions	-	10.01
Actual return on assets (excluding interest income on plan assets)	2.78	16.26
<b>Closing balance</b>	<b>310.07</b>	<b>285.34</b>

The Company expects to contribute ₹ 317.54 to its defined benefit plans in 2018-19.

The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2018 are as follows:

Particulars	31 March 2018	31 March 2017
Discount Rate	7.80%	7.70%
Salary Escalation rate (%)	3.00%	3.00%

Mortality rates have been set in accordance with current best practices. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31 March 2018	31 March 2017
Average life expectancy (Years)	25.64	26.04

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Assets administered by respective insurance companies	100%	100%

A breakup of the defined benefit plan related balance sheet amounts as at 31 March 2018 and 2017, is shown below.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	601.35	535.22
Fair value of plan assets	(310.07)	(285.34)
<b>Net defined benefit liability</b>	<b>291.28</b>	<b>249.88</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The present value of defined benefit obligations by category of members at 31 March 2018 and 2017, is shown below:

Particulars	31 March 2018	31 March 2017
Active number of employees	11,851	11,661
Present value of funded obligations	601.35	535.22

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the breakup presented below, the varying impact of changes in the key assumptions is shown as below.

Particulars	31 March 2018	31 March 2017
Discount rate +0.5 % p.a.	(20.33)	(17.91)
Discount rate - 0.5 % p.a.	21.64	19.08
Rate of compensation increase + 0.5 % p.a.	21.26	18.74
Rate of compensation decrease - 0.5 % p.a.	(20.13)	(17.74)

The experience adjustment relating to gratuity is summarised as follows:

Particulars	On plan liability (gain)/loss	On plan assets gain/(loss)
2017-18	17.20	2.78
2016-17	50.66	16.26
2015-16	58.53	(10.30)
2014-15	21.70	13.13
2013-14	3.38	(0.90)

## b) Compensated leave of absence plan (other long term benefit plan)

The Company permits encashment of leave accumulated by their employees on retirement and separation. The liability for encashment of privilege leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the date of the balance sheet.

The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2018	31 March 2017
Current service cost	58.69	58.14
<b>Personnel expenses</b>	<b>58.69</b>	<b>58.14</b>
Net interest on long term benefit schemes	12.61	8.90
<b>Actuarial (gains)/losses</b>		
Based on adjustment of financial assumptions	(2.57)	-
Due to liability experience adjustment	(6.89)	23.94
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(0.58)	(0.54)
<b>Net periodic expense</b>	<b>61.26</b>	<b>90.44</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The following table shows the change in present value of long term benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's long term benefit plans.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	313.98	294.88
Fair value of plan assets	(141.68)	(131.02)
Net long term benefit liability	<b>172.30</b>	<b>163.86</b>
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	172.30	163.86

The movements in the net long term benefit liability recognised within the balance sheet are as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	163.86	115.60
Cost recognised in the statement of profit and loss	61.26	90.44
Benefits paid	(52.82)	(42.18)
<b>Closing balance</b>	<b>172.30</b>	<b>163.86</b>

The change in the present value of long term benefit obligations is as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	294.88	236.75
Current service cost	58.69	58.14
Interest cost on the long term benefit obligations	22.69	18.23
Actual benefit payments	(52.82)	(42.18)
Actuarial (gains)/losses - Financial assumptions	(2.57)	-
Actuarial (gains)/losses - Liability experience	(6.89)	23.94
<b>Closing balance</b>	<b>313.98</b>	<b>294.88</b>

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2018	31 March 2017
Beginning balance	131.02	121.15
Interest income on plan assets	10.08	9.33
Return on plan assets	0.58	0.54
<b>Closing balance</b>	<b>141.68</b>	<b>131.02</b>

The Company expects to contribute ₹ 224.84 to its long term benefit plan in 2018-19.

The principal actuarial assumptions used for the long term benefit obligations at 31 March 2018 and 2017 are as follows:

Particulars	31 March 2018	31 March 2017
Discount rate (weighted average)	7.80%	7.70%
Rate of compensation increase (weighted average)	3.00%	3.00%

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Mortality rates have been set in accordance with current best practices. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31 March 2018	31 March 2017
Average life expectancy	25.64	26.04

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Insurance contracts	100%	100%

A breakup of the long term benefit plan related balance sheet amounts at 31 March 2018 and 2017, is shown below.

Particulars	31 March 2018	31 March 2017
Present value of obligations	313.98	294.88
Fair value of plan assets	(141.68)	(131.02)
<b>Net long term benefit liability</b>	<b>172.30</b>	<b>163.86</b>

The present value of long term benefit obligations by category of members at 31 March 2018 and 2017, is shown below:

Particulars	31 March 2018	31 March 2017
Active number of employees	11,851	11,661
Present value of obligations	313.98	294.88

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the breakup presented below, the varying impact of changes in the key assumptions is shown below.

Particulars	31 March 2018	31 March 2017
Discount rate + 0.5 % p.a.	(12.32)	(9.74)
Discount rate - 0.5 % p.a.	13.20	10.40
Rate of compensation increase + 0.5 % p.a.	13.77	10.22
Rate of compensation decrease - 0.5 % p.a.	(12.93)	(9.65)

## c) Provident fund and others (defined contribution plan)

Apart from being covered under the gratuity plan described earlier, employees participate in a provident fund plan; a defined contribution plan. The Company makes annual contributions based on a specified percentage of salary of each covered employee to a government recognised provident fund. The Company does not have any further obligation to the provident fund plan beyond making such contributions. Upon retirement or separation an employee becomes entitled for this lump sum benefit, which is paid directly to the concerned employee by the fund. The Company contributed approximately ₹ 429.25 (2017 - ₹ 270.94) towards the provident fund plan during the year ended 31 March 2018.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 27 RELATED PARTY DISCLOSURES

### a) Parties where direct/indirect control exists

#### i) Subsidiary companies

Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.  
Glenmark Pharmaceuticals Europe Ltd., U.K.  
Glenmark Pharmaceuticals S.R.O., Czech Republic  
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic  
Glenmark Pharmaceuticals S. A., Switzerland  
Glenmark Holding S. A., Switzerland  
Glenmark Pharmaceuticals S.R.L., Romania  
Glenmark Pharmaceuticals SP z.o.o., Poland  
Glenmark Pharmaceuticals Inc., USA  
Glenmark Therapeutics Inc., USA  
Glenmark Farmaceutica Ltda., Brazil  
Glenmark Generics SA., Argentina  
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico  
Glenmark Pharmaceuticals Peru SAC., Peru  
Glenmark Pharmaceuticals Colombia SAS, Colombia  
Glenmark Uruguay S.A., Uruguay  
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela  
Glenmark Dominicana, SRL, Dominican Republic  
Glenmark Pharmaceuticals Egypt S.A.E., Egypt  
Glenmark Pharmaceuticals FZE., United Arab Emirates  
Glenmark Impex L.L.C., Russia  
Glenmark Philippines Inc., Philippines  
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria  
Glenmark Pharmaceuticals Malaysia Sdn Bhd., Malaysia  
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia  
Glenmark South Africa (Pty) Ltd., South Africa  
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa  
Glenmark Pharmaceuticals B.V., Netherlands  
Glenmark Arzneimittel GmbH., Germany  
Glenmark Pharmaceuticals Canada Inc., Canada  
Glenmark Pharmaceuticals Kenya Ltd, Kenya  
Glenmark Therapeutics AG, Switzerland

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Viso Farmaceutica S.L.U., Spain  
 Glenmark Specialty S A, Switzerland  
 Glenmark Pharmaceuticals Distribution S.R.O, Czech Republic  
 Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand  
 Glenmark Pharmaceuticals Nordic AB, Sweden  
 Glenmark Ukraine LLC, Ukraine  
 Glenmark-Pharmaceuticals Ecuador S.A., Ecuador  
 Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore

## ii) Enterprise over which key managerial personnel exercise significant influence

Glenmark Foundation  
 Glenmark Aquatic Foundation  
 Trilegal

## b) Related party relationships where transactions have taken place during the year

### Subsidiary Companies/Enterprise over which key managerial personnel exercise significant influence

Glenmark Farmaceutica Ltda., Brazil  
 Glenmark Philippines Inc., Philippines  
 Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria  
 Glenmark Pharmaceuticals S.A., Switzerland  
 Glenmark Pharmaceuticals Malaysia Sdn.Bhd.,Malaysia  
 Glenmark Impex L.L.C., Russia  
 Glenmark Holding S.A., Switzerland  
 Glenmark Pharmaceuticals Peru SAC., Peru  
 Glenmark Pharmaceuticals Venezuela., C.A , Venezuela  
 Glenmark Pharmaceuticals FZE., United Arab Emirates  
 Glenmark Pharmaceuticals Egypt S.A.E., Egypt  
 Glenmark Generics SA., Argentina  
 Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.  
 Glenmark Pharmaceuticals Europe Ltd., U.K.  
 Glenmark Pharmaceuticals Inc., USA  
 Glenmark Pharmaceuticals s.r.o., Czech Republic  
 Glenmark Therapeutics Inc., USA  
 Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand  
 Glenmark Dominicana SA., Dominican Republic  
 Glenmark Pharmaceuticals SP z.o.o., Poland

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa  
Glenmark South Africa (Pty) Ltd., South Africa  
Glenmark Pharmaceuticals Kenya Ltd, Kenya  
Glenmark Pharmaceuticals Colombia SAS, Colombia  
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico  
Glenmark Specialty S A, Switzerland  
Glenmark Pharmaceuticals Canada Inc., Canada  
Glenmark Pharmaceuticals S.R.L., Romania  
Glenmark Therapeutics AG, Switzerland  
Glenmark Uruguay S.A., Uruguay  
Glenmark Pharmaceuticals Distribution S.R.O, Czech Republic  
Glenmark Ukraine LLC, Ukraine  
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador  
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia  
Glenmark Pharmaceuticals B.V., Netherlands  
Viso Farmaceutica S.L.U., Spain  
Glenmark Foundation  
Glenmark Aquatic Foundation  
Trilegal

## c) Key Management Personnel

Mr. Glenn Saldanha (Chairman & Managing Director)  
Mrs. Cherylann Pinto (Executive Director)  
Mr V. S. Mani (President & Global Chief Financial Officer with effect from 16 November 2017)  
Mr. Rajesh Desai (Executive Director upto close of working hours on 31 March 2017 and with effect from April 1, 2017 as Non-executive Director)  
Mr. Murali Neelakantan (Executive Director from 11 May 2017 to 29 May 2018)  
Mr. P.Ganesh (President & Chief Financial Officer upto close of working hours on 15 November 2017)  
Mr. Harish Kuber (Company Secretary & Compliance Officer with effect from 2 February 2017)  
Mr. Sanjay Kumar Chowdhary (Company Secretary & Compliance Officer upto 31 October 2016)  
Mrs. B. E. Saldanha (Non-executive Director)  
Mr. D. R. Mehta (Non-executive Director)  
Mr. Bernard Munos (Non-executive Director)  
Mr. J. F. Ribeiro (Non-executive Director)  
Dr. Brian W. Tempest (Non-executive Director)  
Mr. Sridhar Gorthi (Non-executive Director)  
Mr. Milind Sarwate (Non-executive Director)

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## d) Transactions with related parties during the year

	2017-2018	2017-2018	2016-2017	2016-2017
<b>Companies where direct/indirect control exists</b>				
<b>1. Sale of materials &amp; services</b>		25,429.36		47,362.26
Glenmark Pharmaceuticals S.A., Switzerland-(services)	517.72		552.03	
Glenmark Pharmaceuticals S.A., Switzerland	639.81		1,533.23	
Glenmark Farmaceutica Ltda., Brazil	117.81		86.36	
Glenmark Phillipines Inc., Philippines	219.17		234.91	
Glenmark Impex L.L.C., Russia	2,439.39		2,583.47	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	6.48		59.59	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	140.61		196.21	
Glenmark Pharmaceuticals Venezuela, C.A , Venezuela	-		2.17	
Glenmark Pharmaceuticals Peru SAC., Peru	98.29		79.16	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	12.08		3.59	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	253.30		288.84	
Glenmark Pharmaceuticals Colombia SAS, Colombia	2.57		2.11	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	140.00		155.45	
Glenmark Pharmaceuticals Malaysia Sdn Bhd., Malaysia	293.02		310.60	
Glenmark Pharmaceuticals Inc., USA	18,128.32		39,245.04	
Glenmark Pharmaceuticals S.R.O., Czech Republic	440.75		465.33	
Glenmark Pharmaceuticals Europe Ltd., U.K.	1,693.41		1,484.74	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	2.29		2.64	
Glenmark Pharmaceuticals Canada Inc., Canada	62.51		76.79	
Glenmark Ukraine LLC, Ukraine	181.21		-	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	40.62		-	
<b>2. Other Operating Income</b>		2,049.94		1,850.75
Glenmark Pharmaceuticals S.A., Switzerland	830.10		1,850.75	
Glenmark Specialty S A, Switzerland	1,219.84		-	
<b>3. Purchase of materials &amp; services</b>		1,182.03		1,032.64
Glenmark Generics SA., Argentina	-		4.28	
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	239.59		262.38	

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

	2017-2018	2017-2018	2016-2017	2016-2017
Glenmark Pharmaceuticals Inc., USA	82.94		52.19	
Glenmark Therapeutics Inc., USA	-		15.48	
Glenmark Pharmaceuticals FZE., United Arab Emirates	160.34		134.30	
Glenmark Farmaceutica Ltda., Brazil	511.76		492.54	
Glenmark Pharmaceuticals Europe Ltd., U.K.	30.74		1.68	
Glenmark Impex L.L.C., Russia	67.18		65.12	
Glenmark Pharmaceuticals S.R.O., Czech Republic	2.36		-	
Glenmark Pharmaceuticals Canada Inc., Canada	79.48		-	
Glenmark Pharmaceuticals B.V., Netherlands	1.04		-	
Viso Farmaceutica S.L.U., Spain	6.60		-	
Trilegal	-		4.67	
<b>4. Investment in share capital</b>		13,470.18		812.87
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	32.17		33.41	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	214.43		127.48	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	108.77		-	
Glenmark Pharmaceuticals Colombia SAS, Colombia	100.44		23.45	
Glenmark Pharmaceuticals Venezuela, C.A , Venezuela	-		88.01	
Glenmark Holding S. A., Switzerland	13,012.33		-	
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia	2.04		-	
Glenmark Therapeutics A.G.Switzerland	-		6.86	
Glenmark Impex L.L.C., Russia	-		533.66	
<b>5. Share Application Money</b>		343.98		398.41
Glenmark Pharmaceuticals Venezuela, C.A , Venezuela (provided for ₹ 91.18)	101.79		91.18	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	-		214.44	
Glenmark Pharmaceuticals Peru SAC., Peru	212.66		59.61	
Glenmark Pharmaceuticals Colombia SAS, Colombia	29.49		20.36	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		12.78	
Glenmark Dominicana, SRL, Dominican Republic	0.04		0.04	
<b>6. Sale of fixed assets to</b>		7.87		-
Glenmark Pharmaceuticals Inc., USA	3.38		-	
Glenmark Ukraine LLC, Ukraine	4.49		-	

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

	2017-2018	2017-2018	2016-2017	2016-2017
<b>7. Loan given to</b>		11,004.29		33,307.29
Glenmark Holding S.A., Switzerland	11,004.29		33,307.29	
<b>8. Loan given to subsidiary converted into Investment</b>		13,012.33		-
Glenmark Holding S.A., Switzerland	13,012.33		-	
<b>9. Loan repaid by</b>		3,235.82		11,253.67
Glenmark Holding S.A., Switzerland	3,235.82		11,253.67	
<b>10. Interest income</b>		1,696.28		1,350.78
Glenmark Holding S.A., Switzerland	1,669.00		1,324.13	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	4.40		4.55	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	15.50		16.02	
Glenmark Pharmaceuticals (Thailand) Co Ltd	0.52		0.54	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	6.86		5.54	
<b>11. Expenses paid on behalf of Glenmark Pharmaceuticals Ltd, India by</b>		2,339.70		3,142.83
Glenmark Impex L.L.C., Russia	970.34		953.79	
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	-		38.08	
Glenmark Pharmaceuticals Europe Ltd., U.K.	58.02		56.87	
Glenmark Pharmaceuticals s.r.o., Czech Republic	38.64		18.25	
Glenmark Pharmaceuticals Inc., USA	1,207.30		1,817.52	
Glenmark Farmaceutica Ltda., Brazil	-		0.89	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	5.18		2.82	
Glenmark Pharmaceuticals S.R.L., Romania	-		6.54	
Glenmark Pharmaceuticals B.V., Netherlands	21.82		-	
Glenmark Therapeutics Inc., USA	-		0.91	
Glenmark Pharmaceuticals Canada Inc., Canada	-		57.23	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	20.48		189.93	
Glenmark Pharmaceuticals Peru SAC., Peru	11.25		-	
Glenmark Ukraine LLC, Ukraine	2.37		-	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	1.43		-	
Glenmark Phillipines Inc., Phillipines	2.87		-	

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

	2017-2018	2017-2018	2016-2017	2016-2017
<b>12. Expenses paid on behalf of</b>		5.87		20.53
Glenmark Pharmaceuticals Europe Ltd., U.K.	2.27		1.33	
Glenmark Pharmaceuticals S. A., Switzerland	1.01		0.85	
Glenmark Pharmaceuticals Inc., USA	2.51		15.60	
Glenmark Farmaceutica Ltda., Brazil	0.08		0.01	
Glenmark Holding S.A., Switzerland	-		1.39	
Glenmark Pharmaceuticals SP z.o.o., Poland	-		0.01	
Glenmark Pharmaceuticals Distribution S.R.O, Czech Republic	-		1.34	
<b>13. Other Income from</b>		0.53		-
Glenmark Impex L.L.C., Russia	0.53		-	
<b>14. Expenditure incurred for CSR activities to</b>		173.50		112.56
Glenmark Foundation	110.50		49.12	
Glenmark Aquatic Foundation	63.00		63.44	
<b>Key Management Personnel</b>		290.52		237.69
<b>Remuneration</b>				
Mr. Glenn Saldanha	161.62		141.00	
Mrs. Cherylann Pinto	42.94		38.76	
Mr. Rajesh Desai	-		31.74	
Mr. Sanjay Kumar Chowdhary (Related party as per Companies Act, 2013 upto 31 October 2016)	-		3.15	
Mr V. S. Mani (Related party as per companies Act, 2013 with effect from 16 November 2017)	21.14		-	
Mr Murali Neelakantan (Related party as per companies Act, 2013 with effect from 11 May 2017 to 29 May 2018)	33.51		-	
Mr. P. Ganesh (Related party as per Companies Act, 2013 upto close of working hours on 15 November 2017)	19.76		15.65	
Mr. Harish Kuber (Related party as per companies Act, 2013 with effect from 2 February 2017)	2.75		0.39	
Sitting fees paid to Non-executive Directors	8.80		7.00	

The directors are covered under the Company's gratuity policy and ESOP scheme along with other employees of the Company. Proportionate amount of gratuity and stock compensation expense is not included in the aforementioned disclosures as it cannot be separately ascertained.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## e) Related party balances

	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017
<b>Receivable/(Payable) from/ (to) subsidiary companies/enterprise</b>		62,228.93		64,792.08
Glenmark Farmaceutica Ltda., Brazil	(178.67)		(275.42)	
Glenmark Philippines Inc., Philippines	136.72		129.17	
Glenmark Pharmaceuticals S.A., Switzerland	3,305.68		2,270.38	
Glenmark Holding S.A., Switzerland	32,752.31		36,162.40	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	344.78		385.03	
Glenmark Impex L.L.C., Russia	2,165.26		2,343.55	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	286.93		241.19	
Glenmark Pharmaceuticals FZE., United Arab Emirates	(120.08)		(76.22)	
Glenmark Generics SA., Argentina	0.42		0.41	
Glenmark Pharmaceuticals Venezuela, C.A , Venezuela	1,558.20		1,558.20	
Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	403.72		420.15	
Glenmark Pharmaceuticals Peru SAC., Peru	98.92		115.09	
Glenmark Pharmaceuticals Europe Ltd., U.K.	81.86		(320.04)	
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	(192.36)		(66.59)	
Glenmark Pharmaceuticals Inc., USA	19,731.89		21,785.83	
Glenmark Pharmaceuticals s.r.o., Czech Republic	285.70		233.90	
Glenmark Therapeutics Inc., USA	-		(25.66)	
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	(0.01)		(0.01)	
Glenmark Pharmaceuticals SP z.o.o., Poland	(0.17)		(0.15)	
Glenmark Pharmaceuticals S.R.L., Romania	(0.07)		(6.58)	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	18.56		17.03	
Glenmark Uruguay S.A., Uruguay	(648.04)		(647.04)	
Glenmark Pharmaceuticals Colombia SAS, Colombia	2.57		6.94	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	702.14		563.65	
Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	46.67		(98.30)	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	73.35		67.51	

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017	As at 31 March 2017
Glenmark Pharmaceuticals Canada Inc., Canada	41.42		17.66	
Glenmark Pharmaceuticals B.V., Netherlands	(18.42)		-	
Glenmark Specialty S A, Switzerland	1,218.39		-	
Glenmark Ukraine LLC, Ukraine	106.68		-	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	32.13		-	
Viso Farmaceutica S.L.U., Spain	(6.55)		-	
Glenmark Foundation	(1.00)		(10.00)	

## Note 28 - Research and Development Expenses

During the year, the Company's expenses on research and development is ₹ 4,536.81 (2017 - ₹ 4,623.41).

## Note 29 - Earnings Per Share (EPS)

The basic earnings per share for the year ended 31 March 2018 has been calculated using the net profits attributable to equity shareholders.

Calculation of basic and diluted EPS is as follows:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit attributable to equity shareholders, for basic and diluted	10,143.47	21,406.08
Weighted average number of shares outstanding during the year for basic EPS	282,168,156	282,166,682
Effect of dilutive potential ordinary shares:		
Employee stock options	37,045	85,294
Weighted average number of shares outstanding during the year for diluted EPS	282,205,201	282,251,976
<b>Basic EPS, in ₹</b>	<b>35.95</b>	<b>75.86</b>
<b>Diluted EPS, in ₹</b>	<b>35.94</b>	<b>75.84</b>

## Note 30 - Commitments and Contingencies

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Contingent Liabilities</b>		
<b>Claims against the Company not acknowledged as debts</b>		
Labour dispute	29.32	15.77
Disputed taxes and duties	261.78	243.62

Out of the above an amount of ₹ 89.05 are at various courts under litigation.

- (a) In January 2014, the National Pharmaceutical Pricing Authority (NPPA) issued a demand notice of ₹ 122.30 as overcharging liability of product "Doxovent 400 mg tab" for the period February 2010 to May 2013. The notice also envisaged a payment of ₹ 33.30 towards interest @15% p.a. on the overcharged amount up to 31 January 2014. The Company has filed a petition under Article 32 with the Hon'ble Supreme Court of India (Hon'ble Court), challenging the issue of the above mentioned demand notice on various grounds. This petition has been tagged along with other petitions filed by other pharmaceutical companies as well, pending before Hon'ble Court relating to the inclusion criteria of certain drugs including "Theophylline" in the schedule of the DPCO, 1995. The matters are sub-judice before the Hon'ble Court.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Hon'ble Court passed an ad-interim order stating that no coercive steps be taken against the Company towards the said demand.

The Hon'ble Court has constituted a Special bench to hear the petition (along with other petitions filed in this regard) and the matter is expected to be listed in due course.

The Company based on legal advice, has an arguable case on merits as well as with regard to mitigation of the demand. Hon'ble Court heard Glenmark's petition and ordered the petition to be transferred back to Hon'ble Delhi High Court to be heard on merits subject to deposit of 50% of the overcharged claimed amount. Glenmark has deposited ₹ 61.15 (50% of the overcharged claimed amount). The matter is pending to be listed in Hon'ble Delhi High Court for hearing.

- (b) On 10 March 2016 Ministry of Health and Family Welfare issued notifications prohibiting manufacture for sale, sale and distribution for human use of several Fixed Dose Combination ("FDC") with immediate effect.

Several products of the Company are also covered in the notified prohibited "FDC's". The Company has filed five writ petitions in Hon'ble Delhi High Court challenging the notifications issued. The Hon'ble Delhi High Court has granted interim relief to the Company by staying the notifications banning the FDC's. The Company based on legal advise, has an arguable case on merits though the liability in this case cannot be computed. In an adverse scenario, the Company would be restricted from manufacturing, selling and marketing the impacted FDC's.

The matter was clubbed with other petition of other companies before the Supreme Court of India (Hon'ble Court). The Hon'ble Court directed the Drug Technical Advisory Board (DTAB) as sub-committee to examine the ban of drugs. DTAB appointed an expert committee under the chair of Dr. Nilima Kshirsagar to examine the list of banned FDC. The committee has submitted its report to the Ministry of Health. Further communication is awaited from the Ministry of Health and Family Welfare.

The Company has revised the composition of the FDC's and market the revised products.

## (ii) Commitments

- (a) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2018 aggregate ₹ 1,053.51 (2017 - ₹ 727.02)
- (b) Estimated amount of contracts remaining to be executed on other than capital account, net of advances, not provided for as at 31 March 2018 aggregate ₹ 5,611.47 (2017 - ₹ 5,236.30)

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## (iii) Others

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(a) Guarantees</b>		
Bank guarantees	138.78	90.15
<b>(b) Letter of comfort on behalf of subsidiaries :</b>		
Glenmark Distributors SP z.o.o Poland	-	517.76
Glenmark Holding SA., Switzerland	34,143.94	25,305.52
Glenmark Impex L.L.C., Russia	129.64	1,488.56
Glenmark Farmaceutica Ltda Brazil	907.48	970.80
Glenmark Pharmaceuticals S.R.L Romania	129.64	323.60
Glenmark Pharmaceuticals S.R.O, Czech Republic	19.45	19.42
Glenmark Generics SA., Argentina	129.64	129.44
Glenmark Pharmaceuticals Europe Ltd., UK	-	647.20
Glenmark Pharmaceuticals Inc, USA	9,593.36	7,442.80
Glenmark Pharmaceuticals FZE - UAE	12.96	12.94

## Note 31 - Leases

The Company has taken on lease/leave and license godowns/residential & office premises at various locations.

- i) The Company's significant leasing arrangements are in respect of the above godowns & premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to the statement of profit and loss as rent, is presented in Note 25.
- ii) The leasing arrangements which are cancellable between 11 months to 5 years are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given towards deposit and unadjusted advance rent is recoverable from the lessor.
- iii) The Company has entered into operating lease agreements for the rental of its office premises for a period of 3 to 5 years.
- iv) Future obligations on non-cancellable operating lease

Minimum lease payments	31 March 2018	31 March 2017
Due within one year	197.33	187.88
Due later than one year and not later than five years	176.37	353.94
Due later than five years	8.15	-
<b>Total</b>	<b>381.85</b>	<b>541.82</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 32 Disclosure pursuant to securities and exchange board of India (listing obligations & disclosure requirements) regulations, 2015 and section 186 of Companies Act, 2013

Particulars	Maximum amount outstanding during the year		As at	
	2017-2018	2016-2017	31 March 2018	31 March 2017
	<b>a) Loans and advances to subsidiaries/enterprise</b>			
Glenmark Holding S.A., Switzerland	43,419.33	39,401.58	32,752.31	36,161.08
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	65.73	63.57	65.73	61.66
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	9.46	8.93	9.42	8.89
Glenmark Pharmaceuticals Kenya Ltd; Kenya	132.81	129.78	129.65	129.45
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	71.37	65.82	71.37	65.76
<b>Total</b>			<b>33,028.48</b>	<b>36,426.84</b>

Particulars	As at	
	31 March 2018	31 March 2017
<b>b) Receivable from subsidiary companies</b>		
Glenmark Pharmaceuticals S.A., Switzerland	3,305.68	2,270.38
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	279.05	323.37
Glenmark Philippines Inc., Philippines	136.72	129.17
Glenmark Impex L.L.C., Russia	2,165.26	2,343.55
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	286.93	241.19
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela (provided for)	1,558.20	1,558.20
Glenmark Pharmaceuticals Peru SAC., Peru	98.92	115.09
Glenmark Pharmaceuticals Europe Ltd., U.K.	81.86	-
Glenmark Pharmaceuticals s.r.o., Czech Republic	285.70	233.90
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	9.14	8.14
Glenmark Pharmaceuticals Kenya Ltd, Kenya	572.49	434.20
Glenmark Pharmaceuticals Colombia SAS, Colombia	2.57	6.94
Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	46.67	-
Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	403.72	420.15
Glenmark Pharmaceuticals Inc., USA	19,731.89	21,785.83
Glenmark Generics SA., Argentina	0.42	0.41
Glenmark Pharmaceuticals Canada Inc., Canada	41.42	17.66
Glenmark Holding S.A., Switzerland	-	1.32
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	1.98	1.75
Glenmark Specialty S A, Switzerland	1,218.39	-
Glenmark Ukraine LLC, Ukraine	106.68	-
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	32.13	-
<b>c) Payable to subsidiaries</b>		
Glenmark Pharmaceuticals FZE., United Arab Emirates	120.08	76.22
Glenmark Farmaceutica Ltda., Brazil	178.67	275.42
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	192.36	66.59
Glenmark Therapeutics Inc., USA	-	25.66
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	0.01	0.01
Glenmark Pharmaceuticals Europe Ltd., U.K.	-	320.04
Glenmark Uruguay S.A., Uruguay	648.04	647.04
Glenmark Pharmaceuticals SP z.o.o. Poland	0.17	0.15

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	As at	
	31 March 2018	31 March 2017
Glenmark Pharmaceuticals S.R.L., Romania	0.07	6.58
Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	-	98.30
Glenmark Pharmaceuticals B.V., Netherlands	18.42	-
Viso Farmaceutica S.L.U., Spain	6.55	-

Particulars	No. of Shares in Million			
	As at 1 April 2017	Invested during the Year	Sold during the Year	Balance as at 31 March 2018
<b>d) Movement of shares during the year</b>				
Investments in Subsidiary Companies - Unquoted - non trade				
Glenmark Holding S. A., Switzerland	51.50	190.74	-	242.24
Glenmark Pharmaceuticals (Australia) Pty.Ltd., Australia.	2.08	0.04	-	2.12
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	46.53	8.90	-	55.43
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	341.09	63.89	-	404.98
Glenmark Pharmaceuticals Colombia SAS, Colombia	0.09	0.03	-	0.12
Glenmark-Pharmaceuticals Ecuador S.A.	-	1.69	-	1.69

## Note 33 - Fair Value Measurements

### Financial instruments by category

Particulars	As at 31 March 2018				As at 31 March 2017			
	FVTPL	Amortised cost	Total carrying value	Total fair value	FVTPL	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>								
Non-current financial assets	-	380.91	380.91	380.91	-	344.70	344.70	344.70
Loans to related parties	-	33,028.48	33,028.48	33,028.48	-	36,426.84	36,426.84	36,426.84
Trade receivables	-	38,289.08	38,289.08	38,289.08	-	38,794.04	38,794.04	38,794.04
Cash and cash equivalents	-	1,760.47	1,760.47	1,760.47	-	2,508.82	2,508.82	2,508.82
Bank balances other than cash and cash equivalents	-	13.35	13.35	13.35	-	12.96	12.96	12.96
Investments	46.59	100.02	146.61	146.61	46.92	110.02	156.94	156.94
Other current financial assets	-	1,937.10	1,937.10	1,937.10	-	1,836.15	1,836.15	1,836.15
<b>Total</b>	<b>46.59</b>	<b>75,509.41</b>	<b>75,556.00</b>	<b>75,556.00</b>	<b>46.92</b>	<b>80,033.53</b>	<b>80,080.45</b>	<b>80,080.45</b>
<b>Financial Liabilities</b>								
Long term borrowings	-	26,860.29	26,860.29	26,860.29	-	25,893.46	25,893.46	25,893.46
Non-current financial liabilities	-	26.00	26.00	26.00	-	24.05	24.05	24.05
Trade payables	-	15,549.53	15,549.53	15,549.53	-	14,670.90	14,670.90	14,670.90
Short term borrowings	-	2,950.44	2,950.44	2,950.44	-	1,871.89	1,871.89	1,871.89
Other current financial liabilities	-	1,137.36	1,137.36	1,137.36	-	1,358.42	1,358.42	1,358.42
<b>Total</b>	<b>-</b>	<b>46,523.62</b>	<b>46,523.62</b>	<b>46,523.62</b>	<b>-</b>	<b>43,818.72</b>	<b>43,818.72</b>	<b>43,818.72</b>

Investment in subsidiaries are carried at cost

Trade receivables comprise amounts receivable from the sale of goods and services.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The management considers that the carrying amount of trade and other receivables approximates their fair value.

Bank balances and cash comprise cash and short-term deposits held by the Company. The carrying amount of these assets approximates their fair value.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates to their fair value.

The Bonds are interest bearing instrument with an embedded derivative instrument of conversion option, accordingly, the instrument has been classified as amortised cost, since the value of embedded derivative is zero.

## Fair value hierarchy :

Level 2 : All FVTPL financial assets and liabilities are classified under level 2 of fair value hierarchy except certain investments amounting to ₹ 1.02 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.

## NOTE 34 - NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Following is the information regarding projects undertaken and expenses incurred on CSR activities during the year ended 31 March 2018:

- i Gross amount required to be spent by the Company during the year - ₹ 384.79 (2017 - ₹ 232.23)
- ii Amount spent during the year on: (by way of contribution to the trusts and projects undertaken)

Particulars	Amount paid in cash	Amount yet to be paid in cash	Total amount
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above:			
Promoting education	44.10	-	44.10
Promoting health care including preventive health care	75.55	-	75.55
Reducing child mortality and improving maternal health	110.50	-	110.50
Training to promote olympic sports	63.03	-	63.03
Administrative expenses	0.13	-	0.13
<b>Total</b>	<b>293.31</b>	<b>-</b>	<b>293.31</b>

## Note 35 - Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company focuses on actively securing its short to medium term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, accounts receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and deposits are invested with banks.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

The Company's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Company to fair value interest-rate risk.

## Foreign Currency sensitivity

The foreign currency sensitivity analysis has been performed in relation to US Dollar (USD), Euro (EUR) and Russian ruble(RUB).

US Dollar conversion rate was ₹ 64.65 at the beginning of the year and scaled to a high of ₹ 65.74 and to low of ₹ 63.07. The closing rate is ₹ 64.82. Considering the volatility in direction of strengthening dollar upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	USD (million)	INR	USD (million)	INR
<b>Short-term exposure</b>				
Financial assets	476.90	30,913.86	463.47	29,997.63
Financial liabilities	(79.73)	(5,168.35)	(65.71)	(4,253.05)
<b>Total</b>	<b>397.17</b>	<b>25,745.51</b>	<b>397.76</b>	<b>25,744.58</b>
<b>Long term exposure</b>				
Financial assets	509.52	33,028.48	562.81	36,426.84
Financial liabilities	(421.25)	(27,306.95)	(408.81)	(26,459.49)
<b>Total</b>	<b>88.27</b>	<b>5,721.53</b>	<b>154.00</b>	<b>9,967.35</b>

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(3,146.70)	(3,571.19)
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	3,146.70	3,571.19
Equity	-	-

EUR conversion rate was ₹ 68.85 at the beginning of the year and scaled to a high of ₹ 80.51 and to low of ₹ 67.95. The closing rate is ₹ 79.87. Considering the volatility in direction of strengthening EUR upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	EUR (million)	INR	EUR (million)	INR
<b>Short term exposure</b>				
Financial assets	3.48	277.95	3.67	253.40
Financial liabilities	(0.60)	(47.92)	(3.63)	(250.77)
<b>Total</b>	<b>2.88</b>	<b>230.03</b>	<b>0.04</b>	<b>2.63</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(23.00)	(0.26)
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	23.00	0.26
Equity	-	-

RUB conversion rate was ₹ 1.15 at the beginning of the year and scaled to a high of ₹ 1.16 and to low of ₹ 1.05. The closing rate is ₹ 1.13. Considering the volatility in direction of strengthening RUB upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Foreign currency denominated financial assets and liabilities, translated into RUB at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	RUB (million)	INR	RUB (million)	INR
<b>Short-term exposure</b>				
Financial assets	1,760.03	1,993.95	2,430.60	2,797.87
Financial liabilities	-	-	-	-
<b>Total</b>	<b>1,760.03</b>	<b>1,993.95</b>	<b>2,430.60</b>	<b>2,797.87</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

If the INR had strengthened against the RUB by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(199.40)	(279.79)
Equity	-	-

If the INR had weakened against the RUB by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	199.40	279.79
Equity	-	-

## Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term borrowings. The Company has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate risk associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Company has outstanding borrowings of USD Nil (2017 - USD 9 million). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	-	(1.46)
Equity	-	-

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 25 basis points then such decrease shall have the following impact on:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	-	1.46
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 4% to 7.45%. As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.

## Credit risk analysis

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the date of the balance sheet, as summarised below:

Particulars	As at 31 March 2018	As at 31 March 2017
	Cash & cash equivalents	1,760.47
Bank Balances other than cash and cash equivalents	13.35	12.96
Trade receivables	38,289.08	38,794.04
Current financial assets	1,937.10	1,836.15
Non current financial assets	65,536.23	55,438.53
<b>Total</b>	<b>107,536.23</b>	<b>98,590.50</b>

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of approximately 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Given below is ageing of accounts receivable spread by period of six months:

Particulars	As at 31 March 2018	As at 31 March 2017
Outstanding for more than 6 months	1,785.80	1,528.63
Others	36,503.28	37,265.41
<b>Total</b>	<b>38,289.08</b>	<b>38,794.04</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates and are of good credit quality, including those that are past due. None of the Company's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company's credit risk exposure towards any single counterparty or any group of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## Liquidity risk analysis

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

As at 31 March 2018, the Company's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current
	Within 1 year	1 to 5 years
Trade payable	15,549.53	-
Financial liabilities	1,137.36	-
Short term borrowings	2,950.44	-
Long-term borrowings	-	26,860.29
Other non-current financial liabilities	-	26.00
<b>Total</b>	<b>19,637.33</b>	<b>26,886.29</b>

## Note 36 - Capital Management Policies and Procedures

The Company objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the balance sheet.

Particulars	31 March 2018	31 March 2017
Total debt	29,810.73	27,765.35
Less: Cash & cash equivalents	1,760.47	2,508.82
<b>Net debt (A)</b>	<b>28,050.26</b>	<b>25,256.53</b>
<b>Total equity (B)</b>	<b>103,914.41</b>	<b>94,366.19</b>
<b>Net debt to equity ratio (A/B)</b>	<b>26.99%</b>	<b>26.76%</b>

## Dividends

Particulars	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend paid during the year ended	679.22	679.45

(ii) Dividends not recognised at the end of the reporting period.

In addition to the above dividends, since year end the Board of Directors have recommended the payment of a final dividend of ₹ 2 (2017 - ₹ 2) per fully paid up equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## Note 37

The Government of India introduced the Goods and Service Tax (GST) with effect from 1 July 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for the year ended 31 March 2018 is reported net of GST. The revenue for year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, income from operations for the year ended 31 March 2018 and 31 March 2017 are not comparable.

# Notes to the Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 38

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

## Note 39 - Exceptional Items

Exceptional items for year ended 31 March 2017 represents impairment loss relating to Investment, Share application money and Trade receivables from the Company's subsidiary Glenmark Pharmaceuticals Venezuela, C.A in Venezuela . The Company has not received approvals from the Venezuelan government to repatriate any amounts during the year ended 31 March 2017 and considering the uncertainty around repatriation, the Company believes it is appropriate to impair such investments, share application money and trade receivables pertaining to the said subsidiary.

## Note 40 - Authorisation of Financial Statements

The financial statements for the year ended 31 March 2018 were approved by the Board of Directors on 29 May 2018.

As per our report of even date

For and on behalf of Board of Directors

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

**Glenn Saldanha**

Chairman & Managing Director

DIN : 00050607

**Cherylann Pinto**

Executive Director

DIN : 00111844

**Ashish Gupta**

Partner

Membership Number - 504662

**V S Mani**

Executive Director &

Global Chief Financial Officer

DIN : 01082878

**Harish Kuber**

Company Secretary &

Compliance officer

Place: New Delhi

Date : 29 May 2018

Place: Mumbai

Date : 29 May 2018

# Independent Auditor's Report

To the Members of Glenmark Pharmaceuticals Limited

## Report on the consolidated financial statements

1. We have audited the accompanying consolidated financial statements of Glenmark Pharmaceuticals Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income/(loss)), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's responsibility for the consolidated financial statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income/(loss)), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The Holding Company's Board of Directors and the respective Board of Directors/management of the subsidiaries included in the Group are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms of the provisions of the Act, the respective Board of Directors/management of the companies included in the Group, covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable

and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group, as at 31 March 2018, and their consolidated profit (consolidated financial performance including other comprehensive (loss)), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other matter

9. We did not audit the financial statements of 39 subsidiaries, whose financial statements reflect total assets of ₹ 58,819.74 million and net assets of ₹ 32,066.95 million as at 31 March 2018, total revenues of ₹ 34,834.90 million and net cash inflows amounting to ₹ 2,518.25 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, all the 39 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries or International Standards of Auditing, as the case may be. The Holding company's management has converted the financial statements of such subsidiaries

located outside India from IFRS to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion, in so far as it relates to the financial information of such subsidiaries located outside India, is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, is not modified in respect of this matter with respect to our reliance on the work done by and the reports of the other auditors.

The Group has prepared a separate set of consolidated financial statements for the year ended 31 March 2018 in accordance with recognition and measurement principles laid down in International Financial Reporting Standards issued by International Accounting Standards Board, as permitted by SEBI circular CIR/CFD/DIL/1/2010 dated 5 April 2010 and also under regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, on which we have issued a separate auditor's report dated 29 May 2018. Our opinion is not modified in respect of this matter.

### Report on other legal and regulatory requirements

10. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- (d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, covered under the Act, are disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
- i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures as detailed in Note 31 to the consolidated financial statements;
- ii) the Group, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company;
- iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2018

# Annexure A

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Glenmark Pharmaceuticals Limited ('the Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as 'the Group') as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, as of that date.

## Management's responsibility for internal financial controls

2. The Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of the Company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' responsibility

3. Our responsibility is to express an opinion on IFCoFR of the Holding Company's as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company as aforesaid.

## Meaning of internal financial controls over financial reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are

subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Holding Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on

Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2018

# Consolidated Balance Sheet

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	18,958.10	17,836.97
Capital work-in-progress	3	9,933.40	6,295.50
Goodwill	4	521.04	478.92
Intangible assets	5	10,816.38	9,235.01
Intangible assets under development	5	1,285.32	785.62
Financial assets	6		
i. Investments		146.61	156.94
ii. Other non-current financial assets		401.18	362.84
Deferred tax assets (net)	7	13,202.60	13,112.69
Other non-current assets	8	802.23	627.79
<b>Total non-current assets</b>		<b>56,066.86</b>	<b>48,892.28</b>
<b>Current assets</b>			
Inventories	9	20,305.85	21,390.50
Financial assets	10		
i. Trade receivables		23,318.07	24,043.20
ii. Cash and cash equivalents		12,333.56	10,563.64
iii. Bank balances other than cash and cash equivalents		13.35	12.95
iv. Other current financial assets		3,856.42	3,581.21
Other current assets	11	10,059.67	9,154.89
<b>Total current assets</b>		<b>69,886.92</b>	<b>68,746.39</b>
<b>Total assets</b>		<b>125,953.78</b>	<b>117,638.67</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	12&13	282.17	282.17
Other equity		51,352.60	44,643.08
<b>Equity attributable to owners of Glenmark Pharmaceuticals Limited</b>		<b>51,634.77</b>	<b>44,925.25</b>
Non-controlling interests		(3.70)	(4.23)
<b>Total equity</b>		<b>51,631.07</b>	<b>44,921.02</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	14		
i. Borrowings		41,417.78	45,363.39
ii. Other non-current financial liabilities		26.00	24.05
Other non-current liabilities	15	-	303.38
<b>Total non-current liabilities</b>		<b>41,443.78</b>	<b>45,690.82</b>
<b>Current liabilities</b>			
Financial liabilities	16		
i. Borrowings		2,950.44	1,871.89
ii. Trade payables		18,697.84	17,432.21
iii. Other current financial liabilities		3,326.27	1,763.94
Other current liabilities	17	3,579.74	3,329.30
Provisions	18	4,040.38	2,372.94
Current tax liabilities (net)		284.26	256.55
<b>Total current liabilities</b>		<b>32,878.93</b>	<b>27,026.83</b>
<b>Total liabilities</b>		<b>74,322.71</b>	<b>72,717.65</b>
<b>Total equity and liabilities</b>		<b>125,953.78</b>	<b>117,638.67</b>

See accompanying notes to the consolidated financial statements.

As per our report of even date

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration No: 001076N/N500013

Ashish Gupta  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

Glenn Saldanha  
Chairman & Managing Director  
DIN : 00050607

V S Mani  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

Cherylann Pinto  
Executive Director  
DIN : 00111844

Harish Kuber  
Company Secretary &  
Compliance officer

# Consolidated Statement of Profit and Loss

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Income</b>			
Revenue from operations	19	91,030.70	91,856.81
Other income	20	914.00	373.65
<b>Total income</b>		<b>91,944.70</b>	<b>92,230.46</b>
<b>Expenses</b>			
Cost of materials consumed	21	21,501.10	23,548.13
Purchases of stock-in-trade	22	7,547.45	7,191.20
Changes in inventories of work-in-process, stock-in-trade and finished goods	23	1,337.12	(4,596.07)
Employee benefit expense	24	18,718.41	16,408.06
Finance costs	25	2,855.67	2,373.18
Depreciation, amortisation and impairment expense	3&5	3,018.76	2,643.68
Other expenses	26	25,772.89	28,938.49
<b>Total expenses</b>		<b>80,751.40</b>	<b>76,506.67</b>
<b>Profit before exceptional items and tax</b>		<b>11,193.30</b>	<b>15,723.79</b>
Exceptional items	41	-	809.49
<b>Profit before tax</b>		<b>11,193.30</b>	<b>14,914.30</b>
<b>Tax expense</b>			
Current tax	7	3,256.90	6,190.43
Deferred tax		(102.30)	(2,363.66)
<b>Total Tax expense</b>		<b>3,154.60</b>	<b>3,826.77</b>
<b>Profit for the year</b>		<b>8,038.70</b>	<b>11,087.53</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement of the net defined benefit plans		41.96	(47.01)
- Income tax relating to the above		(3.25)	13.29
<b>Items that will be reclassified to profit or loss</b>			
Exchange differences on translating foreign operations		(778.78)	(1,750.00)
<b>Other comprehensive income/(loss) for the year</b>		<b>(740.07)</b>	<b>(1,783.72)</b>
<b>Total comprehensive income for the year</b>		<b>7,298.63</b>	<b>9,303.81</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		0.92	(0.46)
Equity shareholders of Glenmark Pharmaceuticals Limited		7,297.71	9,304.27
<b>Earnings per equity share of ₹ 1 each</b>	30		
Basic (in ₹)		28.49	39.29
Diluted (in ₹)		28.49	39.28

See accompanying notes to the consolidated financial statements.

As per our report of even date

For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm Registration No: 001076N/N500013

Ashish Gupta  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

Glenn Saldanha  
Chairman & Managing Director  
DIN : 00050607

V S Mani  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

Cherylann Pinto  
Executive Director  
DIN : 00111844

Harish Kuber  
Company Secretary &  
Compliance officer

# Consolidated Statement of Changes in Equity

(All amounts in million of Indian Rupees, unless otherwise stated)

## A Equity share capital

Particulars	Amount
<b>Balance as at 1 April 2016</b>	
Equity share capital	282.16
- Shares issued under Employee Stock Option ('ESOP') Scheme	0.01
<b>Balance as at 31 March 2017</b>	282.17
<b>Balance as at 31 March 2018</b>	282.17

Refer note 12 and 13 for details on equity share capital

## B Other equity

Particulars	Reserves and surplus						Other comprehensive income	Total attributable to owners of Glenmark Pharmaceuticals Limited	Non Controlling interest	Total Shareholders' equity
	Securities premium reserve	Capital reserve	General Reserve	Capital redemption reserve	Stock compensation reserve	Retained earnings	Currency Translation reserve			
<b>Balance as at 1 April 2017</b>	16,853.60	1.00	1,455.13	200.00	14.44	40,395.93	(14,277.02)	44,643.08	(4.23)	44,638.85
Dividends to equity shareholders (including dividend distribution tax) (refer note 37)	-	-	-	-	-	(679.22)	-	(679.22)	-	(679.22)
Employee share based compensation (refer note 13(VI))	-	-	-	-	90.64	-	-	90.64	-	90.64
Transaction with non controlling interest	-	-	-	-	-	0.39	-	0.39	(0.39)	-
<b>Transactions with owners</b>	-	-	-	-	90.64	(678.83)	-	(588.19)	(0.39)	(588.58)
Net income for the year	-	-	-	-	-	8,037.78	-	8,037.78	0.92	8,038.70
<b>Other Comprehensive Income:</b>										
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(778.78)	(778.78)	-	(778.78)
Remeasurement of the net defined benefit plans (net of tax) (refer note 27)	-	-	-	-	-	38.71	-	38.71	-	38.71
<b>Total Comprehensive Income</b>	-	-	-	-	-	8,076.49	(778.78)	7,297.71	0.92	7,298.63
<b>Balance as at 31 March 2018</b>	16,853.60	1.00	1,455.13	200.00	105.08	47,793.59	(15,055.80)	51,352.60	(3.70)	51,348.90

Particulars	Reserves and surplus						Other comprehensive income	Total attributable to owners of Glenmark Pharmaceuticals Limited	Non Controlling interest	Total Shareholders' equity
	Securities premium reserve	Capital reserve	General Reserve	Capital redemption reserve	Stock compensation reserve	Retained earnings	Currency Translation reserve			
<b>Balance as at 1 April 2016</b>	16,850.97	1.00	1,455.13	200.00	14.44	30,019.70	(12,527.02)	36,014.22	(3.01)	36,011.21
Dividends to equity shareholders (including dividend distribution tax) (refer note 37)	-	-	-	-	-	(679.45)	-	(679.45)	-	(679.45)
Employee share based compensation (refer note 13(VI))	2.63	-	-	-	-	-	-	2.63	-	2.63
<b>Transactions with owners</b>	2.63	-	-	-	-	(679.45)	-	(676.82)	-	(676.82)
Net income for the year	-	-	-	-	-	11,087.99	-	11,087.99	(0.46)	11,087.53
<b>Other Comprehensive Income:</b>										
Exchange difference on translation of foreign operations	-	-	-	-	-	1.41	(1,750.00)	(1,748.59)	(0.76)	(1,749.35)
Remeasurement of the net defined benefit plans (net of tax) (refer note 27)	-	-	-	-	-	(33.72)	-	(33.72)	-	(33.72)
<b>Total Comprehensive Income</b>	-	-	-	-	-	11,055.68	(1,750.00)	9,305.68	(1.22)	9,304.46
<b>Balance as at 31 March 2017</b>	16,853.60	1.00	1,455.13	200.00	14.44	40,395.93	(14,277.02)	44,643.08	(4.23)	44,638.85

# Consolidated Statement of Cash Flows

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>(A) Cash inflow/(outflow) from operating activities</b>		
Profit before tax	11,193.30	14,914.30
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation, impairment and amortisation	3,018.76	3,453.17
Finance costs	2,855.67	2,373.18
Interest income	(89.36)	(180.69)
Dividend income	(7.72)	(8.77)
(Profit)/loss on sale of property, plant and equipments	20.69	(18.30)
Employee benefit obligation	242.46	235.43
Provision for doubtful debts/ expected credit losses	42.61	7.87
Employee share based compensation	90.64	-
Provision for sales returns	320.00	-
Unrealised exchange (gain)/loss	(780.99)	1,403.72
<b>Operating profit before working capital changes</b>	<b>16,906.06</b>	<b>22,179.91</b>
<b>Changes in operating assets and liabilities</b>		
- Decrease in trade receivables	1,032.11	171.57
- (Increase)/ Decrease in inventories	1,352.97	(6,143.15)
- (Increase) in other assets	(1,302.61)	(2,928.08)
- Increase in trade payable and other liabilities	2,008.13	284.53
<b>Net changes in operating assets and liabilities</b>	<b>3,090.60</b>	<b>(8,615.13)</b>
Income taxes paid	(3,516.12)	(6,990.46)
<b>Net cash generated from operating activities</b>	<b>16,480.54</b>	<b>6,574.32</b>
<b>(B) Cash inflow/(outflow) from investing activities</b>		
Restricted cash	(2.04)	21.88
Interest received	88.13	179.99
Dividend received	7.72	8.77
Payments for purchase of property, plant and equipments and intangible assets (including capital work-in-progress)	(10,446.40)	(7,485.29)
Proceeds from sale of property, plant and equipments and intangible assets	219.16	151.20
<b>Net cash used in investing activities</b>	<b>(10,133.43)</b>	<b>(7,123.45)</b>
<b>(C) Cash inflow/(outflow) from financing activities</b>		
Proceeds from long-term borrowings	5,795.10	34,957.42
Repayments of long-term borrowings	(8,693.93)	(20,954.98)
Proceeds from /(repayment) of short-term borrowings (net)	1,022.69	(6,059.79)
Interest paid	(2,130.03)	(1,835.73)
Proceeds from issue of share capital (net of issue expenses)	-	2.64
Dividend paid (including tax on dividend)	(678.82)	(678.05)
<b>Net cash generated/(used) from financing activities</b>	<b>(4,684.99)</b>	<b>5,431.51</b>

# Consolidated Statement of Cash Flows

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Effect of exchange rate changes on cash and cash equivalents	107.80	(2,889.95)
<b>Net increase in cash and cash equivalents</b>	<b>1,769.92</b>	<b>1,992.43</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,563.64</b>	<b>8,571.21</b>
<b>Cash and cash equivalents at the end of the year (refer note - 10(ii))</b>	<b>12,333.56</b>	<b>10,563.64</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	7.17	11.33
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	12,326.39	10,552.31
	<b>12,333.56</b>	<b>10,563.64</b>

Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- Figures in bracket indicate cash outflow.
- Reconciliation of Financing Activities

Particulars	As at 31 March 2017	Borrowings made during the year	Amount repaid during the year	FCCB Premium and issue cost	Exchange difference/ translation	As at 31 March 2018
Long term borrowings	45,364.69	5,795.10	(8,693.93)	920.15	57.40	43,443.41
Short term borrowings	1,871.89	1,022.69	-	-	55.86	2,950.44

See accompanying notes to the consolidated financial statements.

As per our report of even date

For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm Registration No: 001076N/N500013

Ashish Gupta  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

Glenn Saldanha  
Chairman & Managing Director  
DIN : 00050607

V S Mani  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

Cherylann Pinto  
Executive Director  
DIN : 00111844

Harish Kuber  
Company Secretary &  
Compliance officer

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## NOTE 1 - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. NATURE OF OPERATIONS

Glenmark Pharmaceuticals Limited ("Glenmark" or "the Company") and its subsidiaries (together referred to as "the Group") are primarily engaged in the business of development, manufacture and marketing of pharmaceutical products both formulation and active pharmaceutical ingredients to regulated and semi-regulated markets. The Group has a significant presence in branded generics markets across emerging economies including India and also has a fast growing generics business in the United States and Europe. The Group is actively involved in the discovery of new molecules both NCEs (new chemical entities) and NBEs (new biological entities).

The Group's research and development facilities are located at Mahape, Sinnar, Turbhe and Taloja in India, and at La Chaux-de-fonds in Switzerland. The manufacturing facilities of the Group in India are located at Nasik, Colvale, Baddi, Nalagarh, Ankleshwar, Mohol, Kurkumbh, Sikkim, Indore, Dahej and Aurangabad. Overseas manufacturing facilities are located in Czech Republic, Argentina, La Chaux-de-fonds in Switzerland and Monroe (USA).

### 2. GENERAL INFORMATION AND BASIS OF PREPARATION AND MEASUREMENT

Glenmark Pharmaceuticals Limited is the Group's ultimate parent company and is a public limited company incorporated in Mumbai, India. The registered office of the Company is at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai - 400026, India.

The Company's shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

These consolidated financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

These consolidated financial statements are presented in Indian Rupees ('INR'), which is also

the Company's functional currency. Amounts in figures presented have been rounded to INR million unless otherwise stated.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The significant accounting policies that are used in the preparation of these consolidated financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

The preparation of consolidated financial statements in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 and 4.1.

#### 3.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 3.2. Basis of Consolidation

These consolidated financial statements include financial statements of the Company and all of its subsidiaries drawn up to the dates specified in Note 2. Subsidiaries are all entities over which the Company has control. The Group controls an entity when the group is exposed to, or has rights to

variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group acquires control until the date the control ceases.

The difference between the cost of investments in the subsidiaries, over the net assets at the time of acquisition of shares in subsidiaries, or on the date of the financial statements immediately preceding the date of acquisition in subsidiaries, is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the Consolidated Statement of Profit and Loss as the profit or loss on disposal of investment in subsidiary.

Inter-company transactions, balances and unrealised gains and losses on inter-company transactions between group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group perspective. Amounts reported in separate financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the shareholders of the Company.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

### 3.3. Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of profit and loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

### 3.4. Foreign currency transactions and foreign operations

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated statement of profit and loss in the period in which they arise.

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income/

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

(loss) and presented within equity as a part of foreign currency translation reserve ("FCTR").

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the average exchange rates prevailing during the year, resulting foreign currency differences are recognized in other comprehensive income/(loss) and presented within equity as part of FCTR. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to the consolidated statement of profit and loss.

### 3.5. Revenue recognition

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade discounts and allowances, but inclusive of excise duty (up to 30 June 2017). Revenue includes shipping and handling costs billed to the customer.

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates.

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers. Significant risks and rewards in respect of ownership of active pharmaceuticals ingredients are transferred upon delivery of the products to the customers.

Revenue from contract research is recognised in the consolidated statement of profit and loss when right to receive a non-refundable payment from out-licensing partner is established and such non-refundable amount is representative of work already done by Group

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction from revenue. A chargeback 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. 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.

#### Services

Revenue from services rendered is recognised in the consolidated statement of profit and loss over the period the underlying services are performed.

#### Export entitlements

Export entitlements from government authorities are recognised in the consolidated statement of profit and loss when the right to receive incentive as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### Other income

Other income consists of interest income on funds invested in financial assets,

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in the consolidated statement of profit and loss, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the consolidated statement of profit and loss on the date that the Group's right to receive payment is established.

### 3.6. Property, Plant and Equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the consolidated statement of profit and loss".

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, its cost can be measured reliably and it has an useful life of at least 12 months. The costs of other repairs and maintenance are recognised in the consolidated statement of profit and loss as incurred.

On transition to Ind AS, the Group has elected to continue with the carrying value

of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

#### Depreciation

Depreciation is recognised in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The below given useful lives best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The estimated useful lives are as follows:	
Factory and other buildings	26 – 61 years
Plant and machinery	1 – 21 years
Furniture, fixtures and office equipment	1 – 21 years
Vehicles	1 – 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

### 3.7. Borrowing Costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

### 3.8. Intangible Assets

#### Goodwill

Goodwill arises upon the acquisition of

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

subsidiaries. Goodwill represents the excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Acquisitions prior to the Group's date of transition to Ind AS:

As part of its transition to Ind AS, the Group elected to restate only those business combinations that occurred on or after 1 April 2015. In respect of acquisitions prior to 1 April 2015, goodwill represents the amount recognised under previous GAAP.

## Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the consolidated statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Group, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the consolidated statement of profit and loss as incurred.

The Group's internal drug development expenditure is capitalised only if they meet the recognition criteria as mentioned above. Where uncertainties exist that the said criteria may not be met, the expenditure is recognised in the consolidated statement of profit and loss as incurred. Where the recognition criteria are met, intangible assets

are recognised. Based on the management estimate of the useful lives, indefinite useful life assets are tested for impairment and assets with limited life are amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licenced to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

Payments to in-license products and compounds from third parties generally taking the form of up-front payments and milestones are capitalised and amortised on a straight-line basis, over their useful economic lives from when the asset is available for use. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful life are indeterminable till then.

## De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in the consolidated statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the consolidated statement of profit and loss.

## Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives,

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(All amounts in million of Indian Rupees, unless otherwise stated)

are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the consolidated statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software.

## Amortisation

Amortisation of intangible assets, other than goodwill, intangible assets not available for use and intangible assets having indeterminable life, is recognised in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

The estimated useful lives of intangible assets are 1 - 10 years.

### 3.9. Impairment Testing of Property, Plant and Equipment, Goodwill and Intangible Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable

amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the consolidated statement of profit and loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.10. Investments and financial assets Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other

# Notes to the Consolidated Financial Statements

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comprehensive income, or through profit or loss), and

- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

## Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit and loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represents solely payment of principal and interest.

## Measurement of debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit and loss and recognised in other income/ (expenses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated statement of profit and loss and presented net in the consolidated

# Notes to the Consolidated Financial Statements

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statement of profit and loss within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in other income.

## Measurement of equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the consolidated statement of profit and loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expenses) in the consolidated statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## 3.11. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial is recognised as an asset / liability based on the underlying reason for the difference.

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Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method

Borrowings are derecognised from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit and loss. The gain / loss is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

## 3.12. Inventories

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, raw material, packing material are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

## 3.13. Accounting for Income Taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and
- Taxable temporary differences relating to investments in subsidiaries to the extent the Company is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised / settled simultaneously.

## 3.14. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

## Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## Land acquired on long term leases

The Group has capitalised the land acquired on long term lease. Such leases are acquired on payment of an upfront amount and do not carry any other minimum lease payments/other rentals over the lease term. The asset is initially recognised at the value of the upfront premium/charges paid to acquire the lease.

## Operating leases

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's consolidated balance sheet. Payments made under operating leases are recognised in the consolidated statement of profit and loss over the term of the lease.

## 3.15. Equity

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any income tax effects.

Securities premium includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from Securities premium, net of any related income tax benefits.

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Foreign currency translation differences are included in the currency translation reserve.

Retained earnings include all current and prior period results, as disclosed in the consolidated statement of profit and loss.

## 3.16. Employee Benefits

### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the consolidated statement of profit and loss as incurred.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under

the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability/(asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability/(asset) is recognised in the consolidated balance sheet.

Defined benefit costs are recognised as follows:

- Service cost in the consolidated statement of profit and loss
- Net interest on the net defined benefit liability/(asset) in the consolidated statement of profit and loss
- Remeasurement of the net defined benefit liability/(asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the consolidated statement

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of profit and loss in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments.

Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the consolidated statement of profit and loss.

## Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Group's policy and receive cash in lieu thereof. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the date of balance sheet. Such measurement is based on actuarial valuation as at the date of balance sheet carried out by a qualified actuary.

## Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary retirement. Termination benefits for voluntary retirement are recognised as an expense if the Group has made an offer encouraging voluntary retirement, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 3.17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cash flows associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated balance sheet.

Any amount that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset upto the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

## 3.18. Share based Compensation

All employee services received in exchange for the grant of any equity-settled share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the consolidated statement of profit and loss with a corresponding credit to equity (stock

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compensation reserve). If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as Securities premium.

## 4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENT IN APPLYING ACCOUNTING POLICIES

When preparing these consolidated financial statements, management undertakes a number of judgments', estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Group's accounting policies, the following judgments have been made apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial information. Judgements are based on the information available at the date of balance sheet.

### Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Group has also used Appendix C to Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- b) the arrangement conveys a right to use the asset.

### Deferred Tax

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

### Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

### Provision for chargeback

Provisions for chargeback are estimated and provided for in the year of sales and recorded as reduction from revenue. A chargeback 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 Group. Provisions for such chargebacks are accrued and estimated based on historical average

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chargeback rate actually claimed over a period of time, current contract prices with wholesalers/ other customers and estimated inventory holding by the wholesaler.

## 4.1. Estimation Uncertainty

The preparation of these consolidated financial statements is in conformity with Ind AS and requires the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimates of life of various tangible and intangible assets, and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

### Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The useful lives are specified in notes 3.6 and 3.8.

### Post-employment benefits

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty. The assumptions used are disclosed in note 27.

### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial instruments (note 34). In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. Refer note 4 and 5 for impairment testing assumptions for intangibles and goodwill.

### Current and deferred income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained

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in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## Expected credit loss

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables.
- ii. Financial assets measured at amortised cost other than trade receivables."

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as (ii) above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

The consolidated financial statements have been prepared using the measurement basis specified by Ind AS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 5. Standards issued but not yet effective: Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration :

On 28 March 2018, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related assets, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Group is evaluating the requirement of the amendment and impact on the consolidated financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

## Ind AS 115 - Revenue from contracts with customers:

In March 2018, the MCA notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 Revenue from contracts with customers supercedes Ind AS 18, "Revenue" and is applicable for all accounting periods on or after 1 April 2018.

Ind AS 115 introduces a new framework of 5 steps model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty or revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Group from 1 April 2018.

The standard permits 2 possible methods of transition :

- Retrospective approach

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Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting policies, changes in accounting estimates and errors"

- Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (cumulative catch-up approach)

The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements. The effect on adoption of the Ind AS 115 is expected to be insignificant.

### **Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses:**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible

temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the changes in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 April 2018. The Group will adopt the new standard on the required effective date. The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements. The effect on adoption of these amendment is expected to be insignificant.

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## Note 2 - Basis of consolidation

The subsidiaries which are consolidated under Glenmark Pharmaceuticals Limited ('GPL') comprise the entities listed below:

Name of the Entity	Year End Date	Country of Incorporation	Holding Company as of	Effective Group Shareholding (%) as on	
			31 March 2018	31 March 2018	31 March 2017
Glenmark Pharmaceuticals (Europe) R&D Ltd.,	31 March	United Kingdom	GHSA	100%	100%
Glenmark Pharmaceuticals Europe Ltd.,	31 March	United Kingdom	GPL	100%	100%
Glenmark Pharmaceuticals S.R.O. (GP S.R.O.)	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals SK, S.R.O.	31 March	Slovak Republic	GP S.R.O.	100%	100%
Glenmark Pharmaceuticals S. A.	31 March	Switzerland	GHSA	100%	100%
Glenmark Holding S. A.,(GHSA)	31 March	Switzerland	GPL	100%	100%
Glenmark Pharmaceuticals S.R.L	31 March	Romania	GHSA	100%	100%
Glenmark Pharmaceuticals SP z.o.o.	31 March	Poland	GHSA	100%	100%
Glenmark Pharmaceuticals Inc.,	31 March	USA	GHSA	100%	100%
Glenmark Therapeutics Inc.	31 March	USA	GHSA	100%	100%
Glenmark Farmaceutica Ltda	31 March	Brazil	GHSA	100%	100%
Glenmark Generics SA	31 March	Argentina	GHSA	100%	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	31 March	Mexico	GPL	100%	100%
Glenmark Pharmaceuticals Peru SAC	31 March	Peru	GPL	100%	100%
Glenmark Pharmaceuticals Colombia SAS,	31 March	Colombia	GPL	100%	100%
Glenmark Uruguay S.A. (GU S.A.)	31 March	Uruguay	GPL	100%	100%
Glenmark Pharmaceuticals Venezuela, C.A	31 March	Venezuela	GPL	100%	100%
Glenmark Dominicana SRL	31 March	Dominican Republic	GPL	100%	100%
Glenmark Pharmaceuticals Egypt S.A.E.	31 March	Egypt	GPL	100%	100%
Glenmark Pharmaceuticals FZE	31 March	United Arab Emirates	GPL	100%	100%
Glenmark Impex L.L.C	31 March	Russia	GPL	100%	100%
Glenmark Philippines Inc.	31 March	Philippines	GPL	100%	100%
Glenmark Pharmaceuticals (Nigeria) Ltd.	31 March	Nigeria	GPL	100%	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	31 March	Malaysia	GPL	100%	100%
Glenmark Pharmaceuticals (Australia) Pty Ltd.	31 March	Australia	GPL	100%	100%
Glenmark South Africa (pty) Ltd (GSAPL)	31 March	South Africa	GPL	100%	100%
Glenmark Pharmaceuticals South Africa (pty) Ltd.	31 March	South Africa	GSAPL	100%	100%

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Name of the Entity	Year End Date	Country of Incorporation	Holding Company as of	Effective Group Shareholding (%) as on	
			31 March 2018	31 March 2018	31 March 2017
Glenmark Pharmaceuticals (Thailand) Co. Ltd	31 March	Thailand	GPL	49%	49%
Glenmark Pharmaceuticals B.V.	31 March	Netherlands	GHSA	100%	100%
Glenmark Arzneimittel Gmbh	31 March	Germany	GHSA	100%	100%
Glenmark Pharmaceuticals Canada Inc.	31 March	Canada	GHSA	100%	100%
Glenmark Pharmaceuticals Kenya Ltd	31 March	Kenya	GPL	100%	100%
Glenmark Therapeutics AG	31 March	Switzerland	GPL	100%	100%
Viso Farmaceutica S.L.U.,	31 March	Spain	GHSA	100%	100%
Glenmark Specialty SA	31 March	Switzerland	GHSA	100%	100%
Glenmark Pharmaceuticals Distribution S.R.O.	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals Nordic AB	31 March	Sweden	GHSA	100%	100%
Glenmark Ukraine LLC	31 March	Ukraine	GHSA	100%	100%
Glenmark-Pharmaceuticals Ecuador S.A.	31 March	Ecuador	GPL	100%	100%
Glenmark Pharmaceuticals Singapore Pte. Ltd.	31 March	Singapore	GPL	100%	-

### Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 3 - Property, Plant and Equipment, Net

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office Equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
<b>Balance as at 1 April 2017</b>	<b>107.25</b>	<b>405.88</b>	<b>6,574.48</b>	<b>1,536.19</b>	<b>13,823.53</b>	<b>1,171.52</b>	<b>1,668.04</b>	<b>320.79</b>	<b>25,607.68</b>	<b>6,295.50</b>
- Other acquisitions	-	0.75	674.04	190.43	1,387.65	102.12	219.83	97.95	2,672.77	5,084.81
- Disposals/Transfers	-	(0.59)	(7.34)	(28.18)	(121.35)	35.11	(24.12)	(55.40)	(201.87)	(1,458.20)
- Translation adjustment	(0.27)	(0.14)	25.45	(8.91)	58.87	(0.80)	21.34	(6.54)	89.00	11.29
<b>Balance as at 31 March 2018</b>	<b>106.98</b>	<b>405.90</b>	<b>7,266.63</b>	<b>1,689.53</b>	<b>15,148.70</b>	<b>1,307.95</b>	<b>1,885.09</b>	<b>356.80</b>	<b>28,167.58</b>	<b>9,933.40</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2017</b>	-	<b>53.03</b>	<b>879.46</b>	<b>558.99</b>	<b>4,047.70</b>	<b>730.99</b>	<b>1,330.40</b>	<b>170.14</b>	<b>7,770.71</b>	-
- Depreciation charge for the year	-	7.14	142.48	98.23	942.51	104.10	144.35	65.01	1,503.82	-
- Disposals/Transfers	-	(0.59)	(0.78)	(9.08)	(81.45)	32.86	(23.75)	(42.54)	(125.33)	-
- Translation adjustment	-	(0.04)	15.99	(0.32)	36.00	(0.49)	13.16	(4.02)	60.28	-
<b>Balance as at 31 March 2018</b>	-	<b>59.54</b>	<b>1,037.15</b>	<b>647.82</b>	<b>4,944.76</b>	<b>867.46</b>	<b>1,464.16</b>	<b>188.59</b>	<b>9,209.48</b>	-
<b>Carrying value</b>										
As at 1 April 2017	107.25	352.85	5,695.02	977.20	9,775.83	440.53	337.64	150.65	17,836.97	6,295.50
<b>As at 31 March 2018</b>	<b>106.98</b>	<b>346.36</b>	<b>6,229.48</b>	<b>1,041.71</b>	<b>10,203.94</b>	<b>440.49</b>	<b>420.93</b>	<b>168.21</b>	<b>18,958.10</b>	<b>9,933.40</b>
Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office Equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
<b>Balance as at 1 April 2016</b>	<b>108.85</b>	<b>406.26</b>	<b>5,848.10</b>	<b>1,399.54</b>	<b>12,269.66</b>	<b>1,043.37</b>	<b>1,559.98</b>	<b>371.50</b>	<b>23,007.26</b>	<b>4,978.29</b>
- Other acquisitions	-	-	812.66	129.63	1,624.15	132.22	167.04	34.18	2,899.88	3,510.51
- Disposals/Transfers	-	-	(13.49)	-	(52.98)	(6.98)	(21.42)	(89.80)	(184.67)	(1,994.06)
- Translation adjustment	(1.60)	(0.38)	(72.79)	7.02	(17.30)	2.91	(37.56)	4.91	(114.79)	(199.24)
<b>Balance as at 31 March 2017</b>	<b>107.25</b>	<b>405.88</b>	<b>6,574.48</b>	<b>1,536.19</b>	<b>13,823.53</b>	<b>1,171.52</b>	<b>1,668.04</b>	<b>320.79</b>	<b>25,607.68</b>	<b>6,295.50</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2016</b>	-	<b>46.31</b>	<b>768.27</b>	<b>490.73</b>	<b>3,235.88</b>	<b>635.72</b>	<b>1,232.64</b>	<b>160.44</b>	<b>6,569.99</b>	-
- Depreciation charge for the year	-	7.08	130.16	74.57	851.21	108.41	128.85	65.55	1,365.83	-
- Disposals/Transfers	-	-	(0.04)	-	(31.02)	(4.19)	(4.56)	(57.28)	(97.09)	-
- Translation adjustment	-	(0.36)	(18.93)	(6.31)	(8.37)	(8.95)	(26.53)	1.43	(68.02)	-
<b>Balance as at 31 March 2017</b>	-	<b>53.03</b>	<b>879.46</b>	<b>558.99</b>	<b>4,047.70</b>	<b>730.99</b>	<b>1,330.40</b>	<b>170.14</b>	<b>7,770.71</b>	-
<b>Carrying value</b>										
As at 1 April 2016	108.85	359.95	5,079.83	908.81	9,033.78	407.65	327.34	211.06	16,437.27	4,978.29
<b>As at 31 March 2017</b>	<b>107.25</b>	<b>352.85</b>	<b>5,695.02</b>	<b>977.20</b>	<b>9,775.83</b>	<b>440.53</b>	<b>337.64</b>	<b>150.65</b>	<b>17,836.97</b>	<b>6,295.50</b>

### Note:

- The Group's property, plant and equipment at certain locations have been pledged as security for short term borrowings disclosed under Note 16 (i).
- Additions include borrowing costs capitalised of ₹ 219.25 (2017- ₹ 209.98). The borrowing costs have been capitalised at a weighted average rate of 4.88%.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 4 - Goodwill

The net carrying amount of goodwill can be analysed as follows:

Particulars	31 March 2018	31 March 2017
Opening balance	478.92	574.80
Effect of translation adjustments	42.12	(95.88)
<b>Closing balance</b>	<b>521.04</b>	<b>478.92</b>

## Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the cash generating unit (CGU) expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows

Particulars	As at 31 March 2018	As at 31 March 2017
Europe	510.53	468.91
ROW	10.51	10.01
<b>Goodwill</b>	<b>521.04</b>	<b>478.92</b>

At the year end, the goodwill was tested for impairment based on conditions at that date.

The recoverable amount of each CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate, reflective of underlying markets.

Particulars	Long term growth Rates		Discount Rates	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Europe & ROW	2.00%	2.00%	8.90%	8.50%

## Long term growth rates

The long term growth rates reflect the long-term average growth rates for the product lines and industry. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates for the foreseeable future.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 5 - Intangible Assets

Intangible assets comprise of :

Particulars	Computer software	Product development/ Brands	Total	Intangibles under development
<b>Cost</b>				
<b>Balance as at 1 April 2017</b>	<b>1,779.16</b>	<b>19,833.41</b>	<b>21,612.57</b>	<b>785.62</b>
- Additions	179.93	2,919.23	3,099.16	494.81
- Disposals/transfers	(41.08)	(224.12)	(265.20)	(25.58)
- Translation adjustment	(4.50)	548.82	544.32	30.47
<b>Balance as at 31 March 2018</b>	<b>1,913.51</b>	<b>23,077.34</b>	<b>24,990.85</b>	<b>1,285.32</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2017</b>	<b>801.91</b>	<b>11,575.65</b>	<b>12,377.56</b>	<b>-</b>
- for the year	279.82	1,235.12	1,514.94	-
- on disposals/transfers	(24.15)	(70.16)	(94.31)	-
- Translation adjustment	(3.08)	379.36	376.28	-
<b>Balance as at 31 March 2018</b>	<b>1,054.50</b>	<b>13,119.97</b>	<b>14,174.47</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2017	977.25	8,257.76	9,235.01	785.62
<b>As at 31 March 2018</b>	<b>859.01</b>	<b>9,957.37</b>	<b>10,816.38</b>	<b>1,285.32</b>
<b>Particulars</b>				
	<b>Computer software</b>	<b>Product development/ Brands</b>	<b>Total</b>	<b>Intangibles under development</b>
<b>Cost</b>				
<b>Balance as at 1 April 2016</b>	<b>1,297.04</b>	<b>18,126.28</b>	<b>19,423.32</b>	<b>449.66</b>
- Additions	489.88	2,287.01	2,776.89	480.21
- Disposals/transfers	(1.02)	-	(1.02)	(129.12)
- Translation adjustment	(6.74)	(579.88)	(586.62)	(15.13)
<b>Balance as at 31 March 2017</b>	<b>1,779.16</b>	<b>19,833.41</b>	<b>21,612.57</b>	<b>785.62</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2016</b>	<b>594.35</b>	<b>9,905.57</b>	<b>10,499.92</b>	<b>-</b>
- for the year (refer note 41)	222.84	1,864.50	2,087.34	-
- on disposals/transfers	(0.29)	-	(0.29)	-
- Translation adjustment	(14.99)	(194.42)	(209.41)	-
<b>Balance as at 31 March 2017</b>	<b>801.91</b>	<b>11,575.65</b>	<b>12,377.56</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2016	702.69	8,220.71	8,923.40	449.66
<b>As at 31 March 2017</b>	<b>977.25</b>	<b>8,257.76</b>	<b>9,235.01</b>	<b>785.62</b>

At the year end, the intangibles with indefinite or indeterminable lives were tested for impairment based on conditions at that date. Based on such impairment testing, management has recorded an impairment loss. The impairment is on account of the change in competitive market, including pricing of the underlying products. In performing the impairment testing management considers various factors such as the size of the target market, competition, future possible price/volume erosion.

The recoverable amount of each assets/CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each assets/CGU is determined by applying a suitable discount rate.

## Long term growth rates

The long term growth rates reflect the long-term average growth rates for the product lines and industry. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates for the foreseeable future. The terminal Growth rate is 2% (2017-2%).

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the assets/CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each asset/CGU. The present value of the expected cash flows of each asset is determined by applying a discount rate in the range of 7% to 8%.

Segments to which Intangible assets with indefinite or indeterminable life are allocated as follows:

As at 31 March 2018	India	USA	Total
Intangible Assets	666.66	90.71	757.37
<b>Total</b>	<b>666.66</b>	<b>90.71</b>	<b>757.37</b>
As at 31 March 2017	India	USA	Total
Intangible Assets	660.12	90.57	750.69
<b>Total</b>	<b>660.12</b>	<b>90.57</b>	<b>750.69</b>

## Note 6 - Non - Current Financial Assets

### (i) Investments

The investment in equity and preference shares amounting to ₹ 45.57 (2017 - ₹ 45.57) been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Group's equity investment in this entity cannot be reliably measured.

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unquoted</b>		
<b>(i) Equity Shares (FVTPL)</b>		
289,832 (2017 - 289,832) Equity Shares of Narmada Clean Tech Ltd. of ₹ 10 each.	2.90	2.90
1 (2017 - 1) Time Share of Dalmia Resorts Limited	0.02	0.02
<b>(ii) Preference shares</b>		
1,176,471 (2017 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each <b>(at FVTPL)</b>	42.65	42.65
1,000,000 (2017-1,100,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd. <b>(at amortised cost)</b>	100.00	110.00
<b>(iii) Investments in Government securities</b>		
National Savings Certificate -Sixth Issue <b>(at amortised cost)</b>	0.02	0.02
<b>Total</b>	<b>145.59</b>	<b>155.59</b>
<b>Quoted</b>		
<b>(i) Equity Shares (FVTPL)</b>		
9,000 (2017 - 9,000) Bank of India of ₹ 10 each	0.93	1.26
1,209 (2017 - 1,209) IDBI Bank Limited of ₹ 10 each	0.09	0.09
<b>Total</b>	<b>1.02</b>	<b>1.35</b>
<b>Total</b>	<b>146.61</b>	<b>156.94</b>
Investment carried at amortised cost	100.02	110.02
Investment carried at FVTPL	46.59	46.92

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## (ii) Other non-current financial assets

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Security deposits considered good*	313.15	276.45
Time deposits	88.03	86.39
<b>Total</b>	<b>401.18</b>	<b>362.84</b>

\*Security deposits represent trade deposit given in the normal course of business realisable after twelve months from the reporting date.

## Note 7 - Taxes

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax expense	3,256.90	6,190.43
Deferred income tax expense /(benefit)	1,989.37	(578.00)
Minimum Alternate Tax (MAT) Credit (Entitlement) /utilisation	(2,091.67)	(1,785.66)
<b>Total</b>	<b>3,154.60</b>	<b>3,826.77</b>

The relationship between the expected tax expense based on the applicable tax rate of the Group and the tax expense actually recognised in the consolidated statement of profit and loss can be reconciled as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Income tax expense at tax rates applicable to individual entities</b>	3,601.76	7,377.06
<b>Tax adjustment for tax-exempt income</b>		
- Income exempt from tax	(1,865.88)	(3,619.81)
<b>Other tax adjustments</b>		
- Additional deduction for R & D Expenditure	(417.41)	(1,428.16)
- Unrecognised tax benefit on losses of subsidiaries (net)	1,146.13	1,530.44
- Other disallowance	858.97	203.01
- Other allowances	(168.97)	(235.77)
<b>Actual tax expense (net)</b>	<b>3,154.60</b>	<b>3,826.77</b>

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2017	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred income tax assets - Non current</b>				
Provision for credit losses	223.28	12.00	(0.01)	235.27
Unused tax losses	5,975.33	(300.16)	(41.91)	5,633.26
MAT credit entitlement	7,367.85	2,091.67	-	9,459.52
Depreciation and other financial assets	1,965.15	(10.08)	(0.59)	1,954.48
Employee Benefits	1.87	1.27	0.10	3.24
<b>Total</b>	<b>15,533.48</b>	<b>1,794.70</b>	<b>(42.41)</b>	<b>17,285.77</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	As at 31 March 2017	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred income tax liabilities - Non current</b>				
Other current assets	111.33	0.91	3.97	116.21
Difference in depreciation on property, plant and equipment	2,309.46	229.20	(33.99)	2,504.67
Other taxable temporary differences	-	1,462.29	-	1,462.29
<b>Total</b>	<b>2,420.79</b>	<b>1,692.40</b>	<b>(30.02)</b>	<b>4,083.17</b>
<b>Net deferred income tax asset</b>	<b>13,112.69</b>	<b>102.30</b>	<b>(12.39)</b>	<b>13,202.60</b>

Particulars	As at 31 March 2016	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2017
<b>Deferred income tax assets - Non current</b>				
Provision for credit losses	223.28	-	-	223.28
Unused tax losses	5,257.35	628.40	89.58	5,975.33
MAT credit entitlement	5,582.19	1,785.66	-	7,367.85
Depreciation and other financial assets	1,684.39	326.47	(45.71)	1,965.15
Employee Benefits	2.37	(0.27)	(0.23)	1.87
<b>Total</b>	<b>12,749.58</b>	<b>2,740.26</b>	<b>43.64</b>	<b>15,533.48</b>
<b>Deferred income tax liabilities - Non current</b>				
Other current assets	124.46	(0.80)	(12.33)	111.33
Difference in depreciation on property, plant and equipment	1,976.28	377.40	(44.22)	2,309.46
<b>Total</b>	<b>2,100.74</b>	<b>376.60</b>	<b>(56.55)</b>	<b>2,420.79</b>
<b>Net deferred income tax asset</b>	<b>10,648.84</b>	<b>2,363.66</b>	<b>100.19</b>	<b>13,112.69</b>

In assessing the reliability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward periods are reduced.

Deferred income taxes are not provided on undistributed earnings of subsidiaries outside India, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. The Company indefinitely reinvests all the accumulated undistributed earnings of subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the taxes payable when these earnings are remitted.

The unrecognised deferred tax assets for the year ended 31 March 2018 and 31 March 2017 is ₹ 719.86 and ₹ 1,635.23 respectively.

During the year ended 31 March 2018, the Group, based on probable future taxable profit, has recognized/ (reversed) previously unrecognised/ recognised deferred tax assets of ₹ (426.27) in F.Y. 2017-18 and ₹ 104.79 in F.Y. 2016-17.

Deferred tax assets on unused tax losses will expire between 2-7 years.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 8 - Other Non-Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Prepaid expenses	5.63	1.28
Capital advances	413.75	474.75
Advance tax (net of provision)	382.85	151.76
<b>Total</b>	<b>802.23</b>	<b>627.79</b>

## Note 9 - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
Raw materials	5,188.60	5,336.61
Packing materials	1,476.80	1,240.64
Work-in-process	2,577.04	2,875.53
Stores and spares	720.54	556.22
Finished goods	8,770.52	9,544.98
Stock-in-trade	1,572.35	1,836.52
<b>Total</b>	<b>20,305.85</b>	<b>21,390.50</b>

Refer note 16(i) for hypothecation of stocks of raw materials, packing materials, finished goods and work-in-process.

The Group recorded inventory write down (net) of ₹ 669.75 (2017 - ₹ 946.15). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock -in- trade in the consolidated statement of profit and loss.

## Note 10 - Current Financial Assets

### (i) TRADE RECEIVABLES

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Considered good	23,318.07	24,043.20
Considered Doubtful	753.30	719.41
Allowance for doubtful debts / expected credit losses	(753.30)	(719.41)
<b>Total</b>	<b>23,318.07</b>	<b>24,043.20</b>

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. All of the Group's trade receivables have been reviewed for indications of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 42.61 (2017 - ₹ 7.87) has been recorded. The movement in the expected credit losses can be reconciled as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	719.41	722.95
Amounts written off during the year	(8.72)	(11.41)
Provision for credit loss during the year (net)	42.61	7.87
<b>Closing balance</b>	<b>753.30</b>	<b>719.41</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## (ii) CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	12,326.39	10,552.31
Cash on hand	7.17	11.33
<b>Total</b>	<b>12,333.56</b>	<b>10,563.64</b>

## (iii) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2018	As at 31 March 2017
Other bank balance - Dividend accounts (refer note 1 below)	13.35	12.95
<b>Total</b>	<b>13.35</b>	<b>12.95</b>

Note 1 - Dividend accounts represent balances maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividends. The corresponding liability for payment of dividends is included in short term financial liability.

## (iv) OTHERS CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits-unsecured, considered good (refer note 1 below)	186.06	158.77
Export incentives	1,792.46	1,580.15
Other receivables (unsecured)	1,877.90	1,842.29
<b>Total</b>	<b>3,856.42</b>	<b>3,581.21</b>

Note 1 - Security deposits represent trade deposits given in the normal course of business realisable within twelve months from the reporting date.

## Note 11 - Other Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Advances recoverable in kind (unsecured)	2,804.72	2,946.55
Input taxes receivable	3,443.16	3,097.32
Advance to vendors	2,817.53	2,796.88
Prepaid expenses	994.26	314.14
<b>Total</b>	<b>10,059.67</b>	<b>9,154.89</b>

## NOTE 12 - EQUITY AND RESERVES

### a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders' meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 2,370,000,000 equity shares of ₹ 1 each.



## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

(iii) As at 31 March 2018, pursuant to Employee Stock Option Scheme 2003, no options were outstanding. Pursuant to Employee Stock Options Scheme 2016, 569,686 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

### (iv) Right, Preference and restriction on shares

The Company presently has only one class of ordinary equity shares. For all matters submitted to vote in the shareholders' meeting, every holder of ordinary equity shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

(v) In the period of five years immediately preceding 31 March 2018, the Company has not allotted any shares as fully paid up pursuant to contracts without payment being received in cash. Further, the Company has neither issued bonus shares nor bought back any shares during the aforementioned period.

### (vi) Employee Stock Option Scheme, 2003 and 2016 (ESOS)

The Company has formulated an Employee Stock Option Scheme 2003 and Employee Stock Option Scheme 2016 ('ESOS') namely ESOS 2003 and ESOS 2016 respectively under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1 - 6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Company on either the date of the grant or the closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. Pursuant to ESOS 2003, 47,000 options were cancelled during the year and as at 31 March 2018, no options were outstanding. Pursuant to ESOS 2016, 569,686 options were outstanding, which upon exercise are convertible into equivalent number of equity shares. Employee stock compensation charged during the year is ₹ 90.64.

The aggregate share options and weighted average exercise price under the above mentioned plan are as follows:

	2018		2017	
	Number	weighted average price (₹)	Number*	weighted average price*(₹)
Outstanding at the beginning of the year	666,757	459.29	84,500	279.99
Granted during the year	25,306	198.30	640,695	473.68
Forfeited during the year	(122,377)	399.82	(48,438)	377.24
Exercised during the year*	-	-	(10,000)	263.89
Outstanding at the end of the year	569,686	460.47	666,757	459.29

All of the above options outstanding as of 31 March 2018 are unvested.

All share based employee payments would be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The fair values of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Particulars	31 March 2018	31 March 2017
Share price (₹)	600	215.85 - 800.00*
Exercise price (₹)	600	215.85 - 800.00*
Weighted average volatility rate	30%	30% - 60%
Dividend payout	200%	200%
Risk free rate	7.80%	7.70%-9.00%
Average remaining life	1-28 months	1-52 months

\*All figures have been accordingly adjusted for

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

- Split of face value from ₹ 10 to ₹ 2 in October 2003
- 1:1 bonus issue in April 2005 and split of face value from ₹ 2 to ₹ 1 in September 2007.

The underlying expected volatility was determined by reference to historical data, adjusted for unusual share price movements. No special features inherent to the options granted were incorporated into the measurement of fair value.

## Note 14 - Non-Current Financial Liabilities

### (i) BORROWINGS

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Notes payable	-	1.30
Foreign currency convertible bonds (FCCB)	14,067.85	13,178.95
Senior notes	12,792.44	12,714.51
Term loan from banks	16,583.12	19,469.93
<b>Total</b>	<b>43,443.41</b>	<b>45,364.69</b>
Less: Current portion of long term borrowings	(2,025.63)	(1.30)
	<b>41,417.78</b>	<b>45,363.39</b>

In the year 2016, the Company had issued U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S.\$ 200,000,000, 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

#### U.S. \$ 200,000,000, 2.00 % Resettable Onward Starting Equity-linked Securities (Bonds):

The Company had issued Bonds on 28 June 2016. The Bonds becomes convertible at the option of the holders of the Bonds (the "Bondholders") after 1 December 2017 and upto the close of business on 18 June 2022 into equity shares. Each Bond will be convertible at the option of the holder thereof into fully paid equity shares at the initial conversion price determined on 30 November 2017.

On 30 November 2017 the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds, subject to any further adjustments according to conditions) at ₹ 861.84 as determined in accordance with condition 6.1.3 of the Trust deed.

As of 31 March 2018, none of the Bondholders have opted for the conversion option.

On 30 November 2017 the Company confirmed the Fixed Exchange Rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the Fixed Exchange Rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFIX" USD/INR Spot Mid Price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

Each Bondholder has the right to require the Company to redeem in whole or in part, such Bondholder's Bonds, on 28 July 2021, at a price equal to 121.78% of its outstanding principal amount of Bonds, together with interest (if any) accrued but unpaid on 28 July 2021.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Bonds are listed on the Singapore stock exchange.

## U.S. \$ 200,000,000, 4.5% Senior Notes (Notes) :

The Company issued Notes on 1 August 2016. The Notes will mature on 2 August 2021.

The interest on Notes will be payable semi-annually in arrears on 1 February and 1 August each year. The final interest payment and the payment of principal will occur on 2 August 2021.

The Notes are redeemable at any time on or after 2 August 2019, all or part of the Notes by paying the redemption price, subject to fulfillment of certain conditions. The Company, at its discretion, may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount, plus the applicable redemption premium, and accrued and unpaid interest and additional amounts, if any

The Notes are listed on the Singapore stock exchange.

The Group has availed term loans from banks at interest rates ranging between 2.93% - 6.43% p.a., it is payable in installments and will get fully repaid by financial year 2021-22.

Maturity profile of non-current borrowings

Year ending 31 March	31 March 2018	31 March 2017
2018	-	1.30*
2019	2,025.63*	6,067.50
2020	7,616.35	8,413.60
2021	6,292.94	4,988.83
2022	13,612.80	12,944.72
2023	14,342.35	13,514.74

\* Represents current maturities of long term borrowings.

## (ii) OTHER NON-CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits	26.00	24.05
<b>Total</b>	<b>26.00</b>	<b>24.05</b>

## Note 15 - Other Non-Current Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Other liabilities	-	303.38
<b>Total</b>	<b>-</b>	<b>303.38</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 16 - Current Financial Liabilities

### (i) Borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Secured loans</b>		
Loans repayable on demand from banks	197.43	25.94
<b>Unsecured loans</b>		
From banks	2,753.01	1,845.95
<b>Total</b>	<b>2,950.44</b>	<b>1,871.89</b>

Working Capital Facilities are secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets at certain locations.

The Group has not defaulted on repayment of loan and interest during the year.

The Group has taken working capital facility/ term loans from banks at interest rates ranging between 0.40% - 9.70% p.a.

### (ii) Trade Payables

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payable outstanding dues to micro, small and medium enterprises under MSMED Act, 2006 [refer note (i) below]	-	-
Trade payable outstanding dues to creditors other than micro, small and medium enterprises	18,609.96	17,422.21
Trade payables to related party (refer note 29)	1.00	10.00
Acceptances	86.88	-
<b>Total</b>	<b>18,697.84</b>	<b>17,432.21</b>

Note (i) Based on the information available with the Company, no creditors have been identified as "supplier" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006". Accordingly, no disclosure under the MSMED Act is required to be given.

### (iii) Other Current Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Current maturities of long term debt	2,025.63	1.30
Interest accrued but not due	250.18	232.72
Unclaimed dividend*	13.35	12.95
Employee dues	244.29	155.66
Sundry creditors for capital goods	488.25	1,361.31
Other liabilities	304.57	-
<b>Total</b>	<b>3,326.27</b>	<b>1,763.94</b>

\*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 17 - Other Current Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues	1,102.29	1,003.54
Accrued expenses	2,331.61	1,916.43
Other liabilities	145.84	409.33
<b>Total</b>	<b>3,579.74</b>	<b>3,329.30</b>

Other liabilities includes advance from customers and other such adjustable balances.

## Note 18- Provisions

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Provisions for employee benefits :</b>		
Provision for compensated absences (refer note 27)	172.30	163.86
Provision for defined benefit plan (refer note 27)	641.41	601.26
Other employee benefit obligation	5.13	4.81
Provision for sales return and rebate	3,221.54	1,603.01
<b>Total</b>	<b>4,040.38</b>	<b>2,372.94</b>

## Note 19 - Revenue From Operations

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (refer note 39)	89,700.10	89,680.24
Sale of services	22.22	20.62
Other operating revenue	1,308.38	2,155.95
<b>Total</b>	<b>91,030.70</b>	<b>91,856.81</b>

## Note 20 - Other Income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Dividend income	7.72	8.77
Interest income	89.36	180.69
Profit on sale of fixed assets	-	18.30
Exchange gain (net)	687.33	-
Miscellaneous income	129.59	165.89
<b>Total</b>	<b>914.00</b>	<b>373.65</b>

## Note 21 - Cost of Materials Consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of raw material and packing material	20,748.64	22,925.15
Consumption of stores and spares	752.46	622.98
<b>Total</b>	<b>21,501.10</b>	<b>23,548.13</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 22 - Purchase of Stock-In-Trade

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of finished goods	7,547.45	7,191.20
<b>Total</b>	<b>7,547.45</b>	<b>7,191.20</b>

## Note 23 - Changes in Inventories of Work-In-Process, Stock-In-Trade and Finished Goods

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(Increase)/Decrease in stock of finished goods, work-in-process and stock-in-trade	1,337.12	(4,596.07)
<b>Total</b>	<b>1,337.12</b>	<b>(4,596.07)</b>
(Increase)/Decrease in stocks		
At the year end		
Finished goods	8,770.52	9,544.98
Work-in-process	2,577.04	2,875.53
Stock-in-trade	1,572.35	1,836.52
	<b>12,919.91</b>	<b>14,257.03</b>
At the beginning of the year		
Finished goods	9,544.98	6,907.46
Work-in-process	2,875.53	2,298.67
Stock-in-trade	1,836.52	454.83
	<b>14,257.03</b>	<b>9,660.96</b>
<b>Total</b>	<b>1,337.12</b>	<b>(4,596.07)</b>

## Note 24 - Employee Benefit Expense

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	17,237.70	14,853.10
Contribution to provident and other funds and Retirement benefits (refer note 27)	1,209.30	1,355.34
Employee stock compensation cost	90.64	-
Staff welfare expenses	180.77	199.62
<b>Total</b>	<b>18,718.41</b>	<b>16,408.06</b>

## Note 25 - Finance Costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expenses on		
- Term loan	967.22	972.37
- Interest on foreign currency convertible bonds	1,148.42	834.83
- Interest on senior notes	673.79	440.91
- Others	66.24	125.07
<b>Total</b>	<b>2,855.67</b>	<b>2,373.18</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 26 - Other Expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Labour charges	838.47	931.16
Excise duty expenses	286.51	1,062.67
Power, fuel and water charges	1,166.14	1,049.52
Repairs and maintenance - plant and machinery	121.44	105.99
Repairs and maintenance - building	80.62	94.99
Repairs and maintenance - others	933.04	909.71
Rent, rates and taxes	942.21	836.30
Other manufacturing expenses	710.02	455.68
Consumables	3,049.83	2,347.02
Selling and Marketing expenses	1,198.52	1,231.96
Sales promotion expenses	6,430.35	7,193.31
Travelling expenses	2,241.58	2,185.76
Freight outward	2,341.00	2,221.73
Telephone expenses	118.38	122.28
Provision for doubtful debts / expected credit losses (net)	42.61	7.87
Insurance	149.01	200.15
Electricity charges	208.61	220.72
Auditors remuneration		
- Audit fees	62.64	72.49
- Other matters	0.25	-
- Out of pocket expenses	2.30	2.07
Corporate social responsibility expense (refer Note 35)	293.31	190.27
Legal and professional charges	1,737.69	1,825.53
Exchange loss (net)	-	687.03
Director sitting fees (refer Note 29)	8.80	7.00
Loss on sale of property, plant and equipments (net)	20.69	-
Other expenses	2,788.87	4,977.28
<b>Total</b>	<b>25,772.89</b>	<b>28,938.49</b>

## Note 27 - Employee Post- Retirement Benefits

The following are the employee benefit plans applicable to the employees of the Group.

### a) Gratuity (defined benefit plan)

In accordance with the applicable laws, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation.

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Group recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2018	31 March 2017
Current service cost	159.30	129.31
<b>Personnel expenses</b>	159.30	129.31
Net interest on defined benefit schemes	21.48	15.27
Administration cost (excluding cost for managing plan assets)	0.42	0.41
<b>Net periodic expense</b>	<b>181.20</b>	<b>144.99</b>

The remeasurement components recognised in other comprehensive income for the Group's defined benefit plans comprise the following:

Particulars	31 March 2018	31 March 2017
<b>Actuarial (gains)/losses</b>		
Based on adjustment of demographic assumptions	-	(13.17)
Based on adjustment of financial assumptions	(57.48)	(32.36)
Due to liability experience adjustment	31.89	78.81
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(16.37)	13.73
<b>Total remeasurement (benefit)/ loss recognised in the other comprehensive income</b>	<b>(41.96)</b>	<b>47.01</b>

The following tables show the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's defined benefit plans.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	1,485.50	1,351.40
Fair value of plan assets	(844.09)	(750.14)
<b>Net defined benefit liability</b>	<b>641.41</b>	<b>601.26</b>
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	641.41	601.26

The movements in the net defined benefit liability recognised within the consolidated balance sheet are as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	601.26	514.82
Cost recognised in the consolidated statement of profit and loss	181.20	144.99
Remeasurement (gains) / losses recognised in other comprehensive income	(41.96)	47.01
Actual employer contributions	(55.53)	(66.36)
Benefits paid	(62.06)	(31.45)
Exchange differences	18.50	(7.75)
<b>Closing balance</b>	<b>641.41</b>	<b>601.26</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	1,351.40	1,257.52
Current service cost	159.30	129.31
Interest cost on the defined benefit obligations	46.40	36.31
Actual employee contributions	36.31	35.37
Actual benefit payments	(117.42)	(104.54)
Actuarial (gains)/losses - Demographic assumptions	-	(13.17)
Actuarial (gains)/losses - Financial assumptions	(57.48)	(32.36)
Actuarial (gains)/losses - Liability experience	31.89	78.81
Administration cost (excluding cost for managing plan assets)	0.42	0.41
Exchange differences	34.68	(36.26)
<b>Closing balance</b>	<b>1,485.50</b>	<b>1,351.40</b>

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2018	31 March 2017
Beginning balance	750.14	742.70
Interest income on plan assets	24.92	21.04
Actual employer contributions	55.53	66.36
Actual employee contributions	36.31	35.37
Actual benefit payments	(55.36)	(73.09)
Actual return on assets (excluding interest income on plan assets)	16.37	(13.73)
Exchange differences	16.18	(28.51)
<b>Closing balance</b>	<b>844.09</b>	<b>750.14</b>

The Group expects to contribute ₹ 421.19 to its defined benefit plans in 2018-19.

The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2018 are as follows:

Particulars	31 March 2018	31 March 2017
Discount rate (weighted average)	0.90%-7.80%	0.60%-7.07%
Rate of compensation increase (weighted average)	1.50%-3.00%	1.50%-3.00%
Inflation rate (weighted average)	1.0%-7.8%	0.00%-1.00%

Mortality rates have been set in accordance with current best practices in the respective countries. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31 March 2018	31 March 2017
Average life expectancy (Years)	25.64-54.80	26.04-54.07

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Assets administered by respective Insurance companies	100%	100%

A breakup of the defined benefit plan related balance sheet amounts at 31 March 2018 and 2017, is shown below.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	1,485.50	1,351.40
Fair value of plan assets	(844.09)	(750.14)
<b>Net defined benefit liability</b>	<b>641.41</b>	<b>601.26</b>

The present value of defined benefit obligations by category of members at 31 March 2018 and 2017, is shown below:

Particulars	31 March 2018	31 March 2017
Active number of employees	11,981	11,784
Present value of funded obligations	1,485.50	1,351.40

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the breakup presented below, the varying impact of changes in the key assumptions is shown as below.

Particulars	31 March 2018	31 March 2017
Discount rate +0.25% / +0.5 % p.a.	(62.09)	(58.28)
Discount rate -0.25% / -0.5 % p.a.	66.88	62.91
Rate of compensation increase +0.25% +0.5 % p.a.	38.84	35.57
Rate of compensation decrease -0.25% -0.5 % p.a.	(36.91)	(33.63)

### b) Compensated leave of absence plan (other long term benefit plan)

The Group permits encashment of leave accumulated by their employees on retirement and separation. The liability for encashment of privilege leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the date of the balance sheet.

The Group recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2018	31 March 2017
Current service cost	58.69	58.14
<b>Personnel expenses</b>	<b>58.69</b>	<b>58.14</b>
Net interest on defined benefit schemes	12.61	8.90
<b>Actuarial (gains)/losses</b>		
Based on adjustment of financial assumptions	(2.57)	-
Due to liability experience adjustment	(6.89)	23.94
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(0.58)	(0.54)
<b>Net periodic expense</b>	<b>61.26</b>	<b>90.44</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The following tables show the change in present value of long term benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's long term benefit plans.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	313.98	294.88
Fair value of plan assets	(141.68)	(131.02)
Net long term benefit liability	<b>172.30</b>	<b>163.86</b>
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	<b>172.30</b>	<b>163.86</b>

The movements in the net long term benefit liability recognised within the consolidated balance sheet are as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	163.86	115.60
Cost recognised in the consolidated statement of profit and loss	61.26	90.44
Benefits paid	(52.82)	(42.18)
<b>Closing balance</b>	<b>172.30</b>	<b>163.86</b>

The change in the present value of long term benefit obligations is as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	294.88	236.75
Current service cost	58.69	58.14
Interest cost on the long term benefit obligations	22.69	18.23
Actual benefit payments	(52.82)	(42.18)
Actuarial (gains)/losses - Financial assumptions	(2.57)	-
Actuarial (gains)/losses - Liability experience	(6.89)	23.94
<b>Closing balance</b>	<b>313.98</b>	<b>294.88</b>

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2018	31 March 2017
Beginning balance	131.02	121.15
Interest income on plan assets	10.08	9.33
Return on plan assets	0.58	0.54
<b>Closing balance</b>	<b>141.68</b>	<b>131.02</b>

The Group expects to contribute ₹ 224.84 to its long term benefit plan in F.Y. 2018-19

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The principal actuarial assumptions used for the long term benefit obligations at 31 March 2018 and the following years are as follows:

Particulars	31 March 2018	31 March 2017
Discount rate (weighted average)	7.80%	7.70%
Rate of compensation increase (weighted average)	3.00%	3.00%

Mortality rates have been set in accordance with current best practices in the respective countries. The average life expectancy in years on the balance sheet date is as follows:

Particulars	31 March 2018	31 March 2017
Average life expectancy at 58 (Years)	25.64	26.04

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Insurance contracts	100%	100%

A breakup of the long term benefit plan related balance sheet amounts at 31 March 2018 and 2017, is shown below.

Particulars	31 March 2018	31 March 2017
Present value of obligations	313.98	294.88
Fair value of plan assets	(141.68)	(131.02)
<b>Net long term benefit liability</b>	<b>172.30</b>	<b>163.86</b>

The present value of long term benefit obligations by category of members at 31 March 2018 and 2017, is shown below:

Particulars	31 March 2018	31 March 2017
Active number of employees	11,851	11,661
Present value of obligations	313.98	294.88

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the breakup presented below, the varying impact of changes in the key assumptions is shown below.

Particulars	31 March 2018	31 March 2017
Discount rate +0.5 % p.a.	(12.32)	(9.74)
Discount rate -0.5 % p.a.	13.20	10.40
Rate of compensation increase +0.5 % p.a.	13.77	10.22
Rate of compensation decrease -0.5 % p.a.	(12.93)	(9.65)

### c) Provident fund and others (defined contribution plan)

Apart from being covered under the Gratuity Plan described earlier, employees of the Indian companies participate in a provident fund plan; a defined contribution plan. The Group makes annual contributions based on a specified percentage of salary of each covered employee to a government recognised provident fund. The Group does not have any further obligation to the provident fund plan beyond making such contributions. Upon retirement or separation an employee becomes entitled for this lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed approximately ₹ 966.84 (2017 - ₹ 1,119.91) towards the provident fund plan and others during the year ended 31 March 2018.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 28 - Research and Development Expenditure

During the year, the Group expenditure on research and development is ₹ 12,251.33 (P.Y. ₹ 12,622.33).

## Note 29 - Related Party Transactions

**Related parties with whom the Group has transacted during the year**

### Key Management Personnel

Mr. Glenn Saldanha (Chairman & Managing Director)

Mrs. Cherylann Pinto (Executive Director)

Mr V S Mani (President & Global Chief Financial Officer with effect from November 16, 2017)

Mr. Rajesh Desai (Executive Director upto close of working hours on 31 March 2017 and with effect from April 1, 2017 as Non-executive Director)

Mr. Murali Neelakantan (Executive Director with effect from 11 May 2017 to 29 May 2018)

Mr. P. Ganesh (President & Chief Financial Officer upto close of working hours on 15 November 2017)

Mr. Harish Kuber (Company Secretary & Compliance Officer with effect from 2 February 2017)

Mr. Sanjay Kumar Chowdhary (Company Secretary & Compliance Officer upto 31 October 2016)

Mrs. B. E. Saldanha (Non-executive Director)

Mr. D.R.Mehta (Non-executive Director)

Mr. Bernard Munos (Non-executive Director)

Mr. J.F.Ribeiro (Non-executive Director)

Dr.Brian W. Tempest (Non-executive Director)

Mr. Sridhar Gorthi (Non-executive Director)

Mr. Milind Sarwate (Non-executive Director)

### Enterprises over which significant influence exercised by key management personnel/directors

Glenmark Foundation

Glenmark Aquatic Foundation

Trilegal

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Summary of transactions with related parties during the year

Nature of Transaction	Year ended 31 March 2018	Year ended 31 March 2017
<b>Purchase of services</b>		
Trilegal	-	4.67
<b>Expenditure incurred for CSR activities to</b>		
Glenmark Foundation	110.50	49.12
Glenmark Aquatic Foundation	63.00	63.44
<b>Transactions with key management personnel</b>		
Remuneration		
- Mr. Glenn Saldanha	161.62	141.00
- Mrs. Cherylann Pinto	42.94	38.76
- Mr V S Mani (Related party as per Companies Act, 2013 with effect from 16 November 2017)	21.14	-
- Mr Murali Neelakantan (Related party as per companies Act, 2013 with effect from 11 May 2017 to 29 May 2018)	33.51	-
- Mr. Rajesh Desai	-	31.74
- Mr. Sanjay Kumar Chowdhary (Related party as per Companies Act, 2013 upto 31 October 2016)	-	3.15
- Mr. P. Ganesh (Related party as per Companies Act, 2013 upto close of working hours on 15 November 2017)	19.76	15.65
- Mr. Harish Kuber (Related party as per companies Act, 2013 with effect from 2 February 2017)	2.75	0.39
Sitting fees paid to Non-executive Directors	8.80	7.00
<b>Related party balances</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
(Payable)/ Advance given		
Glenmark Foundation	(1.00)	(10.00)

The directors are covered under the Group's gratuity policy and ESOP scheme along with other employees of the Group. Proportionate amount of gratuity and stock compensation expense is not included in the aforementioned disclosures as it cannot be separately ascertained.

## NOTE 30 - EARNINGS PER SHARE (EPS)

The basic earnings per share for the year ended 31 March 2018 has been calculated using the profits attributable to the equity shareholders.

Calculation of basic and diluted EPS is as follows:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit attributable to shareholders of Glenmark, for basic and diluted	8,037.78	11,087.99
Weighted average number of shares outstanding during the year for basic EPS	282,168,156	282,166,682
Effect of dilutive potential ordinary shares:		
Employee stock options	37,045	85,294
Weighted average number of shares outstanding during the year for diluted EPS	282,205,201	282,251,976
<b>Basic EPS, in ₹</b>	<b>28.49</b>	<b>39.29</b>
<b>Diluted EPS, in ₹</b>	<b>28.49</b>	<b>39.28</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 31 - Commitments and Contingencies

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Contingent Liabilities</b>		
<b>Claims against the Group not acknowledged as debts</b>		
Disputed taxes and duties	261.78	243.62
Others	70.41	35.00

Of the above an amount of ₹ 89.05 are at various Indian courts under litigation.

- (a) In January 2014, the National Pharmaceutical Pricing Authority (NPPA) issued a demand notice of ₹ 122.30 as overcharging liability of product “Doxovent 400 mg tab” for the period February 2010 to May 2013. The notice also envisaged a payment of ₹ 33.30 towards interest @15% p.a. on the overcharged amount up to 31 January 2014. The Company has filed a petition under Article 32 with the Hon’ble Supreme Court of India (Hon’ble Court), challenging the issue of the above mentioned demand notice on various grounds. This petition has been tagged along with other petitions filed by other pharmaceutical companies as well, pending before Hon’ble Court relating to the inclusion criteria of certain drugs including “Theophylline” in the schedule of the DPCO, 1995. The matters are sub-judice before the Hon’ble Court.

The Hon’ble Court passed an ad-interim order stating that no coercive steps be taken against the Company towards the said demand.

The Hon’ble Court has constituted a Special bench to hear the petition (along with other petitions filed in this regard) and the matter is expected to be listed in due course.

The Company based on legal advice, has an arguable case on merits as well as with regard to mitigation of the demand. Hon’ble Court heard Glenmark’s petition and ordered the petition to be transferred back to Hon’ble Delhi High Court to be heard on merits subject to deposit of 50% of the overcharged claimed amount. Glenmark has deposited ₹ 61.15 (50% of the overcharged claimed amount). The matter is pending to be listed in Hon’ble Delhi High Court for hearing.

- (b) On 10 March 2016 Ministry of Health and Family Welfare issued notifications prohibiting manufacture for sale, sale and distribution for human use of several Fixed Dose Combination (“FDC”) with immediate effect.

Several products of the Company are also covered in the notified prohibited “FDC’s”. The Company has filed five writ petitions in Hon’ble Delhi High Court challenging the notifications issued. The Hon’ble Delhi High Court has granted interim relief to the Company by staying the notifications banning the FDC’s. The Company based on legal advise, has an arguable case on merits though the liability in this case cannot be computed. In an adverse scenario, the Company would be restricted from manufacturing, selling and marketing the impacted FDC’s.

The matter was clubbed with other petition of other companies before the Supreme Court of India (Hon’ble Court). The Hon’ble Court directed the Drug Technical Advisory Board (DTAB) as sub-committee to examine the ban of drugs. DTAB appointed an expert committee under the chair of Dr. Nilima Kshirsagar to examine the list of banned FDC. The committee has submitted its report to the Ministry of Health. Further communication is awaited from the Ministry of Health and Family Welfare.

The Company has revised the composition of the FDC’s and market the revised products.

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

### (ii) Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2018 aggregate ₹ 1,305.21 (2017 - ₹ 788.39)

### (iii) Others

Particulars	As at 31 March 2018	As at 31 March 2017
Bank guarantees	138.78	90.15

### Note 32 - Leases

The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

- i) The Group's significant leasing arrangements are in respect of the above godowns & premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to the consolidated statement of profit and loss as rent and presented in note 26 .
- ii) The leasing arrangements are cancellable range between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given towards deposit and unadjusted advance rent is recoverable from the lessor.
- iii) The Group has entered into operating lease agreements for the rental of its office premises for a period of 3 to 5 years.
- iv) Future obligations on non-cancellable operating lease

Minimum lease payments	31 March 2018	31 March 2017
Due within one year	584.36	445.07
Due later than one year and not later than five years	1,145.58	1,133.42
Due later than five years	303.71	-
<b>Total</b>	<b>2,033.65</b>	<b>1,578.49</b>

### Note 33 - Segment Reporting

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1. India
2. United States of America (USA)
3. Latin America
4. Europe
5. Rest of the World

The reportable segments derive their revenues from the sale of pharmaceutical products (generics, specialty). The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's financial statements.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Information about reportable segments

Segmental Revenue	Year ended 31 March 2018	Year ended 31 March 2017
India	34,837.69	32,679.75
USA	32,075.72	37,006.63
Latin America	4,066.95	5,181.22
Europe	9,058.10	7,101.35
Rest of the world (ROW)	10,992.24	9,887.86
<b>Total</b>	<b>91,030.70</b>	<b>91,856.81</b>

## Analysis of assets by reportable segments

As at 31 March 2018	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	19,306.91	7,475.52	791.97	824.74	492.36	28,891.50
Intangible Assets	1,881.06	727.24	127.83	9,311.80	53.77	12,101.70
<b>Total</b>	<b>21,187.97</b>	<b>8,202.76</b>	<b>919.80</b>	<b>10,136.54</b>	<b>546.13</b>	<b>40,993.20</b>

As at 31 March 2017	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	17,056.31	5,400.32	720.54	654.88	300.42	24,132.47
Intangible Assets	1,613.98	769.44	155.95	7,430.81	50.45	10,020.63
<b>Total</b>	<b>18,670.29</b>	<b>6,169.76</b>	<b>876.49</b>	<b>8,085.69</b>	<b>350.87</b>	<b>34,153.10</b>

## Note 34 - Fair Value Measurements

### Financial instruments by category

Particulars	As at 31 March 2018				As at 31 March 2017			
	FVTPL	Amortised cost	Total carrying value	Total fair value	FVTPL	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>								
Non current financial assets	-	401.18	401.18	401.18	-	362.84	362.84	362.84
Investments	46.59	100.02	146.61	146.61	46.92	110.02	156.94	156.94
Trade receivables	-	23,318.07	23,318.07	23,318.07	-	24,043.20	24,043.20	24,043.20
Cash and cash equivalents	-	12,333.56	12,333.56	12,333.56	-	10,563.64	10,563.64	10,563.64
Bank balances other than cash and cash equivalents	-	13.35	13.35	13.35	-	12.95	12.95	12.95
Others current financial assets	-	3,856.42	3,856.42	3,856.42	-	3,581.21	3,581.21	3,581.21
<b>Total</b>	<b>46.59</b>	<b>40,022.60</b>	<b>40,069.19</b>	<b>40,069.19</b>	<b>46.92</b>	<b>38,673.86</b>	<b>38,720.78</b>	<b>38,720.78</b>
<b>Financial Liabilities</b>								
Long term borrowings	-	41,417.78	41,417.78	41,417.78	-	45,363.39	45,363.39	45,363.39
Non current financial liabilities	-	26.00	26.00	26.00	-	24.05	24.05	24.05
Short term borrowings	-	2,950.44	2,950.44	2,950.44	-	1,871.89	1,871.89	1,871.89
Trade payables	-	18,697.84	18,697.84	18,697.84	-	17,432.21	17,432.21	17,432.21
Other current financial liabilities	-	3,326.27	3,326.27	3,326.27	-	1,763.94	1,763.94	1,763.94
<b>Total</b>	<b>-</b>	<b>66,418.33</b>	<b>66,418.33</b>	<b>66,418.33</b>	<b>-</b>	<b>66,455.48</b>	<b>66,455.48</b>	<b>66,455.48</b>

Trade receivables comprise amounts receivable from the sale of goods and services.

The management considers that the carrying amount of trade and other receivables approximates their fair value.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Cash and cash equivalent and other bank balance comprise cash and short-term deposits held by the Group. The carrying amount of these assets approximates their fair value.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates to their fair value.

The Bonds are interest bearing instrument with an embedded derivative instrument of conversion option, accordingly, the instrument has been classified as amortised cost, since the value of embeded derivative is zero.

## Fair value hierarchy :

Level 2 : All FVTPL financial assets and liabilities are classified under level 2 of fair value hierarchy except certain investments amounting to ₹ 1.02 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.

## NOTE 35 - NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

Following is the information regarding projects undertaken and expenses incurred on CSR activities during the year ended 31 March 2018:

- i Gross amount required to be spent by the Company during the year - ₹ 384.79 (2017 - ₹ 232.23)
- ii Amount spent during the year on: (by way of contribution to the trusts and projects undertaken)

Particulars	Amount paid in cash	Amount yet to be paid in cash	Total amount
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above:			
Promoting Education	44.10	-	44.10
Promoting health care including preventive health care	75.55	-	75.55
Reducing child mortality and improving maternal health	110.50	-	110.50
Training to promote Olympic sports	63.03	-	63.03
Administrative expenses	0.13	-	0.13
<b>Total</b>	<b>293.31</b>	<b>-</b>	<b>293.31</b>

## Note 36 - Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is coordinated by its parent company, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash equivalents, trade receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Group's cash equivalents and deposits are invested with banks.

The Group's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

The Group's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Foreign Currency sensitivity

The overseas entities of the Group operate in different countries. The functional currency of such entities is the currency being used in that particular country. The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in US Dollar and EURO. Apart from US Dollar, foreign currency transactions are entered into by entities in several other currencies as applicable in the country in which the particular entity operates. However, the size of these entities relative to the total Group and the volume of transactions in such currencies are not material.

Thus, the foreign currency sensitivity analysis has been performed in relation to US Dollar (USD) and Euro (EUR).

US Dollar conversion rate was ₹ 64.65 at the beginning of the year and scaled to a high of ₹ 65.74 and to low of ₹ 63.07. The closing rate is ₹ 64.82. Considering the volatility in direction of strengthening dollar upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	USD (million)	INR	USD (million)	INR
<b>Short-term exposure</b>				
Financial assets	72.15	4,676.48	74.50	4,821.68
Financial liabilities	(66.51)	(4,311.06)	(51.37)	(3,324.87)
<b>Total</b>	<b>5.64</b>	<b>365.42</b>	<b>23.13</b>	<b>1,496.81</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	(421.25)	(27,305.69)	(408.81)	(26,459.49)
<b>Total</b>	<b>(421.25)</b>	<b>(27,305.69)</b>	<b>(408.81)</b>	<b>(26,459.49)</b>

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	2,693.93	2,496.27
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(2,693.93)	(2,496.27)
Equity	-	-

EUR conversion rate was ₹ 68.85 at the beginning of the year and scaled to a high of ₹ 80.51 and to low of ₹ 67.95. The closing rate is ₹ 79.87. Considering the volatility in direction of strengthening EUR upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	EUR (million)	INR	EUR (million)	INR
<b>Short term exposure</b>				
Financial assets	20.02	1,598.75	6.00	414.76
Financial liabilities	(6.25)	(499.01)	(5.42)	(374.64)
<b>Total</b>	<b>13.77</b>	<b>1,099.74</b>	<b>0.58</b>	<b>40.12</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(109.97)	(4.01)
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	109.97	4.01
Equity	-	-

## Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowings. The Group has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate risk associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 255.83 million (2017 - USD 309.83 million). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(41.46)	(50.13)
Equity	-	-

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 25 basis points then such decrease shall have the following impact on:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	41.46	50.13
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 4% to 7.45%. As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised as at the date of the balance sheet is summarised below:

Particulars	As at 31 March 2018	As at 31 March 2017
Cash & cash equivalents	12,333.56	10,563.64
Bank balance other than cash and cash equivalents	13.35	12.95
Trade receivables	23,318.07	24,043.20
Investments	146.61	156.94
Other current financial assets	3,856.42	3,581.21
Other non-current financial assets	401.18	362.84
<b>Total</b>	<b>40,069.19</b>	<b>38,720.78</b>

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of approximately 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Given below is ageing of trade receivables spread by period of six months:

Particulars	As at 31 March 2018	As at 31 March 2017
Outstanding for more than 6 months	2,277.10	1,884.28
Others	21,040.97	22,158.92
<b>Total</b>	<b>23,318.07</b>	<b>24,043.20</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired at each of the reporting dates and are of good credit quality, including those that are past due. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group's credit risk exposure towards any single counterparty or any groups of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 March 2018, the Group's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current
	Within 1 year	1 to 5 years
Trade payable	18,697.84	-
Financial liabilities	1,300.64	-
Short term borrowings	2,950.44	-
Long-term borrowings	2,025.63	41,417.78
Other non-current financial liabilities	-	26.00
<b>Total</b>	<b>24,974.55</b>	<b>41,443.78</b>

## Note 37 - Capital Management Policies and Procedures

The Group objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the consolidated balance sheet including non-controlling interest

Particulars	31 March 2018	31 March 2017
Total debt	46,393.85	47,236.58
Less: Cash & cash equivalents	12,333.56	10,563.64
<b>Net debt (A)</b>	<b>34,060.29</b>	<b>36,672.94</b>
<b>Total equity (B)</b>	<b>51,631.07</b>	<b>44,921.02</b>
<b>Net debt to equity ratio (A/B)</b>	<b>65.97%</b>	<b>81.64%</b>

## Dividends

Particulars	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend paid during the year ended	679.22	679.45

(ii) Dividends not recognised at the end of the reporting period :

In addition to the above dividends, since year end the Board of Directors have recommended the payment of a final dividend of ₹ 2 (2017 - ₹ 2) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## NOTE 38 - Additional information required by Schedule III

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Limited	201.25%	103,914.41	126.18%	10,143.47	0.90%	(6.67)	138.89%	10,136.80
Glenmark Therapeutics AG	0.00%	0.20	-0.04%	(2.97)	0.02%	(0.11)	-0.04%	(3.08)
Glenmark Pharmaceuticals (Kenya) Limited	0.28%	145.51	-0.15%	(12.30)	-0.34%	2.48	-0.13%	(9.82)
Glenmark Pharmaceuticals (Australia) Pty.Ltd.	0.00%	1.00	-0.01%	(0.47)	0.01%	(0.06)	-0.01%	(0.53)
Glenmark Impex L.L.C	5.59%	2,884.61	2.11%	169.63	5.49%	(40.60)	1.77%	129.03
Glenmark Pharmaceuticals Malaysia Sdn Bhd	0.34%	177.05	0.84%	67.60	-2.65%	19.63	1.20%	87.23
Glenmark Pharmaceuticals (Nigeria) Ltd	-0.27%	(140.37)	-1.06%	(85.28)	-1.83%	13.52	-0.98%	(71.76)
Glenmark South Africa (pty) Ltd	1.14%	590.06	0.00%	(0.17)	-8.19%	60.59	0.83%	60.42
Glenmark Philippines Inc.	0.33%	169.49	0.18%	14.80	0.30%	(2.19)	0.17%	12.61
Glenmark Pharmaceuticals FZE	0.38%	195.40	0.52%	41.68	-0.07%	0.54	0.58%	42.22
Glenmark Pharmaceuticals Egypt S.A.E.	0.04%	20.04	-0.22%	(17.79)	-0.11%	0.78	-0.23%	(17.01)
Glenmark Pharmaceuticals South Africa (pty) Ltd	-0.71%	(368.80)	0.02%	1.61	7.17%	(53.04)	-0.70%	(51.43)
Glenmark Pharmaceuticals S.R.L	0.09%	47.95	0.00%	(0.40)	2.12%	(15.71)	-0.22%	(16.11)
Viso Farmaceutica S.L.U., SPAIN	0.08%	43.65	0.59%	47.49	0.56%	(4.16)	0.59%	43.33
Glenmark Therapeutics Inc.	0.18%	92.63	0.06%	5.19	-0.02%	0.17	0.07%	5.36
Glenmark Pharmaceuticals (Europe) R&D Ltd.	0.51%	262.32	0.27%	21.36	-3.74%	27.69	0.67%	49.05
Glenmark Uruguay S.A.	1.26%	648.88	-0.01%	(1.09)	-0.14%	1.02	0.00%	(0.07)
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	1.06%	546.22	-0.98%	(78.65)	-2.28%	16.84	-0.85%	(61.81)
Glenmark Pharmaceuticals Venezuela, C.A	-0.32%	(164.83)	-0.30%	(23.75)	-5.03%	37.19	0.18%	13.44
Glenmark Pharmaceuticals Peru SAC	0.02%	11.10	-2.21%	(177.42)	-1.95%	14.43	-2.23%	(162.99)
Glenmark Farmaceutica Ltda	7.08%	3,655.00	-2.91%	(233.69)	21.80%	(161.31)	-5.41%	(395.00)
Glenmark Pharmaceuticals S. A.	-19.16%	(9,895.28)	-29.18%	(2,345.70)	-2.48%	18.34	-31.89%	(2,327.36)
Glenmark Holding S. A.	28.54%	14,738.79	-31.18%	(2,506.08)	3.45%	(25.55)	-34.69%	(2,531.63)

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit and loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Nordic AB	0.15%	76.96	-0.73%	(59.00)	0.30%	(2.23)	-0.84%	(61.23)
Glenmark Pharmaceuticals SP z.o.o.	0.17%	90.02	-0.55%	(44.17)	5.15%	(38.10)	-1.13%	(82.27)
Glenmark Pharmaceuticals SK, S.R.O.	0.05%	26.33	-0.40%	(32.37)	2.51%	(18.60)	-0.70%	(50.97)
Glenmark Pharmaceuticals S.R.O.	6.99%	3,607.67	-3.86%	(310.64)	-53.10%	392.97	1.13%	82.33
Glenmark Pharmaceuticals Colombia SAS	0.00%	(1.05)	-1.39%	(111.54)	-0.09%	0.69	-1.52%	(110.85)
Glenmark Pharmaceuticals (Thailand) Co. Ltd	-0.01%	(7.25)	0.02%	1.80	0.10%	(0.75)	0.01%	1.05
Glenmark Dominicana SRL	0.00%	(0.13)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Glenmark Pharmaceuticals Inc.	18.77%	9,693.36	6.51%	523.00	-2.69%	19.93	7.44%	542.93
Glenmark Pharmaceuticals Europe Ltd.	1.87%	963.06	3.77%	303.29	0.18%	(1.33)	4.14%	301.96
Glenmark Pharmaceuticals B.V.	0.07%	36.05	0.35%	27.92	0.72%	(5.29)	0.31%	22.63
Glenmark Arzneimittel GmbH	0.49%	254.38	2.30%	184.55	5.59%	(41.40)	1.96%	143.15
Glenmark Generics SA	2.51%	1,296.86	-9.13%	(733.73)	30.97%	(229.21)	-13.19%	(962.94)
Glenmark Pharmaceuticals Distribution S.R.O.	3.60%	1,860.84	1.11%	89.31	-25.85%	191.31	3.84%	280.62
Glenmark Specialty SA	2.63%	1,359.77	-1.72%	(137.89)	-0.19%	1.40	-1.87%	(136.49)
Glenmark Ukraine LLC	0.12%	62.23	0.37%	29.53	-0.08%	0.58	0.41%	30.11
Glenmark-Pharmaceuticals Ecuador S.A.	0.10%	49.29	-0.74%	(59.85)	-0.05%	0.36	-0.82%	(59.49)
Glenmark Pharmaceuticals Canada Inc.	0.15%	76.59	0.02%	1.27	0.00%	0.04	0.02%	1.31
Subtotal		137,020.01		4,698.53		174.19		4,872.72
Intercompany elimination and consolidation adjustments		(85,385.24)		3,340.17		(914.26)		2,425.91
Grand total		51,634.77		8,038.70		(740.07)		7,298.63
Minority interest in subsidiary		(3.70)		0.92		-		0.92

## Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note 39

The Government of India introduced the Goods and Service Tax (GST) with effect from 1 July 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for the year ended 31 March 2018 is reported net of GST. The revenue for year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, income from operations for the year ended 31 March 2018 and 31 March 2017 are not comparable.

## Note 40

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

## Note 41 - Exceptional Items

Exceptional items for the year ended 31 March 2017 represents impairment loss relating to certain intangible assets under development owing to the Group's future research and development strategy for such products.

## Note 42 - Authorisation of financial statements

The consolidated financial statement for the year ended 31 March 2018 were approved by the Board of Directors on 29 May 2018.

As per our report of even date

**For Walker Chandiook & Co LLP**

Chartered Accountants

Firm Registration No: 001076N/N500013

**Ashish Gupta**

Partner

Membership Number - 504662

Place: New Delhi

Date : 29 May 2018

For and on behalf of Board of Directors

**Glenn Saldanha**

Chairman & Managing Director

DIN : 00050607

**V S Mani**

Executive Director &

Global Chief Financial Officer

DIN : 01082878

Place: Mumbai

Date : 29 May 2018

**Cherylann Pinto**

Executive Director

DIN : 00111844

**Harish Kuber**

Company Secretary &

Compliance officer

# Independent Auditors' Report

To the Board of Directors of Glenmark Pharmaceuticals Limited

1. We have audited the accompanying consolidated financial statements of Glenmark Pharmaceuticals Limited, ("the Company") and its subsidiaries, (hereinafter collectively referred to as the "Group"), which comprise the Consolidated Statement of Financial Position as at 31 March 2018, and also the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Shareholder's Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the consolidated financial statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with requirements of International Financial Reporting Standard 10, 'Consolidated Financial Statements', issued by the International Accounting Standards Board ('IASB') as permitted by Securities and Exchange Board of India ('SEBI'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on

the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the International Financial Reporting Standards (IFRSs) issued by IASB, permitted by SEBI circular CIR/CFD/DIL/1/2010 dated 5 April 2010 ("SEBI Circular"):
  - i) in the case of the Consolidated Statement of Financial Position, of the state of affairs of the Group as at 31 March 2018;
  - ii) in the case of the Consolidated Statement of Comprehensive Income, of the financial performance for the year ended on that date; and
  - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Other Matter

7. We did not audit the financial statements of 39 subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 58,366.98 million and net assets of ₹ 31,614.20 million as at 31 March 2018; total revenues of ₹ 34,834.90 million and net cash inflows aggregating to ₹ 2,518.25 million for

the year ended 31 March 2018. These financial statements have been audited by other auditors whose audit reports has been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not modified in respect of this matter.

8. The Group has prepared a separate set of consolidated financial statements for the year ended 31 March 2018 with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified

under section 133 of the Companies Act, 2013 ('the Act') on which we have issued a separate auditor's report dated 29 May 2018. Our opinion is not modified in respect of this matter.

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

**Ashish Gupta**  
Partner  
Membership No.: 504662

Place: New Delhi  
Date: 29 May 2018

# Consolidated Statement of Financial Position

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C	12,346.91	10,576.59
Trade receivable	E	23,318.07	24,043.20
Inventories	F	20,305.85	21,390.50
Other current financial assets	G	3,856.42	3,581.21
Other current assets	G	10,059.67	9,154.89
<b>Total current assets</b>		<b>69,886.92</b>	<b>68,746.39</b>
<b>Non-current assets</b>			
Property, plant and equipment	H	32,080.89	27,451.48
Intangible Assets	I	14,581.79	12,855.81
Goodwill	J	521.04	478.92
Deferred tax assets (net)	N	12,201.76	11,914.28
Investments	D	146.61	156.94
Non-current financial assets	D	401.18	362.84
Other non-current assets	D	389.36	153.05
<b>Total non-current assets</b>		<b>60,322.63</b>	<b>53,373.32</b>
<b>Total assets</b>		<b>130,209.55</b>	<b>122,119.71</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	K	18,697.84	17,432.31
Current tax liabilities		284.26	268.46
Short-term borrowings	M	2,950.44	1,871.89
Current portion of long term borrowings	L	2,025.63	1.30
Other current liabilities	K	3,579.74	3,329.30
Other current financial liabilities	K	1,300.64	1,762.64
Provisions	K	4,040.38	2,372.94
<b>Total current liabilities</b>		<b>32,878.93</b>	<b>27,038.84</b>
<b>Non-current liabilities</b>			
Long-term borrowings	L	41,417.78	45,363.39
Other non-current liabilities	K	-	303.38
Other non-current financial liabilities	K	26.00	24.05
<b>Total non-current liabilities</b>		<b>41,443.78</b>	<b>45,690.82</b>
<b>Total liabilities</b>		<b>74,322.71</b>	<b>72,729.66</b>
<b>Stockholders' equity</b>			
Equity share capital	O	282.17	282.17
Share premium		17,296.10	17,296.10
Stock compensation reserve		105.08	14.44
Statutory reserve		201.00	201.00
Currency translation reserve		(14,915.00)	(14,218.83)
Retained earnings		52,921.19	45,819.40
		<b>55,890.54</b>	<b>49,394.28</b>
Non-controlling interest		(3.70)	(4.23)
<b>Total stockholders' equity</b>		<b>55,886.84</b>	<b>49,390.05</b>
<b>Total liabilities and stockholders' equity</b>		<b>130,209.55</b>	<b>122,119.71</b>

See accompanying notes to the consolidated financial statements.

As per our report of even date

For and on behalf of Board of Directors

For Walker Chandio & Co LLP  
Chartered Accountants  
Firm Registration Number : 001076N/N500013

Glenn Saldanha  
Chairman & Managing Director  
DIN : 00050607

Cherylann Pinto  
Executive Director  
DIN : 00111844

Ashish Gupta  
Partner  
Membership Number - 504662

V S Mani  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Harish Kuber  
Company Secretary &  
Compliance officer

Place: New Delhi  
Date : 29 May 2018

Place: Mumbai  
Date : 29 May 2018

# Consolidated Statement of Comprehensive Income

(All amounts in million of Indian Rupees, unless otherwise stated)

## Consolidated Income Statement

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Revenues</b>			
Operating revenue	P	91,030.70	91,856.81
Other income	Q	824.64	192.21
<b>Total revenues</b>		<b>91,855.34</b>	<b>92,049.02</b>
<b>Expenses</b>			
Materials consumed	R	21,501.10	23,548.13
Changes in inventories of finished goods and work-in-process		1,337.12	(4,596.07)
Purchases of stock-in-trade		7,547.45	7,191.20
Employee costs	S	18,718.41	16,408.06
Other expenses	T	25,776.33	28,938.49
Depreciation, amortisation and impairment expense	H & I	3,540.67	5,765.20
<b>Total expenses</b>		<b>78,421.08</b>	<b>77,255.01</b>
<b>Operating profit</b>		<b>13,434.26</b>	<b>14,794.01</b>
Finance income		89.36	180.69
Finance costs		2,855.67	2,373.18
<b>Profit before tax</b>		<b>10,667.95</b>	<b>12,601.52</b>
<b>Tax expense</b>			
	N		
Current tax expenses		3,244.11	6,177.97
Deferred tax benefit		(318.99)	(2,735.66)
<b>Total tax expenses</b>		<b>2,925.12</b>	<b>3,442.31</b>
<b>Profit for the year</b>		<b>7,742.83</b>	<b>9,159.21</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interest		0.92	(0.46)
Equity shareholders of Glenmark Pharmaceuticals Limited		7,741.91	9,159.67
<b>Earnings per share</b>			
Basic (in ₹)	Y	27.44	32.46
Diluted (in ₹)	Y	27.44	32.45

See accompanying notes to the consolidated financial statements.

As per our report of even date

**For Walker Chandiook & Co LLP**  
Chartered Accountants  
Firm Registration Number : 001076N/N500013

**Ashish Gupta**  
Partner  
Membership Number - 504662

Place: New Delhi  
Date : 29 May 2018

For and on behalf of Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director &  
Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2018

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary &  
Compliance officer

## Consolidated Statement of Comprehensive Income

(All amounts in million of Indian Rupees, unless otherwise stated)

## Consolidated Statement of Other Comprehensive Income

	Notes	Year ended 31 March 2018	Year ended 31 March 2017
<b>Profit for the year</b>		7,742.83	9,159.21
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to income statement</b>			
- Remeasurement of the net defined benefit plans		41.96	(47.01)
- Income tax relating to the above		(3.25)	13.29
<b>Items that will be reclassified subsequently to income statement</b>			
Exchange differences on translating foreign operations		(696.17)	(1,758.73)
<b>Other comprehensive income/(loss) for the year</b>		<b>(657.46)</b>	<b>(1,792.45)</b>
<b>Total comprehensive income for the year</b>		<b>7,085.37</b>	<b>7,366.76</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		0.92	(0.46)
Equity shareholders of Glenmark Pharmaceuticals Limited		7,084.45	7,367.22

See accompanying notes to the consolidated financial statements.

As per our report of even date

For and on behalf of Board of Directors

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration Number : 001076N/N500013

**Glenn Saldanha**

Chairman & Managing Director

DIN : 00050607

**Cherylann Pinto**

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DIN : 01082878

**Harish Kuber**

Company Secretary &

Compliance officer

Place: New Delhi

Date : 29 May 2018

Place: Mumbai

Date : 29 May 2018

## Consolidated Statement of Changes in Shareholders' Equity

(All amounts in million of Indian Rupees, unless otherwise stated)

	Equity attributable to shareholders of Glenmark Pharmaceuticals Limited							Total attributable to owners of the parent company	Non Controlling interest	Total stockholders' equity
	Share capital - No. of shares	Share capital	Share premium	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Retained earnings			
<b>Balance as at 1 April 2017</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>14.44</b>	<b>201.00</b>	<b>(14,218.83)</b>	<b>45,819.40</b>	<b>49,394.28</b>	<b>(4.23)</b>	<b>49,390.05</b>
Dividends to equity shareholders (including dividend distribution tax) (refer note FF)	-	-	-	-	-	-	(679.22)	(679.22)	-	(679.22)
Shares issued under Employee Stock Option ('ESOP') Scheme	-	-	-	-	-	-	-	-	-	-
Employee share based compensation (refer note W)	-	-	-	90.64	-	-	-	90.64	-	90.64
Transaction with non controlling interest	-	-	-	-	-	-	0.39	0.39	(0.39)	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90.64</b>	<b>-</b>	<b>-</b>	<b>(678.83)</b>	<b>(588.19)</b>	<b>(0.39)</b>	<b>(588.58)</b>
Net income for the year	-	-	-	-	-	-	7,741.91	7,741.91	0.92	7,742.83
Other Comprehensive Income:										
Exchange difference on translation of foreign operations	-	-	-	-	-	(696.17)	-	(696.17)	-	(696.17)
Remeasurement of the net defined benefit plans (net of tax) (refer note U)	-	-	-	-	-	-	38.71	38.71	-	38.71
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(696.17)</b>	<b>7,780.62</b>	<b>7,084.45</b>	<b>0.92</b>	<b>7,085.37</b>
<b>Balance as at 31 March 2018</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>105.08</b>	<b>201.00</b>	<b>(14,915.00)</b>	<b>52,921.19</b>	<b>55,890.54</b>	<b>(3.70)</b>	<b>55,886.84</b>
	Equity attributable to shareholders of Glenmark Pharmaceuticals Limited							Total attributable to owners of the parent company	Non Controlling interest	Total stockholders' equity
	Share capital - No. of shares	Share capital	Share premium	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Retained earnings			
<b>Balance as at 1 April 2016</b>	<b>282,158,156</b>	<b>282.16</b>	<b>17,293.47</b>	<b>14.44</b>	<b>201.00</b>	<b>(12,460.10)</b>	<b>37,371.49</b>	<b>42,702.46</b>	<b>(3.01)</b>	<b>42,699.45</b>
Dividends to equity shareholders (including dividend distribution tax) (refer note FF)	-	-	-	-	-	-	(679.45)	(679.45)	-	(679.45)
Shares issued under Employee Stock Option ('ESOP') Scheme	10,000	0.01	2.63	-	-	-	-	2.64	-	2.64
<b>Transactions with owners</b>	<b>10,000</b>	<b>0.01</b>	<b>2.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(679.45)</b>	<b>(676.81)</b>	<b>-</b>	<b>(676.81)</b>
Net income for the year	-	-	-	-	-	-	9,159.67	9,159.67	(0.46)	9,159.21
Other Comprehensive Income:										
Exchange difference on translation of foreign operations	-	-	-	-	-	(1,758.73)	1.41	(1,757.32)	(0.76)	(1,758.08)
Remeasurement of the net defined benefit plans (net of tax) (refer note U)	-	-	-	-	-	-	(33.72)	(33.72)	-	(33.72)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,758.73)</b>	<b>9,127.36</b>	<b>7,368.63</b>	<b>(1.22)</b>	<b>7,367.41</b>
<b>Balance as at 31 March 2017</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>14.44</b>	<b>201.00</b>	<b>(14,218.83)</b>	<b>45,819.40</b>	<b>49,394.28</b>	<b>(4.23)</b>	<b>49,390.05</b>

# Consolidated Statement of Cash Flows

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<b>(A) Cash inflow/(outflow) from operating activities</b>		
Profit before tax	10,667.95	12,601.52
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation and amortisation	3,540.67	5,765.20
Finance costs	2,855.67	2,373.18
Interest income	(89.36)	(180.69)
Dividend income	(7.72)	(8.77)
(Profit)/loss on sale of property, plant and equipments	24.13	(17.55)
Employee benefit obligation	242.46	235.43
Provision for doubtful debts / expected credit losses	42.61	7.87
Employee share based compensation	90.64	-
Provision for sales return	320.00	-
Unrealised exchange (gain)/loss	(780.99)	1,403.72
<b>Operating profit before changes in operating assets and liabilities</b>	<b>16,906.06</b>	<b>22,179.91</b>
<b>Changes in operating assets and liabilities</b>		
- Decrease in trade receivables	1,032.11	171.57
- Decrease/(Increase) in inventories	1,352.97	(6,143.15)
- (Increase) in other assets	(1,302.61)	(2,928.08)
- Increase in trade payable and other liabilities	2,008.13	284.53
<b>Net changes in operating assets and liabilities</b>	<b>3,090.60</b>	<b>(8,615.13)</b>
Income taxes paid	(3,516.12)	(6,990.46)
<b>Net cash generated from operating activities</b>	<b>16,480.54</b>	<b>6,574.32</b>
<b>(B) Cash inflow/(outflow) from investing activities</b>		
Restricted cash	(2.04)	21.88
Interest received	88.13	179.99
Dividend received	7.72	8.77
Payments for purchase of property, plant and equipments and intangible assets (including asstes under construction)	(10,446.40)	(7,485.29)
Proceeds from sale of property, plant and equipments and intangible assets	219.16	151.20
<b>Net cash used in investing activities</b>	<b>(10,133.43)</b>	<b>(7,123.45)</b>
<b>(C) Cash inflow/(outflow) from financing activities</b>		
Proceeds from long-term borrowings	5,795.10	34,957.42
Repayments of long-term borrowings	(8,693.93)	(20,954.98)
Proceeds from /(repayment) of short-term borrowings (net)	1,022.69	(6,059.79)

# Consolidated Statement of Cash Flows

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest paid	(2,130.03)	(1,835.73)
Proceeds from issue of share capital	-	2.64
Dividend paid (including tax on dividend)	(678.82)	(678.05)
<b>Net cash generated/(used) from financing activities</b>	<b>(4,684.99)</b>	<b>5,431.51</b>
Effect of exchange rate changes on cash and cash equivalents	107.80	(2,889.95)
<b>Net increase in cash and cash equivalents</b>	<b>1,769.92</b>	<b>1,992.43</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,563.64</b>	<b>8,571.21</b>
<b>Cash and cash equivalents at the end of the year (refer note - C)</b>	<b>12,333.56</b>	<b>10,563.64</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	7.17	11.33
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	12,326.39	10,552.31
	<b>12,333.56</b>	<b>10,563.64</b>

## Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in IAS 7, 'Statement of Cash Flows'.
- Figures in bracket indicate cash outflow.
- Reconciliation of Financing Activities

Particulars	As at 31 March 2017	Borrowings made during the year	Amount repaid during the year	FCCB Premium and issue cost	Exchange difference/ translation	As at 31 March 2018
Long term borrowings	45,364.69	5,795.10	(8,693.93)	920.15	57.40	43,443.41
Short term borrowings	1,871.89	1,022.69	-	-	55.86	2,950.44

See accompanying notes to the consolidated financial statements.

As per our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration Number : 001076N/N500013

Ashish Gupta

Partner

Membership Number - 504662

Place: New Delhi

Date : 29 May 2018

For and on behalf of Board of Directors

Glenn Saldanha

Chairman & Managing Director

DIN : 00050607

V S Mani

Executive Director &

Global Chief Financial Officer

DIN : 01082878

Place: Mumbai

Date : 29 May 2018

Cherylann Pinto

Executive Director

DIN : 00111844

Harish Kuber

Company Secretary &

Compliance officer

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. NATURE OF OPERATIONS

Glenmark Pharmaceuticals Limited ("Glenmark" or "the Company") and its subsidiaries (together referred to as 'the Group') are primarily engaged in the business of development, manufacture and marketing of pharmaceutical products both formulations and active pharmaceutical ingredients to regulated and semi-regulated markets. The Group has a significant presence in branded generics markets across emerging economies including India and also has a fast growing generics business in the United States and Europe. The Group is actively involved in the discovery of new molecules both NCEs (new chemical entities) and NBEs (new biological entities).

The Group's research and development facilities are located at Mahape, Sinnar, Turbhe and Taloja in India, at La Chaux-de-fonds in Switzerland. The manufacturing facilities of the Group in India are located at Nasik, Colvale, Baddi, Nalagarh, Ankleshwar, Mohol, Kurkumbh, Sikkim, Indore, Dahej and Aurangabad. Overseas manufacturing facilities are located in Czech Republic, Argentina and Monroe (USA) and La Chaux-de-fonds in Switzerland.

### 2. GENERAL INFORMATION

Glenmark Pharmaceuticals Limited is the Group's ultimate parent company and is a public limited company incorporated in Mumbai, India. The registered office of the Company is at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai - 400026, India.

The Company's shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

These consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. Amounts in figures presented have been rounded to INR million unless otherwise stated.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with International

Financial Reporting Standards ('IFRS') issued by the International Accounting Standard Board ('IASB') effective for the periods covered by these consolidated financial statements. These consolidated financial statements have been prepared on a going concern basis.

The significant accounting policies that are used in the preparation of these consolidated financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the consolidated financial statements.

These consolidated financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

An overview of new standards and interpretations not yet effective is given in note A-5.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4 and 4.1.

#### 3.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 3.2. Basis of consolidation

These consolidated financial statements include financial statements of the Company and all of its subsidiaries drawn up to the dates specified in Note B. Subsidiaries are all entities over which the Group has control. The Group controls an entity when

the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group acquires control until the date the control ceases.

Inter-company transactions, balances and unrealised gains and losses on inter-company transactions between group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group perspective. Amounts reported in separate financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the Company.

## 3.3. Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the consolidated financial statements prior to acquisition. As of the acquisition-date, the identifiable assets and liabilities assumed are included in the consolidated statement of financial position at their acquisition-date fair values.

The excess of consideration transferred, the amount of any non-controlling interests (NCI) in the acquiree and the acquisition-

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets acquired, the difference is recognised directly in consolidated income statement as a 'gain on bargain purchase'. The NCI is measured at proportionate value of its interest.

### 3.4. Foreign currency transactions and foreign operations

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognized in the consolidated income statement in the period in which they arise.

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented within equity as a part of foreign currency translation reserve ("FCTR").

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the average exchange rates prevailing during the year. Resulting foreign

currency differences are recognised in other comprehensive income and presented within equity as part of FCTR. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to the consolidated income statement.

### 3.5. Revenue recognition

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade discounts and allowances, but inclusive of excise duty (up to 30 June 2017). Revenue includes shipping and handling costs billed to the customer.

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates.

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers. Significant risks and rewards in respect of ownership of active pharmaceuticals ingredients are transferred upon delivery of the products to the customers.

Revenue from contract research is recognised in the consolidated income statement when right to receive a non-refundable payment from out-licensing partner is established and such non-refundable amount is representative of the work already done by the Group.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction from revenue. A chargeback 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. 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.

## Services

Revenue from services rendered is recognised in the consolidated income statement over the period the underlying services are performed.

## Export entitlements

Export entitlements from government authorities are recognised in the consolidated income statement when the right to receive incentive as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## Other income

Other income consists of interest income on funds invested in financial assets, dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in the consolidated income statement, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the consolidated income statement on the date that the Group's right to receive payment is established.

## 3.6. Property, plant and equipment

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment

losses if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the consolidated income statement".

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, its cost can be measured reliably and it has an useful life of at least 12 months. The costs of other repairs and maintenance are recognised in the consolidated income statement as incurred.

## Depreciation

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

### The estimated useful lives are as follows:

Factory and other buildings	26 - 61 years
Plant and machinery	1 - 21 years
Furniture, fixtures and office equipment	1 - 21 years
Vehicles	1- 8 years

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

### 3.7. Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported under 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

### 3.8. Intangible assets

#### Goodwill

Goodwill arises upon the acquisition of subsidiaries. Goodwill represents the excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Acquisitions prior to the Company's date of transition to IFRS:

As part of its transition to IFRS, the Company elected to restate only those business combinations that occurred on or after 1 April 2010. In respect of acquisitions prior to 1 April 2010, goodwill represents the amount recognised under Indian GAAP.

#### Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the consolidated income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be

measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Group, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the consolidated income statement as incurred.

The Group's internal drug development expenditure is capitalised only if they meet the recognition criteria as mentioned above. Where uncertainties exist that the said criteria may not be met, the expenditure is recognised in the consolidated income statement as incurred. Where however, the recognition criteria is met, intangible assets are recognised. Based on the management estimate of the useful lives, indefinite useful life assets are tested for impairment and assets with limited lives are amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licenced to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

Payments to in-license products and compounds from third parties generally taking the form of up-front payments and milestones are capitalised and amortised, generally on a straight-line basis, over their useful economic lives from when the asset is available for use. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful lives are indeterminable till then.

#### De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

recognition are recorded in the consolidated income statement, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the consolidated income statement.

### Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the consolidated income statement as incurred. The capitalised costs are amortised over the estimated useful life of the software.

### Amortisation

Amortisation of intangible assets, other than goodwill, intangible assets not available for use and intangible assets having indeterminable life, is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives from the date that they are available for use.

The estimated useful lives of intangible assets are 1 - 10 years.

### 3.9. Impairment testing of property, plant and equipment, goodwill and intangible assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the consolidated income statement.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 3.10. Investments and financial assets

### Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated income statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

### Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the

case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represents solely payment of principal and interest.

### Measurement of debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated income statement and recognised in other income/ (expenses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated income statement and presented net in the consolidated income statement within other income/ (expenses) in the period in which it arises. Interest income from these financial assets is included in other income.

## Measurement of equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expenses) in the consolidated income statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the

Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by IFRS-9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### 3.11. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statement. The gain / loss is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the consolidated financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables are recognised initially at their transaction values which also approximate their fair values and

subsequently measured at amortised cost less settlement payments.

### 3.12. Inventories

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, raw material, packing material are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual carrying value on a periodic basis.

### 3.13. Accounting for income taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised in Other Comprehensive Income, in which case it is recognised in Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
- Taxable temporary differences relating to investments in subsidiaries to the extent the Company is probably certain that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised / settled simultaneously.

## 3.14. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

## Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## Land acquired on long term leases

The Group has capitalised the land acquired on long term lease. Such leases are acquired on payment of an upfront amount and do not carry any other minimum lease payments/other rentals over the lease term. The asset is initially recognised at the value of the upfront premium/charges paid to acquire the lease.

The Group classified such leases of land as finance leases by adopting the guidance issued as part of Improvements to IFRSs issued in April 2009. This guidance amended IAS 17 – Leases to require classification of leases of land to be assessed as per the general principles of lease classification and is applicable for annual periods beginning on or after 1 January 2010.

## Operating leases

Leases other than finance leases are operating leases. The leased assets are not recognised on the Group's consolidated statement of financial position. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

## 3.15. Equity

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any income tax effects.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Share premium includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from share premium, net of any related income tax benefits.

Foreign currency translation differences are included in the currency translation reserve.

Retained earnings include all current and prior period results, as disclosed in the consolidated income statement.

## 3.16. Employee Benefits

### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the consolidated income statement as incurred.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable

to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability/ (asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability/ (asset) is recognised in the consolidated statement of financial position.

Defined benefit costs are recognised as follows:

- Service cost in the consolidated income statement
- Net interest on the net defined benefit liability/ (asset) in the consolidated income statement
- Remeasurement of the net defined benefit liability/ (asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed

# Notes to the Consolidated Financial Statements

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on a straight-line basis. Past service cost is recognised in the consolidated income statement in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability/ (asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/ (asset) during the period as a result of contribution and benefit payments.

Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the consolidated income statement.

## Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Group's policy and receive cash in lieu thereof. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the date of consolidated statement of financial position. Such measurement is based on actuarial valuation as at the reporting date carried out by a qualified actuary.

## Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary retirement. Termination benefits for voluntary retirements are recognised as an expense if the Group has made an offer encouraging voluntary retirement, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 3.17. Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cash flows associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated statement of financial position.

Any amount that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset upto the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

## 3.18. Share based compensation

All employee services received in exchange for the grant of any equity-settled share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in the consolidated income statement with a corresponding credit to equity (stock compensation reserve). If vesting periods or

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(All amounts in million of Indian Rupees, unless otherwise stated)

other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

## 4. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENT IN APPLYING ACCOUNTING POLICIES

When preparing these consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Group's accounting policies, the following judgments have been made apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial information. Judgements are based on the information available at the reporting date.

### Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in IAS 17 "Leases" for the said classification. The Group has also used IFRIC 4 "Determining whether an arrangement contains a lease" for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- b) the arrangement conveys a right to use the asset.

### Deferred Tax

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

### Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

### Provision for chargeback

Provisions for chargeback are estimated and provided for in the year of sales and recorded as reduction from revenue. A chargeback 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 Group. Provisions for such chargebacks are accrued and estimated based on historical average

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chargeback rate actually claimed over a period of time, current contract prices with wholesalers/ other customers and estimated inventory holding by the wholesaler.

## 4.1. Estimation uncertainty

The preparation of these consolidated financial statements is in conformity with IFRS and requires the application of judgement by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimates of life of various tangible and intangible assets, and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

### Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The useful life are analysed in notes 3.6 and 3.8.

### Post-employment benefits

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty. The assumption used are disclosed in Note U.

### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets (note CC) and liabilities (note DD). In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

### Current and deferred income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or

# Notes to the Consolidated Financial Statements

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economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## Expected credit loss

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables.
- ii Financial assets measured at amortised cost other than trade receivables.

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as ii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

The consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement basis are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 5. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 supersedes all existing revenue requirements in IFRS (IAS 11 Construction

Contracts, IAS 18 Revenue and related interpretations). According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligation; changes in contract asset and liability account balances between periods and key judgments and estimates.

The standard allows for two methods of transition: the full retrospective approach, under which the standard will be applied retrospectively to each reported period presented, or the cumulative catch up approach, where the cumulative effect of applying the standard retrospectively is recognized at the date of initial application. The standard is effective for annual periods beginning on or after 1 January 2018, early adoption is permitted. The effect on the consolidated financial statements is being evaluated by the Group. The effect on adoption of IFRS 15 is expected to be insignificant.

### IFRIC 22- Foreign currency transactions and advance consideration

On 8 December 2016, the IFRS interpretations committee of the International Accounting Standards Board issued IFRIC 22, Foreign currency transactions and advance consideration which clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after 1 January 2018, though early adoption is permitted. The effect on the consolidated financial statements is being evaluated by the Group. The effect on adoption of IFRIC 22 is expected to be insignificant.

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## IFRS 16 - Leases

On 13 January 2016, the International Accounting Standards Board issued IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of IFRS 16 is annual periods beginning on or after 1 January 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The effect on the consolidated financial statements is being evaluated by the Group. The effect on adoption of IFRS 16 is expected to be insignificant.

## IFRIC 23 - Uncertainty over Income Tax Treatments

In June 2017, the IFRIC issued IFRIC 23 - "Uncertainty over Income Tax Treatments" to clarify the accounting for uncertainties in income taxes, by specifically addressing the following:

- the determination of whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments;

- the assumptions an entity makes about the examination of tax treatments by tax authorities;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates where there is an uncertainty regarding the treatment of an item; and
- the reassessment of judgements and estimates if facts and circumstances change.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

On initial application, the requirements are to be applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

The effect on the consolidated financial statements is being evaluated by the Group. The effect on adoption of IFRIC 23 is expected to be insignificant.

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## Note B - Basis of consolidation

The subsidiaries which are consolidated under Glenmark Pharmaceuticals Limited ('GPL') comprise the entities listed below:

Name of the Entity	Year End Date	Country of Incorporation	Holding Company as of	Effective Group Shareholding (%) as on	
			31 March 2018	31 March 2018	31 March 2017
Glenmark Pharmaceuticals (Europe) R&D Ltd.,	31 March	United Kingdom	GHSA	100%	100%
Glenmark Pharmaceuticals Europe Ltd.,	31 March	United Kingdom	GPL	100%	100%
Glenmark Pharmaceuticals S.R.O. (GP S.R.O.)	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals SK, S.R.O.	31 March	Slovak Republic	GP S.R.O.	100%	100%
Glenmark Pharmaceuticals S. A.	31 March	Switzerland	GHSA	100%	100%
Glenmark Holding S. A.,(GHSA)	31 March	Switzerland	GPL	100%	100%
Glenmark Pharmaceuticals S.R.L	31 March	Romania	GHSA	100%	100%
Glenmark Pharmaceuticals SP z.o.o.	31 March	Poland	GHSA	100%	100%
Glenmark Pharmaceuticals Inc.,	31 March	USA	GHSA	100%	100%
Glenmark Therapeutics Inc.	31 March	USA	GHSA	100%	100%
Glenmark Farmaceutica Ltda	31 March	Brazil	GHSA	100%	100%
Glenmark Generics SA	31 March	Argentina	GHSA	100%	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	31 March	Mexico	GPL	100%	100%
Glenmark Pharmaceuticals Peru SAC	31 March	Peru	GPL	100%	100%
Glenmark Pharmaceuticals Colombia SAS,	31 March	Colombia	GPL	100%	100%
Glenmark Uruguay S.A. (GU S.A.)	31 March	Uruguay	GPL	100%	100%
Glenmark Pharmaceuticals Venezuela, C.A	31 March	Venezuela	GPL	100%	100%
Glenmark Dominicana SRL	31 March	Dominican Republic	GPL	100%	100%
Glenmark Pharmaceuticals Egypt S.A.E.	31 March	Egypt	GPL	100%	100%
Glenmark Pharmaceuticals FZE	31 March	United Arab Emirates	GPL	100%	100%
Glenmark Impex L.L.C	31 March	Russia	GPL	100%	100%
Glenmark Philippines Inc.	31 March	Philippines	GPL	100%	100%
Glenmark Pharmaceuticals (Nigeria) Ltd	31 March	Nigeria	GPL	100%	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	31 March	Malaysia	GPL	100%	100%
Glenmark Pharmaceuticals (Australia) Pty Ltd,	31 March	Australia	GPL	100%	100%
Glenmark South Africa (pty) Ltd (GSAPL)	31 March	South Africa	GPL	100%	100%
Glenmark Pharmaceuticals South Africa (pty) Ltd	31 March	South Africa	GSAPL	100%	100%

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Name of the Entity	Year End Date	Country of Incorporation	Holding Company as of	Effective Group Shareholding (%)	
			31 March 2018	31 March 2018	31 March 2017
Glenmark Pharmaceuticals (Thailand) Co. Ltd	31 March	Thailand	GPL	49%	49%
Glenmark Pharmaceuticals B.V.	31 March	Netherlands	GHSA	100%	100%
Glenmark Arzneimittel Gmbh	31 March	Germany	GHSA	100%	100%
Glenmark Pharmaceuticals Canada Inc.	31 March	Canada	GHSA	100%	100%
Glenmark Pharmaceuticals Kenya Ltd	31 March	Kenya	GPL	100%	100%
Glenmark Therapeutics AG	31 March	Switzerland	GPL	100%	100%
Viso Farmaceutica S.L.U.,	31 March	Spain	GHSA	100%	100%
Glenmark Specialty SA	31 March	Switzerland	GHSA	100%	100%
Glenmark Pharmaceuticals Distribution S.R.O.	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals Nordic AB	31 March	Sweden	GHSA	100%	100%
Glenmark Ukraine LLC	31 March	Ukraine	GHSA	100%	100%
Glenmark-Pharmaceuticals Ecuador S.A.	31 March	Ecuador	GPL	100%	100%
Glenmark Pharmaceuticals Singapore Pte. Ltd.	31 March	Singapore	GPL	100%	-

## Interests in unconsolidated structured entities

The Group has no unconsolidated structured entities

## Note C - Cash and Cash Equivalents

Particulars	As at 31 March 2018	As at 31 March 2017
Cash in hand	7.17	11.33
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	12,326.39	10,552.31
Dividend accounts (refer note 1 below)	13.35	12.95
<b>Total</b>	<b>12,346.91</b>	<b>10,576.59</b>

Note 1 - Dividend accounts represent balances maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividends. The corresponding liability for payment of dividends is included in other current financial liability.

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## Note D - Investment, Long Term Financial Assets and Other Non Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unquoted</b>		
<b>(i) Equity Shares (FVTPL)</b>		
289,832 (2017 - 289,832) Equity shares of Narmada Clean Tech Ltd. of ₹ 10 each.	2.90	2.90
1 (2017 - 1) Time Share of Dalmia Resorts Limited	0.02	0.02
<b>(ii) Preference shares</b>		
1,176,471(2017 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each <b>(FVTPL)</b>	42.65	42.65
1,000,000 (2017-1,100,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd <b>(at amortised cost)</b>	100.00	110.00
<b>(iii) Investments in Government securities</b>		
National Savings Certificate -Sixth Issue <b>(at amortised cost)</b>	0.02	0.02
<b>Total</b>	<b>145.59</b>	<b>155.59</b>
<b>Quoted</b>		
<b>(i) Equity Shares (FVTPL)</b>		
9,000 (2017 - 9,000) Bank of India of ₹ 10 each	0.93	1.26
1,209 (2017 - 1,209) IDBI Bank Limited of ₹ 10 each	0.09	0.09
<b>Total</b>	<b>1.02</b>	<b>1.35</b>
<b>Total</b>	<b>146.61</b>	<b>156.94</b>
Investment carried at amortised cost	100.02	110.02
Investment carried at FVTPL	46.59	46.92

## Non-Current Financial Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits*	313.15	276.45
Time deposits	88.03	86.39
<b>Total</b>	<b>401.18</b>	<b>362.84</b>

\*Security deposits represent trade deposit given in the normal course of business realisable after twelve months from the reporting date.

## Other Non-Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Advance tax and tax deducted at source (net of provision for current taxes)	383.73	151.77
Others	5.63	1.28
<b>Total</b>	<b>389.36</b>	<b>153.05</b>

## Note E - Trade Receivable

Particulars	As at 31 March 2018	As at 31 March 2017
Trade receivables	24,071.37	24,762.61
Provision for doubtful debts/expected credit losses	(753.30)	(719.41)
<b>Total</b>	<b>23,318.07</b>	<b>24,043.20</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the reporting date. All of the Group's trade receivables have been reviewed for indications of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 42.61 (2017 - ₹ 7.87) has been recorded. The movement in the allowance for credit losses can be reconciled as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Opening balance	719.41	722.95
Amounts written off	(8.72)	(11.41)
Provision for credit loss during the year (net)	42.61	7.87
<b>Closing balance</b>	<b>753.30</b>	<b>719.41</b>

### Note F - Inventories

Particulars	As at 31 March 2018	As at 31 March 2017
Raw material	5,188.60	5,336.61
Packing material	1,476.80	1,240.64
Work-in-process	2,577.04	2,875.53
Stores and spares	720.54	556.22
Finished goods	10,342.87	11,381.50
<b>Total</b>	<b>20,305.85</b>	<b>21,390.50</b>

Refer note M for hypothecation of stocks of raw materials, packing materials, finished goods and work-in-process.

The Group recorded inventory write down (net) of ₹ 669.75 (2017 - ₹ 946.15). This is included as part of cost of materials consumed and changes in inventories of finished goods and work-in-process in the consolidated income statement.

### Note G - Other Current Financial Assets and Other Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposits (refer note 1 below)	186.06	158.77
Export incentives	1,792.46	1,580.15
Other receivables	1,877.90	1,842.29
<b>Total</b>	<b>3,856.42</b>	<b>3,581.21</b>

Note 1 - Security deposits represent trade deposits given in the normal course of business realisable within twelve months from the reporting date.

### Other Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Input taxes receivable	3,443.16	3,097.32
Advance to vendors	2,817.53	2,796.88
Prepayments and other advances	3,798.98	3,260.69
<b>Total</b>	<b>10,059.67</b>	<b>9,154.89</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note H - Property, Plant and Equipment, Net

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and machinery	Furniture and fixture	Equipment	Vehicles	Assets under construction	Total
<b>Cost</b>										
<b>Balance as at 1 April 2017</b>	<b>376.12</b>	<b>403.38</b>	<b>8,850.86</b>	<b>1,974.59</b>	<b>6,166.13</b>	<b>1,151.76</b>	<b>9,308.16</b>	<b>320.79</b>	<b>6,770.25</b>	<b>35,322.04</b>
- Other acquisitions	-	0.75	674.04	190.43	485.27	102.12	1,122.21	97.95	5,404.16	8,076.93
- Disposals/Transfers	-	(0.59)	(9.86)	(28.18)	(29.19)	35.11	(106.72)	(55.40)	(1,839.01)	(2,033.84)
- Translation adjustment	(0.27)	(0.14)	28.56	(12.04)	21.07	(0.85)	50.77	(5.31)	11.75	93.54
<b>Balance as at 31 March 2018</b>	<b>375.85</b>	<b>403.40</b>	<b>9,543.60</b>	<b>2,124.80</b>	<b>6,643.28</b>	<b>1,288.14</b>	<b>10,374.42</b>	<b>358.03</b>	<b>10,347.15</b>	<b>41,458.67</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2017</b>	-	<b>51.22</b>	<b>1,206.99</b>	<b>583.61</b>	<b>1,374.73</b>	<b>711.71</b>	<b>3,772.16</b>	<b>170.14</b>	-	<b>7,870.56</b>
- Depreciation charge for the year	-	7.13	189.71	107.95	427.78	104.07	666.90	65.01	-	1,568.55
- Disposals/Transfers	-	(0.59)	(0.80)	(9.08)	(21.88)	32.86	(79.66)	(42.54)	-	(121.69)
- Translation adjustment	-	(0.05)	15.99	(0.32)	12.97	(0.36)	36.04	(3.91)	-	60.36
<b>Balance as at 31 March 2018</b>	-	<b>57.71</b>	<b>1,411.89</b>	<b>682.16</b>	<b>1,793.60</b>	<b>848.28</b>	<b>4,395.44</b>	<b>188.70</b>	-	<b>9,377.78</b>
<b>Carrying value</b>										
As at 1 April 2017	376.12	352.16	7,643.87	1,390.98	4,791.40	440.05	5,536.00	150.65	6,770.25	27,451.48
<b>As at 31 March 2018</b>	<b>375.85</b>	<b>345.69</b>	<b>8,131.71</b>	<b>1,442.64</b>	<b>4,849.68</b>	<b>439.86</b>	<b>5,978.98</b>	<b>169.33</b>	<b>10,347.15</b>	<b>32,080.89</b>
Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and machinery	Furniture and fixture	Equipment	Vehicles	Assets under construction	Total
<b>Cost</b>										
<b>Balance as at 1 April 2016</b>	<b>377.72</b>	<b>403.76</b>	<b>8,124.48</b>	<b>1,837.94</b>	<b>5,596.05</b>	<b>1,023.61</b>	<b>8,217.21</b>	<b>371.50</b>	<b>5,276.55</b>	<b>31,228.82</b>
- Other acquisitions	-	-	812.66	129.63	622.77	132.22	1,168.42	34.18	4,017.24	6,917.12
- Disposals/Transfers	-	-	(13.49)	-	(32.96)	(6.98)	(39.01)	(89.80)	(2,418.22)	(2,600.46)
- Translation adjustment	(1.60)	(0.38)	(72.79)	7.02	(19.73)	2.91	(38.46)	4.91	(105.32)	(223.44)
<b>Balance as at 31 March 2017</b>	<b>376.12</b>	<b>403.38</b>	<b>8,850.86</b>	<b>1,974.59</b>	<b>6,166.13</b>	<b>1,151.76</b>	<b>9,308.16</b>	<b>320.79</b>	<b>6,770.25</b>	<b>35,322.04</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2016</b>	-	<b>44.50</b>	<b>1,049.68</b>	<b>505.64</b>	<b>1,000.05</b>	<b>616.44</b>	<b>3,229.21</b>	<b>160.44</b>	-	<b>6,605.96</b>
- Depreciation charge for the year	-	7.08	176.28	84.28	402.64	108.41	586.03	65.55	-	1,430.27
- Disposals/Transfers	-	-	(0.04)	-	(18.62)	(4.19)	(6.79)	(57.28)	-	(86.92)
- Translation adjustment	-	(0.36)	(18.93)	(6.31)	(9.34)	(8.95)	(36.29)	1.43	-	(78.75)
<b>Balance as at 31 March 2017</b>	-	<b>51.22</b>	<b>1,206.99</b>	<b>583.61</b>	<b>1,374.73</b>	<b>711.71</b>	<b>3,772.16</b>	<b>170.14</b>	-	<b>7,870.56</b>
<b>Carrying value</b>										
As at 1 April 2016	377.72	359.26	7,074.80	1,332.30	4,596.00	407.17	4,988.00	211.06	5,276.55	24,622.86
<b>As at 31 March 2017</b>	<b>376.12</b>	<b>352.16</b>	<b>7,643.87</b>	<b>1,390.98</b>	<b>4,791.40</b>	<b>440.05</b>	<b>5,536.00</b>	<b>150.65</b>	<b>6,770.25</b>	<b>27,451.48</b>

### Note:

- Additions include borrowing costs capitalised of ₹ 219.25 (2017 - ₹ 209.98). The borrowing costs have been capitalised at a weighted average rate of 4.88%.
- All depreciation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment'.
- The Group's property, plant and equipment at certain locations have been pledged as security for short term borrowings disclosed under Note M.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note I - Intangible Asset

Intangible assets comprise of recognised intangibles on acquisition and software licenses purchased. The carrying amounts for the reporting periods under review can be analysed as follows:

Particulars	Computer software	Product development/ Brands	Intangibles under development	Total
<b>Cost</b>				
<b>Balance as at 1 April 2017</b>	<b>1,779.16</b>	<b>19,619.18</b>	<b>785.62</b>	<b>22,183.96</b>
- Additions	179.93	2,919.23	494.81	3,593.97
- Disposals/transfers	(41.08)	(224.12)	(25.58)	(290.78)
- Translation adjustment	(4.50)	550.07	30.47	576.04
<b>Balance as at 31 March 2018</b>	<b>1,913.51</b>	<b>22,864.36</b>	<b>1,285.32</b>	<b>26,063.19</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2017</b>	<b>801.91</b>	<b>8,526.24</b>	<b>-</b>	<b>9,328.15</b>
- for the year	279.82	1,692.30	-	1,972.12
- on disposals/transfers	(24.15)	(70.16)	-	(94.31)
- Translation adjustment	(3.08)	278.52	-	275.44
<b>Balance as at 31 March 2018</b>	<b>1,054.50</b>	<b>10,426.90</b>	<b>-</b>	<b>11,481.40</b>
<b>Carrying value</b>				
As at 1 April 2017	977.25	11,092.94	785.62	12,855.81
<b>As at 31 March 2018</b>	<b>859.01</b>	<b>12,437.46</b>	<b>1,285.32</b>	<b>14,581.79</b>
<b>Particulars</b>				
	<b>Computer software</b>	<b>Product development/ Brands</b>	<b>Intangibles under development</b>	<b>Total</b>
<b>Cost</b>				
<b>Balance as at 1 April 2016</b>	<b>1,297.04</b>	<b>17,909.98</b>	<b>449.66</b>	<b>19,656.68</b>
- Additions	489.88	2,287.01	480.21	3,257.10
- Disposals/transfers	(1.02)	-	(129.12)	(130.14)
- Translation adjustment	(6.74)	(577.81)	(15.13)	(599.68)
<b>Balance as at 31 March 2017</b>	<b>1,779.16</b>	<b>19,619.18</b>	<b>785.62</b>	<b>22,183.96</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2016</b>	<b>594.35</b>	<b>4,609.91</b>	<b>-</b>	<b>5,204.26</b>
- for the year	222.84	4,112.09	-	4,334.93
- on disposals/transfers	(0.29)	-	-	(0.29)
- Translation adjustment	(14.99)	(195.76)	-	(210.75)
<b>Balance as at 31 March 2017</b>	<b>801.91</b>	<b>8,526.24</b>	<b>-</b>	<b>9,328.15</b>
<b>Carrying value</b>				
As at 1 April 2016	702.69	13,300.07	449.66	14,452.42
<b>As at 31 March 2017</b>	<b>977.25</b>	<b>11,092.94</b>	<b>785.62</b>	<b>12,855.81</b>

At the year end, the intangible with indefinite or indeterminable lives were tested for impairment based on conditions at that date. Based on such impairment testing, management has recorded an impairment loss. An amortisation and impairment charge (or reversals) if any are included within depreciation, amortisation and impairment.

The impairment is on account of the change in competitive market, including pricing of the underlying products. In performing the impairment testing management considers various factors such as the size of the target market, competition, future possible price/volume erosion.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The recoverable amount of each assets/CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each assets/CGU is determined by applying a suitable discount rate,

## Long term growth rates

Long term growth rates reflect the long-term average growth rates for the product lines and industry of the segments. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates in the foreseeable future. The terminal growth rate is 2% (2017 - 2%).

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each asset/CGU. The present value of the expected cash flows of each asset is determined by applying a discount rate in the range of 7% to 8%.

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the assets/CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

Segments to which Intangible assets with indefinite or indeterminable life are allocated as follows:

<b>As at 31 March 2018</b>	<b>India</b>	<b>USA</b>	<b>Latin America</b>	<b>Europe</b>	<b>Total</b>
Intangible Assets	1,307.55	642.75	416.46	578.48	2,945.24
<b>Total</b>	<b>1,307.55</b>	<b>642.75</b>	<b>416.46</b>	<b>578.48</b>	<b>2,945.24</b>
<b>As at 31 March 2017</b>	<b>India</b>	<b>USA</b>	<b>Latin America</b>	<b>Europe</b>	<b>Total</b>
Intangible Assets	1,301.23	641.75	771.40	585.97	3,300.35
<b>Total</b>	<b>1,301.23</b>	<b>641.75</b>	<b>771.40</b>	<b>585.97</b>	<b>3,300.35</b>

## Note J - Goodwill

The net carrying amount of goodwill can be analysed as follows:

<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Opening balance	478.92	574.80
Effect of translation adjustments	42.12	(95.88)
<b>Closing balance</b>	<b>521.04</b>	<b>478.92</b>

## Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the cash generating unit (CGU) expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows

<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>Europe</b>	510.53	468.91
<b>Rest of World (ROW)</b>	10.51	10.01
<b>Goodwill</b>	<b>521.04</b>	<b>478.92</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

At year end, goodwill was tested for impairment based on conditions at that date.

The recoverable amount of each CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by the management. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate, reflective of underlying markets.

Particulars	Long term growth Rates		Discount Rates	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Europe & ROW	2.00%	2.00%	7.00 - 8.00%	8.50%

## Long term growth rates

Long term growth rates reflect the long-term average growth rates for the product lines and industry of the segments. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates in the foreseeable future.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

## Note K - Trade Payable

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payable	18,609.96	17,422.31
Trade payables to related party (refer note X)	1.00	10.00
Acceptances	86.88	-
<b>Total</b>	<b>18,697.84</b>	<b>17,432.31</b>

## Other Non-Current Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Other liabilities	-	303.38
<b>Total</b>	<b>-</b>	<b>303.38</b>

## Other Non-Current Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Security deposit	26.00	24.05
<b>Total</b>	<b>26.00</b>	<b>24.05</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Other Current Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Statutory dues	1,102.29	1,003.54
Accrued expenses	2,331.61	1,916.43
Other liabilities	145.84	409.33
<b>Total</b>	<b>3,579.74</b>	<b>3,329.30</b>

## Other Current Financial Liabilities

Particulars	As at 31 March 2018	As at 31 March 2017
Employee dues	244.29	155.66
Unclaimed dividend*	13.35	12.95
Interest accrued but not due	250.18	232.72
Sundry creditors for capital goods	488.25	1,361.31
Other liabilities	304.57	-
<b>Total</b>	<b>1,300.64</b>	<b>1,762.64</b>

\*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

## Provisions

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for compensated absences (refer note U)	172.30	163.86
Provision for defined benefit plan (refer note U)	641.41	601.26
Other employee benefit obligation	5.13	4.81
Provision for sales return accrual and rebate	3221.54	1,603.01
<b>Total</b>	<b>4,040.38</b>	<b>2,372.94</b>

## Note L - Long Term Borrowings

Non-current portion of borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
Notes payable	-	1.30
Foreign currency convertible bonds (FCCB)	14,067.85	13,178.95
Senior notes	12,792.44	12,714.51
Term loan from banks	16,583.12	19,469.93
<b>Total</b>	<b>43,443.41</b>	<b>45,364.69</b>
Less: Current portion of long term borrowings	(2,025.63)	(1.30)
<b>Total</b>	<b>41,417.78</b>	<b>45,363.39</b>

In the year 2016, the Company had issued U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S.\$ 200,000,000, 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

### U.S. \$ 200,000,000, 2.00 % Resettable Onward Starting Equity-linked Securities (Bonds):

The Company had issued Bonds on 28 June 2016. The Bonds becomes convertible at the option of the holder of the Bonds (the "Bondholders") after 1 December 2017 and upto the close of business on 18 June 2022 into equity shares. Each Bond will be convertible at the option of the holder thereof into fully paid equity shares at the initial conversion price determined on 30 November 2017.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

On 30 November 2017 the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds, subject to any further adjustments according to conditions) at ₹ 861.84 as determined in accordance with condition 6.1.3 of the Trust deed. As of 31 March 2018, none of the Bondholders have opted for the conversion option.

On 30 November 2017 the Company confirmed the fixed exchange rate as ₹ 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFIX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

Each Bondholder has the right to require the Company to redeem in whole or in part, such Bondholder's Bonds, on 28 July 2021, at a price equal to 121.78% of its outstanding principal amount of Bonds, together with interest (if any) accrued but unpaid on 28 July 2021.

The Bonds are listed on the Singapore stock exchange.

## U.S. \$ 200,000,000, 4.5% Senior Notes (Notes) :

The Company issued Notes on 1 August 2016. The Notes will mature on 2 August 2021.

The interest on Notes will be payable semi-annually in arrears on 1 February and 1 August each year. The final interest payment and the payment of principal will occur on 2 August 2021.

The Notes are redeemable at any time on or after 2 August 2019, all or part of the Notes by paying the redemption price, subject to fulfilment of certain conditions. The Company, at its discretion, may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount, plus the applicable redemption premium, and accrued and unpaid interest and additional amounts, if any

The Notes are listed on the Singapore stock exchange.

The Group has availed term loans from banks at interest rates ranging between 2.93% - 6.43% p.a., It is payable in installments and will get fully repaid by F.Y. 2021-22.

## Maturity profile of long term borrowings

Year ending 31 March	31 March 2018	31 March 2017
2018	-	1.30*
2019	2,025.63*	6,067.50
2020	7,616.35	8,413.60
2021	6,292.94	4,988.83
2022	13,612.80	12,944.72
2023	14,342.35	13,514.74

\* represents current maturity of long-term borrowings

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note M - Short Term Borrowings

### Short Term borrowings

Particulars	As at 31 March 2018	As at 31 March 2017
Short term borrowings from banks	2,753.01	1,845.95
Working capital facilities from banks	197.43	25.94
<b>Total</b>	<b>2,950.44</b>	<b>1,871.89</b>

Working capital facilities are secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets at certain locations.

The Group has not defaulted on repayment of loan and interest during the year.

The Group has taken working capital facility/ term loans from banks at interest rates ranging between 0.40% - 9.70% p.a.

## Note N - Taxes

Taxes for the year comprise the following:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax expense	3,244.11	6,177.97
Deferred income tax benefit	(318.99)	(2,735.66)
<b>Total</b>	<b>2,925.12</b>	<b>3,442.31</b>

The relationship between the expected tax expense based on the applicable tax rate of the Group and the tax expense actually recognised in the consolidated income statement can be reconciled as follows:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Income tax expense at tax rates applicable to individual entities</b>	3,372.28	6,992.60
<b>Tax adjustment for tax-exempt income</b>		
- Income exempt from tax	(1,865.88)	(3,619.81)
<b>Other tax adjustments</b>		
- Additional deduction for R & D Expenditure	(417.41)	(1,428.16)
- Unrecognised tax benefit on losses of subsidiaries (net)	1,146.13	1,530.44
- Other disallowance	858.97	203.01
- Other allowances	(168.97)	(235.77)
<b>Actual tax expense (net)</b>	<b>2,925.12</b>	<b>3,442.31</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2017	Recognised in consolidated income statement	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred income tax assets - Non current</b>				
Provision for credit losses	223.28	12.00	(0.01)	235.27
Unused tax losses	5,615.77	(208.01)	(68.66)	5,339.10
Minimum Alternative Tax credit entitlement	7,390.52	2,069.00	-	9,459.52
Depreciation and Other financial assets	1,683.22	68.96	41.34	1,793.52
Employee Benefits	1.87	1.27	0.10	3.24
<b>Total</b>	<b>14,914.66</b>	<b>1,943.22</b>	<b>(27.23)</b>	<b>16,830.65</b>
<b>Deferred income tax liabilities - Non current</b>				
Other current assets	111.33	0.91	3.97	116.21
Difference in depreciation on Property, plant and equipment	2,889.05	161.03	0.31	3,050.39
Other taxable temporary differences	-	1,462.29	-	1,462.29
<b>Total</b>	<b>3,000.38</b>	<b>1,624.23</b>	<b>4.28</b>	<b>4,628.89</b>
<b>Net deferred income tax asset</b>	<b>11,914.28</b>	<b>318.99</b>	<b>(31.51)</b>	<b>12,201.76</b>

In assessing the reliability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward periods are reduced.

Deferred income taxes are not provided on undistributed earnings of subsidiaries outside India, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. The Company indefinitely reinvests all the accumulated undistributed earnings of subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the taxes payable when these earnings are remitted.

The unrecognized deferred tax for the year ended 31 March 2018 and 31 March 2017 is ₹ 719.86 and ₹ 1,635.23 respectively.

During the year ended 31 March 2018, the Group, based on probable future taxable profit, has recognized/ (reversed) previously unrecognized/ recognised deferred tax assets of ₹ (426.27) in F.Y. 2017-18 and ₹ 104.79 in F.Y. 2016-17.

Deferred tax assets on unused tax losses will get expire between 2-7 years.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note O - Stockholders' Equity

### a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders' meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 2,370,000,000 equity shares of ₹ 1 each.

### b) Dividends

Indian statutes mandate that dividends be declared out of distributable profits in accordance with the regulations. Should the Company declare and pay dividends, such dividends are required to be paid in INR to each holder of equity shares in proportion to the number of shares held. Dividend tax is borne by the Company.

The Company had declared dividend payout of ₹ 2/- per share (2017 - ₹ 2/- per share).

### c) Reserves

**Share premium reserve** - The amount received by the Company over and above the face value of shares issued is shown under this head.

**Capital redemption reserve** - The capital redemption reserve had been created as per the requirement of earlier provision of Indian Companies Act 1956. Such reserve is not currently available for distribution to the shareholders.

**Currency translation reserve** - Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at reporting date. Revenue and expenses are translated into INR at the average rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve.

**Retained earnings** - Accumulated earnings include all current and prior period profits as disclosed in the consolidated income statement.

**Stock compensation reserve** - Stock compensation reserve consists of employee compensation cost allocated over the vesting period of options granted to employees. Such cost is recognised in consolidated income statement and is credited to the reserve. Upon exercise of options, such reserves are reclassified to other components of equity.

## Note P - Operating Revenue

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (refer note GG)	89,700.10	89,680.24
Other operating revenue	1,308.38	2,155.95
Sale of services	22.22	20.62
<b>Total</b>	<b>91,030.70</b>	<b>91,856.81</b>

## Note Q - Other Income

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Dividend	7.72	8.77
Profit on sale of fixed assets	-	17.55
Exchange gain (net)	687.33	-
Miscellaneous income	129.59	165.89
<b>Total</b>	<b>824.64</b>	<b>192.21</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note R - Materials Consumed

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of raw material and packing material	20,748.64	22,925.15
Consumption of stores and spares	752.46	622.98
<b>Total</b>	<b>21,501.10</b>	<b>23,548.13</b>

## Note S - Employee Costs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	17,237.70	14,853.10
Contribution to provident and other funds and retirement benefits	1,209.30	1,355.34
Employee stock compensation cost	90.64	-
Welfare expenses	180.77	199.62
<b>Total</b>	<b>18,718.41</b>	<b>16,408.06</b>

## Note T - Other Expenses

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Labour charges	838.47	931.16
Excise duty expenses	286.51	1,062.67
Power, fuel and water charges	1,166.14	1,049.52
Repairs and maintenance	1,135.10	1,110.69
Rent, rates and taxes	942.21	836.30
Other manufacturing expenses	710.02	455.68
Consumables	3,049.83	2,347.02
Selling and Marketing expenses	1,198.52	1,231.96
Sales promotion expenses	6,430.35	7,193.31
Travelling expenses	2,241.58	2,185.76
Freight outward	2,341.00	2,221.73
Telephone expenses	118.38	122.28
Provision for doubtful debts/expected credit losses (net)	42.61	7.87
Insurance	149.01	200.15
Electricity charges	208.61	220.72
Auditors remuneration	65.19	74.56
Legal and professional charges	1,737.69	1,825.53
Loss on sale of property, plant and equipments/intangible assets (net)	24.13	-
Other expenses	3,090.98	5,861.58
<b>Total</b>	<b>25,776.33</b>	<b>28,938.49</b>

## Note U - Employee Post- Retirement Benefits

The following are the employee benefit plans applicable to the employees of the Group.

### a) Gratuity (defined benefit plan)

In accordance with applicable laws, the Group provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation.

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Group recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2018	31 March 2017
Current service cost	159.30	129.31
<b>Personnel expenses</b>	<b>159.30</b>	<b>129.31</b>
Net interest on defined benefit schemes	21.48	15.27
Administration cost (excluding cost for managing plan assets)	0.42	0.41
<b>Net periodic expense</b>	<b>181.20</b>	<b>144.99</b>

The remeasurement components recognised in the statement of other comprehensive income for the Group's defined benefit plans comprise the following:

Particulars	31 March 2018	31 March 2017
<b>Actuarial (gains)/losses</b>		
Based on adjustment of demographic assumptions	-	(13.17)
Based on adjustment of financial assumptions	(57.48)	(32.36)
Due to liability experience adjustment	31.89	78.81
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(16.37)	13.73
<b>Total remeasurement (benefit)/ loss recognised in the statement of other comprehensive income</b>	<b>(41.96)</b>	<b>47.01</b>

The following tables show the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's defined benefit plans.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	1,485.50	1,351.40
Fair value of plan assets	(844.09)	(750.14)
<b>Net defined benefit liability</b>	<b>641.41</b>	<b>601.26</b>
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	641.41	601.26

The movements in the net defined benefit liability recognised within the consolidated statement of financial position are as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	601.26	514.82
Cost recognised in income statement	181.20	144.99
Remeasurement (gains) / losses recognised in other comprehensive income	(41.96)	47.01
Actual employer contributions	(55.53)	(66.36)
Benefits paid	(62.06)	(31.45)
Exchange differences	18.50	(7.75)
<b>Closing balance</b>	<b>641.41</b>	<b>601.26</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	1,351.40	1,257.52
Current service cost	159.30	129.31
Interest cost on the defined benefit obligations	46.40	36.31
Actual employee contributions	36.31	35.37
Actual benefit payments	(117.42)	(104.54)
Actuarial (gains)/losses - Demographic assumptions	-	(13.17)
Actuarial (gains)/losses - Financial assumptions	(57.48)	(32.36)
Actuarial (gains)/losses - Liability experience	31.89	78.81
Administration cost (excluding cost for managing plan assets)	0.42	0.41
Exchange differences	34.68	(36.26)
<b>Closing balance</b>	<b>1,485.50</b>	<b>1,351.40</b>

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2018	31 March 2017
Beginning balance	750.14	742.70
Interest income on plan assets	24.92	21.04
Actual employer contributions	55.53	66.36
Actual employee contributions	36.31	35.37
Actual benefit payments	(55.36)	(73.09)
Actual return on assets (excluding interest income on plan assets)	16.37	(13.73)
Exchange differences	16.18	(28.51)
<b>Closing balance</b>	<b>844.09</b>	<b>750.14</b>

The Group expects to contribute ₹ 421.19 to its defined benefit plans in 2018-19.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2018 and the following years are as follows:

Particulars	31 March 2018	31 March 2017
Discount rate (weighted average)	0.90%-7.80%	0.60%-7.07%
Rate of compensation increase (weighted average)	1.50%-3.00%	1.50%-3.00%
Inflation rate (weighted average)	1.0%-7.8%	0.00%-1.00%

Mortality rates have been set in accordance with current best practices in the respective countries. The average life expectancy in years on the reporting date is as follows:

Particulars	31 March 2018	31 March 2017
Average life expectancy (Years)	25.64-54.80	26.04-54.07

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Assets administered by respective Insurance companies	100%	100%

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

A breakup of the defined benefit plan related consolidated statement of financial position amounts at 31 March 2018 and 2017, is shown below.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	1,485.50	1,351.40
Fair value of plan assets	(844.09)	(750.14)
<b>Net defined benefit liability</b>	<b>641.41</b>	<b>601.26</b>

The present value of defined benefit obligations by category of members at 31 March 2018 and 2017, is shown below:

Particulars	31 March 2018	31 March 2017
Active number of employees	11,981	11,784
Present value of funded obligations	1,485.50	1,351.40

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the breakup presented below, the varying impact of changes in the key assumptions is shown as below.

Particulars	31 March 2018	31 March 2017
Discount rate +0.25% / +0.5 % p.a.	(62.09)	(58.28)
Discount rate -0.25% / -0.5 % p.a.	66.88	62.91
Rate of compensation increase +0.25% +0.5 % p.a.	38.84	35.57
Rate of compensation decrease -0.25% -0.5 % p.a.	(36.91)	(33.63)

### b) Compensated leave of absence plan (other long term benefit plan)

The Group permits encashment of leave accumulated by their employees on retirement and separation. The liability for encashment of privilege leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at the reporting date.

The Group recognised total retirement benefit costs related to other long term benefit plans as follows:

Particulars	31 March 2018	31 March 2017
Current service cost	58.69	58.14
<b>Personnel expenses</b>	<b>58.69</b>	<b>58.14</b>
Net interest on long term benefit plan	12.61	8.90
<b>Actuarial (gains)/losses</b>		
Based on adjustment of financial assumptions	(2.57)	-
Due to liability experience adjustment	(6.89)	23.94
Return on plan assets (excluding amounts in net interest on long term benefit schemes)	(0.58)	(0.54)
<b>Net periodic expense</b>	<b>61.26</b>	<b>90.44</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The following tables show the change in present value of long term benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's long term benefit plans.

Particulars	31 March 2018	31 March 2017
Present value of funded obligations	313.98	294.88
Fair value of plan assets	(141.68)	(131.02)
<b>Net long term benefit liability</b>	<b>172.30</b>	<b>163.86</b>
Being:		
Retirement benefit plan assets	-	-
Retirement benefit plan liabilities	172.30	163.86

The movements in the net long term benefit liability recognised within the consolidated statement of financial position are as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	163.86	115.60
Cost recognised in income statement	61.26	90.44
Benefits paid	(52.82)	(42.18)
<b>Closing balance</b>	<b>172.30</b>	<b>163.86</b>

The change in the present value of long term benefit obligations is as follows:

Particulars	31 March 2018	31 March 2017
Beginning balance	294.88	236.75
Current service cost	58.69	58.14
Interest cost on the long term benefit obligations	22.69	18.23
Actual benefit payments	(52.82)	(42.18)
Actuarial (gains)/losses - Financial assumptions	(2.57)	-
Actuarial (gains)/losses - Liability experience	(6.89)	23.94
<b>Closing balance</b>	<b>313.98</b>	<b>294.88</b>

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2018	31 March 2017
Beginning balance	131.02	121.15
Interest income on plan assets	10.08	9.33
Return on plan assets	0.58	0.54
<b>Closing balance</b>	<b>141.68</b>	<b>131.02</b>

The Group expects to contribute ₹ 224.84 to its long term benefit plan in F.Y. 2018-19

The principal actuarial assumptions used for the long term benefit obligations at 31 March 2018 and the following year's are as follows:

Particulars	31 March 2018	31 March 2017
Discount rate (weighted average)	7.80%	7.70%
Rate of compensation increase (weighted average)	3.00%	3.00%

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Mortality rates have been set in accordance with current best practices in the respective countries. The average life expectancy in years on the reporting date is as follows:

Particulars	31 March 2018	31 March 2017
Average life expectancy at 58 (Years)	25.64	26.04

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2018	31 March 2017
Insurance contracts	100%	100%

A breakup of the long term benefit plan related consolidated statement of financial position amounts at 31 March 2018 and 2017, is shown below .

Particulars	31 March 2018	31 March 2017
Present value of obligations	313.98	294.88
Fair value of plan assets	(141.68)	(131.02)
<b>Net long term benefit liability</b>	<b>172.30</b>	<b>163.86</b>

The present value of long term benefit obligations by category of members at 31 March 2018 and 2017, is shown below:

Particulars	31 March 2018	31 March 2017
Active number of employees	11,851	11,661
Present value of obligations	313.98	294.88

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in different geographic regions. In the breakup presented below, the varying impact of changes in the key assumptions is shown as below.

Particulars	31 March 2018	31 March 2017
Discount rate + 0.5 % p.a.	(12.32)	(9.74)
Discount rate - 0.5 % p.a.	13.20	10.40
Rate of compensation increase + 0.5 % p.a.	13.77	10.22
Rate of compensation decrease - 0.5 % p.a.	(12.93)	(9.65)

## c) Provident fund and others (defined contribution plan)

Apart from being covered under the Gratuity Plan described earlier, employees of the Indian companies participate in a provident fund plan; a defined contribution plan. The Group makes annual contributions based on a specified percentage of salary of each covered employee to a government recognised provident fund. The Group does not have any further obligation to the provident fund plan beyond making such contributions. Upon retirement or separation an employee becomes entitled for this lump sum benefit, which is paid directly to the concerned employee by the fund. The Group contributed approximately ₹ 966.84 (2017 - ₹ 1,119.91) towards the provident fund plan and others during the year ended 31 March 2018.

## Note V - Research and Development Expenditure

During the year, the Group expenditure on research and development is ₹ 12,251.33 (2017 - ₹ 12,622.33).

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note W - Share Based Employee Remuneration

### Employee Stock Option Scheme, 2003 and 2016 (ESOS)

The Company has formulated an Employee Stock Option Scheme 2003 and Employee Stock Option Scheme 2016 ('ESOS') namely ESOS 2003 and ESOS 2016 respectively under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1 - 6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Company on either the date of the grant or the closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. Pursuant to ESOS 2003, 47,000 options were cancelled during the year and as at 31 March 2018, no options were outstanding. Pursuant to ESOS 2016, 569,686 options were outstanding, which upon exercise are convertible into equivalent number of equity shares. Employee stock compensation charged during the year is ₹ 90.64.

The aggregate share options and weighted average exercise price under the above mentioned plan are as follows:

	2018		2017	
	Number	weighted average price (₹)	Number*	weighted average price* (₹)
Outstanding at the beginning of the year	666,757	459.29	84,500	279.99
Granted during the year	25,306	198.30	640,695	473.68
Forfeited during the year	(122,377)	399.82	(48,438)	377.24
Exercised during the year *	-	-	(10,000)	263.89
Outstanding at the end of the year	569,686	460.47	666,757	459.29

All of the above options outstanding as of 31 March 2018 are unvested

All share based employee payments would be settled in equity. The group has no legal or constructive obligation to repurchase or settle the options.

The fair values of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Particulars	31 March 2018	31 March 2017
Share price (₹)	600	215.85 - 800.00*
Exercise price (₹)	600	215.85 - 800.00*
Weighted average volatility rate	30%	30% - 60%
Dividend payout	200%	200%
Risk free rate	7.80%	7.70%-9.00%
Average remaining life	1-28 months	1-52 months

\*All figures have been accordingly adjusted for

- Split of face value from ₹ 10 to ₹ 2 in October 2003
- 1:1 bonus issue in April 2005 and Split of face value from ₹ 2 to ₹ 1 in September 2007.

The underlying expected volatility was determined by reference to historical data, adjusted for unusual share price movements. No special features inherent to the options granted were incorporated into the measurement of fair value.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note X - Related Party Transactions

### Related parties with whom the Group has transacted during the year

#### Key Management Personnel

Mr. Glenn Saldanha (Chairman & Managing Director)

Mrs. Cherylann Pinto (Executive Director)

Mr V S Mani (President & Global Chief Financial Officer with effect from 16 November 2017)

Mr. Rajesh Desai (Executive Director upto close of working hours on 31 March 2017 and with effect from 1 April 2017 as Non-executive Director)

Mr. Murali Neelakantan (Executive Director with effect from 11 May 2017 to 29 May 2018)

Mr. P. Ganesh (President & Chief Financial Officer upto close of working hours on 15 November 2017)

Mr. Harish Kuber (Company Secretary & Compliance Officer with effect from 2 February 2017)

Mr. Sanjay Kumar Chowdhary (Company Secretary & Compliance Officer upto 31 October 2016)

Mrs. B. E. Saldanha (Non-executive Director)

Mr. D. R. Mehta (Non-executive Director)

Mr. Bernard Munos (Non-executive Director)

Mr. J. F. Ribeiro (Non-executive Director)

Dr. Brian W. Tempest (Non-executive Director)

Mr. Sridhar Gorthi (Non-executive Director)

Mr. Milind Sarwate (Non-executive Director)

### Enterprises over which significant influence exercised by key management personnel/directors

Glenmark Foundation

Glenmark Aquatic Foundation

Trilegal

### Summary of transactions with related parties during the year

Nature of Transaction	Year ended 31 March 2018	Year ended 31 March 2017
<b>Purchase of services</b>		
Trilegal	-	4.67
<b>Expenditure incurred for CSR activities to</b>		
Glenmark Foundation	110.50	49.12
Glenmark Aquatic Foundation	63.00	63.44
<b>Transactions with key management personnel</b>		
Remuneration		
- Mr. Glenn Saldanha	161.62	141.00
- Mrs. Cherylann Pinto	42.94	38.76
- Mr V S Mani (Related party as per Companies Act, 2013 with effect from 16 November 2017)	21.14	-
- Mr Murali Neelakantan (Related party as per Companies Act, 2013 with effect from 11 May 2017 to 29 May 2018)	33.51	-
- Mr. Rajesh Desai	-	31.74
- Mr. Sanjay Kumar Chowdhary (Related party as per Companies Act, 2013 upto 31 October 2016)	-	3.15

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Nature of Transaction	Year ended 31 March 2018	Year ended 31 March 2017
- Mr. P. Ganesh (Related party as per Companies Act, 2013 upto close of working hours on 15 November 2017)	19.76	15.65
- Mr. Harish Kuber (Related party as per Companies Act, 2013 with effect from 2 February 2017)	2.75	0.39
Sitting fees paid to Non-executive Directors	8.80	7.00
Related party balances	As at 31 March 2018	As at 31 March 2017
(Payable)/ Advance given		
Glenmark Foundation	(1.00)	(10.00)

The directors are covered under the Group's gratuity policy and ESOP scheme along with other employees of the Group. Proportionate amount of gratuity and stock compensation expense is not included in the aforementioned disclosures as it cannot be separately ascertained.

## Note Y - Earnings Per Share (EPS)

The basic earnings per share for the year ended 31 March 2018 has been calculated using the net profits attributable to the equity shareholders.

Calculation of basic and diluted EPS is as follows:

Particulars	31 March 2018	31 March 2017
Profit attributable to shareholders of Glenmark, for basic and diluted	7,741.91	9,159.67
Weighted average number of shares outstanding during the year for basic EPS	282,168,156	282,166,682
Effect of dilutive potential ordinary shares:		
Employee stock options	37,045	85,294
Weighted average number of shares outstanding during the year for diluted EPS	282,205,201	282,251,976
<b>Basic EPS, in ₹</b>	<b>27.44</b>	<b>32.46</b>
<b>Diluted EPS, in ₹</b>	<b>27.44</b>	<b>32.45</b>

## Note Z - Commitments and Contingencies

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Contingent Liabilities</b>		
<b>Claims against the Company not acknowledged as debts</b>		
Disputed taxes and duties	261.78	243.62
Others	70.41	35.00

Out of the above amount ₹ 89.05 are at various Indian Courts under litigation.

- (a) In January 2014, the National Pharmaceutical Pricing Authority (NPPA) issued a demand notice of ₹ 122.30 as overcharging liability of product "Doxovent 400 mg tab" for the period February 2010 to May 2013. The notice also envisaged a payment of ₹ 33.30 towards interest @15% p.a. on the overcharged amount up to 31 January 2014. The Company has filed a petition under Article 32 with the Hon'ble Supreme Court of India (Hon'ble Court), challenging the issue of the above mentioned demand notice on various grounds. This petition has been tagged along with other petitions filed by other pharmaceutical companies as well, pending before Hon'ble Court relating to the inclusion criteria of certain drugs including "Theophylline" in the schedule of the DPCO, 1995. The matters are sub-judice before the Hon'ble Court.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Hon'ble Court passed an ad-interim order stating that no coercive steps be taken against the Company towards the said demand.

The Hon'ble Court has constituted a Special bench to hear the petition (along with other petitions filed in this regard) and the matter is expected to be listed in due course.

The Company based on legal advice, has an arguable case on merits as well as with regard to mitigation of the demand. Hon'ble Court heard Glenmark's petition and ordered the petition to be transferred back to Hon'ble Delhi High Court to be heard on merits subject to deposit of 50% of the overcharged claimed amount. Glenmark has deposited ₹ 61.15 (50% of the overcharged claimed amount). The matter is pending to be listed in Hon'ble Delhi High Court for hearing.

- (b) On 10 March 2016 Ministry of Health and Family Welfare issued notifications prohibiting manufacture for sale, sale and distribution for human use of several Fixed Dose Combination ("FDC") with immediate effect.

Several products of the Company are also covered in the notified prohibited "FDC's". The Company has filed five writ petitions in Hon'ble Delhi High Court challenging the notifications issued. The Hon'ble Delhi High Court has granted interim relief to the Company by staying the notifications banning the FDC's. The Company based on legal advice, has an arguable case on merits though the liability in this case cannot be computed. In an adverse scenario, the Company would be restricted from manufacturing, selling and marketing the impacted FDC's.

The matter was clubbed with other petition of other companies before the Supreme Court of India (Hon'ble Court). The Hon'ble Court directed the Drug Technical Advisory Board (DTAB) as sub-committee to examine the ban of drugs. DTAB appointed an expert committee under the chair of Dr. Nilima Kshirsagar to examine the list of banned FDC. The committee has submitted its report to the Ministry of Health. Further communication is awaited from the Ministry of Health and Family Welfare.

The Company has revised the composition of the FDC's and market the revised products.

## (ii) Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2018 aggregate ₹ 1,305.21 (2017 - ₹ 788.39)

## (iii) Others

Particulars	31 March 2018	31 March 2017
Bank Guarantees	138.78	90.15

## Note AA - Leases

The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

- The Group's significant leasing arrangements are in respect of the above godowns & premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to consolidated income statement as rent as presented in note T.
- The leasing arrangements are cancellable range between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements generally refundable interest free deposits have been given towards deposit and unadjusted advance rent is recoverable from the lessor.
- The Group has entered into operating lease agreements for the rental of its office premises for a period of 3 to 5 years.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## iv) Future obligations on non-cancellable operating lease

Particulars	31 March 2018	31 March 2017
Minimum lease payments		
Due within one year	584.36	445.07
Due later than one year and not later than five years	1,145.58	1,133.42
Due later than five years	303.71	-
<b>Total</b>	<b>2,033.65</b>	<b>1,578.49</b>

## Note BB - Segment Reporting

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1. India
2. United States of America (USA)
3. Latin America
4. Europe
5. Rest of the World

The reportable segments derive their revenues from the sale of pharmaceutical products (generics, speciality). The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Group's consolidated financial statements.

## Information about reportable segments

Segmental Revenue	Year ended 31 March 2018	Year ended 31 March 2017
India	34,837.69	32,679.75
USA	32,075.72	37,006.63
Latin America	4,066.95	5,181.22
Europe	9,058.10	7,101.35
Rest of the world (ROW)	10,992.24	9,887.86
<b>Total</b>	<b>91,030.70</b>	<b>91,856.81</b>

## Analysis of assets by reportable segments

As at 31 March 2018	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	22,381.01	7,584.06	791.98	831.48	492.36	32,080.89
Intangible Assets	2,522.17	1,279.28	544.30	10,182.27	53.77	14,581.79
<b>Total</b>	<b>24,903.18</b>	<b>8,863.34</b>	<b>1,336.28</b>	<b>11,013.75</b>	<b>546.13</b>	<b>46,662.68</b>
As at 31 March 2017	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	20,280.93	5,494.70	720.54	654.88	300.43	27,451.48
Intangible Assets	2,255.11	1,320.62	927.36	8,302.26	50.46	12,855.81
<b>Total</b>	<b>22,536.04</b>	<b>6,815.32</b>	<b>1,647.90</b>	<b>8,957.14</b>	<b>350.89</b>	<b>40,307.29</b>

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

### Note CC - Financial Assets

Trade receivables comprise amounts receivable from the sale of goods and services. Other current assets include prepayments, input taxes, advances to vendors, accrued interest and deposits and advances receivable in cash and kind.

The management considers that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalents and other bank balances comprise cash and short-term deposits held by the Group. The carrying amount of these assets approximates their fair value.

Non-current investments represent investments in preferred stock of other pharmaceutical companies which present the Group with opportunity for return through dividend income.

The investment in equity and preference shares amounting to ₹ 45.57 (2017 - ₹ 45.57) been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Group's equity investment in this entity cannot be reliably measured.

Given below is the summary of financial assets as categorised in IFRS 9 as on 31 March 2018 :

Particulars	Amortised cost	FVTPL	Total carrying value	Total fair value
Long-term financial assets	401.18	-	401.18	401.18
Other investments (Investment)	100.02	46.59	146.61	146.61
Cash and cash equivalent	12,346.91	-	12,346.91	12,346.91
Trade receivables	23,318.07	-	23,318.07	23,318.07
Short term financial assets	3,856.42	-	3,856.42	3,856.42
<b>Total</b>	<b>40,022.60</b>	<b>46.59</b>	<b>40,069.19</b>	<b>40,069.19</b>

Given below is the summary of financial assets as categorised in IFRS 9 as on 31 March 2017:

Particulars	Amortised cost	FVTPL	Total carrying value	Total fair value
Long-term financial assets	362.84	-	362.84	362.84
Other investments (Investment)	110.02	46.92	156.94	156.94
Cash and cash equivalent	10,576.59	-	10,576.59	10,576.59
Trade receivables	24,043.20	-	24,043.20	24,043.20
Short term financial assets	3,581.21	-	3,581.21	3,581.21
<b>Total</b>	<b>38,673.86</b>	<b>46.92</b>	<b>38,720.78</b>	<b>38,720.78</b>

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Note DD - Financial Liabilities

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates to their fair value.

The Bonds are interest bearing instrument with an embedded derivative instrument of conversion option, accordingly, the instrument has been classified as amortised cost, since the value of embedded derivative is zero.

Given below is the summary of financial liabilities as categorised in IFRS 9 as on 31 March 2018 :

Particulars	Amortised cost	Total carrying value	Total fair value
Non-current financial liabilities	26.00	26.00	26.00
Trade payables	18,697.84	18,697.84	18,697.84
Long term borrowings	41,417.78	41,417.78	41,417.78
Short term borrowings	2,950.44	2,950.44	2,950.44
Current portion of long term borrowings	2,025.63	2,025.63	2,025.63
Other current financial liabilities	1,300.64	1,300.64	1,300.64
<b>Total</b>	<b>66,418.33</b>	<b>66,418.33</b>	<b>66,418.33</b>

Given below is the summary of financial liabilities as categorised in IFRS 9 as on 31 March 2017 :

Particulars	Amortised cost	Total carrying value	Total fair value
Non-current financial liabilities	24.05	24.05	24.05
Trade payables	17,432.31	17,432.31	17,432.31
Long term borrowings	45,363.39	45,363.39	45,363.39
Short term borrowings	1,871.89	1,871.89	1,871.89
Current portion of long term borrowings	1.30	1.30	1.30
Other current financial liabilities	1,762.64	1,762.64	1,762.64
<b>Total</b>	<b>66,455.58</b>	<b>66,455.58</b>	<b>66,455.58</b>

### Fair value hierarchy :

Level 2 : All FVTPL financial assets and liabilities are classified under level 2 of fair value hierarchy except certain investments amounting to ₹ 1.02 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.

## Note EE - Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is coordinated by its parent company, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Group to concentration of credit risk consist principally of cash equivalents, trade receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Group's cash equivalents and deposits are invested with banks.

The Group's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentration of credit risks.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The Group's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

## Foreign Currency sensitivity

The overseas entities of the Group operate in different countries. The functional currency of such entities is the currency being used in that particular country. The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in USD and EURO. Apart from US Dollar, foreign currency transactions are entered into by entities in several other currencies as applicable in the country in which the particular entity operates. However, the size of these entities relative to the total Group and the volume of transactions in such currencies are not material.

Thus, the foreign currency sensitivity analysis has been performed in relation to US Dollar (USD) and Euro (EUR).

US Dollar conversion rate was ₹ 64.65 at the beginning of the year and scaled to a high of ₹ 65.74 and to low of ₹ 63.07. The closing rate is ₹ 64.82. Considering the volatility in direction of strengthening dollar upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	USD (million)	INR	USD (million)	INR
<b>Short-term exposure</b>				
Financial assets	72.15	4,676.48	74.50	4,821.68
Financial liabilities	(66.51)	(4,311.06)	(51.37)	(3,324.87)
<b>Total</b>	<b>5.64</b>	<b>365.42</b>	<b>23.13</b>	<b>1,496.81</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	(421.25)	(27,305.69)	(408.81)	(26,459.49)
<b>Total</b>	<b>(421.25)</b>	<b>(27,305.69)</b>	<b>(408.81)</b>	<b>(26,459.49)</b>

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	2,693.93	2,496.27
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(2,693.93)	(2,496.27)
Equity	-	-

EUR conversion rate was ₹ 68.85 at the beginning of the year and scaled to a high of ₹ 80.51 and to low of ₹ 67.95. The closing rate is ₹ 79.87. Considering the volatility in direction of strengthening EUR upto 10% , the sensitivity analysis has been disclosed at 10% movements on strengthening and weakening effect for presenting comparable movement due to currency fluctuations.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate, are as follows.

Particulars	31 March 2018		31 March 2017	
	EUR (million)	INR	EUR (million)	INR
<b>Short term exposure</b>				
Financial assets	20.02	1,598.75	6.00	414.76
Financial liabilities	(6.25)	(499.01)	(5.42)	(374.64)
<b>Total</b>	<b>13.77</b>	<b>1,099.74</b>	<b>0.58</b>	<b>40.12</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(109.97)	(4.01)
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	109.97	4.01
Equity	-	-

## Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term borrowings. The Company has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate risk associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 255.83 million (2017 - USD 309.83 million). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	(41.46)	(50.13)
Equity	-	-

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 25 basis points then such decrease shall have the following impact on:

Particulars	31 March 2018	31 March 2017
	INR	INR
Net results for the year	41.46	50.13
Equity	-	-

## Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

The bank deposits are placed on fixed rate of interest of approximately 4% to 7.45%. As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.

### Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised as at the reporting date, as summarised below:

Particulars	As at 31 March 2018	As at 31 March 2017
Cash & cash equivalents	12,346.91	10,576.59
Trade receivables	23,318.07	24,043.20
Investments	146.61	156.94
Other current financial assets	3,856.42	3,581.21
Non-current financial assets	401.18	362.84
<b>Total</b>	<b>40,069.19</b>	<b>38,720.78</b>

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of approximately 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IFRS 9, the Group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Given below is the ageing of accounts receivable spread by period of six months:

Particulars	As at 31 March 2018	As at 31 March 2017
Outstanding for more than 6 months	2,277.10	1,884.28
Others	21,040.97	22,158.92
<b>Total</b>	<b>23,318.07</b>	<b>24,043.20</b>

For impairment of trade receivable refer note E

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired at each of the reporting dates and are of good credit quality, including those that are past due. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group's credit risk exposure towards any single counterparty or any groups of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

## Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 March 2018, the Group's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current
	Within 1 year	1 to 5 years
Trade payables	18,697.84	-
Other current financial liabilities	1,300.64	-
Short term borrowings	2,950.44	-
Current portion of long term borrowings	2,025.63	-
Long-term borrowings	-	41,417.78
Other non-current financial liabilities	-	26.00
<b>Total</b>	<b>24,974.55</b>	<b>41,443.78</b>

## Note FF - Capital Management Policies and Procedures

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the consolidated statement of financial position including non-controlling interest

Particulars	31 March 2018	31 March 2017
Total debt	46,393.85	47,236.58
Less: Cash & cash equivalents	12,333.56	10,563.64
<b>Net debt (A)</b>	<b>34,060.29</b>	<b>36,672.94</b>
<b>Total equity (B)</b>	<b>55,886.84</b>	<b>49,390.05</b>
<b>Net debt to equity ratio (A/B)</b>	<b>60.95%</b>	<b>74.25%</b>

## Dividends

Particulars	31 March 2018	31 March 2017
(i) Equity shares		
Final dividend paid during the year ended	679.22	679.45

# Notes to the Consolidated Financial Statements

(All amounts in million of Indian Rupees, unless otherwise stated)

(ii) Dividends not recognised at the end of the reporting period :

In addition to the above dividends, since year end the Board of Directors have recommended the payment of a final dividend of ₹ 2 (2017 - ₹ 2) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## Note GG

The Government of India introduced the Goods and Service Tax (GST) with effect from 1 July 2017 which subsumes excise duty and various other indirect taxes. As required under IAS 18, revenue for the year ended 31 March 2018 is reported net of GST. The revenue for year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, income from operations for the year ended 31 March 2018 and 31 March 2017 are not comparable.

## Note HH

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the consolidated financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

## Note II - Authorisation of Consolidated Financial Statements

The consolidated financial statements for the year ended 31 March 2018 were approved by the Board of Directors on 29 May 2018.

As per our report of even date

For and on behalf of Board of Directors

For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration Number : 001076N/N500013

Glenn Saldanha

Chairman & Managing Director

DIN : 00050607

Cherylann Pinto

Executive Director

DIN : 00111844

Ashish Gupta

Partner

Membership Number - 504662

V S Mani

Executive Director &

Global Chief Financial Officer

DIN : 01082878

Harish Kuber

Company Secretary &

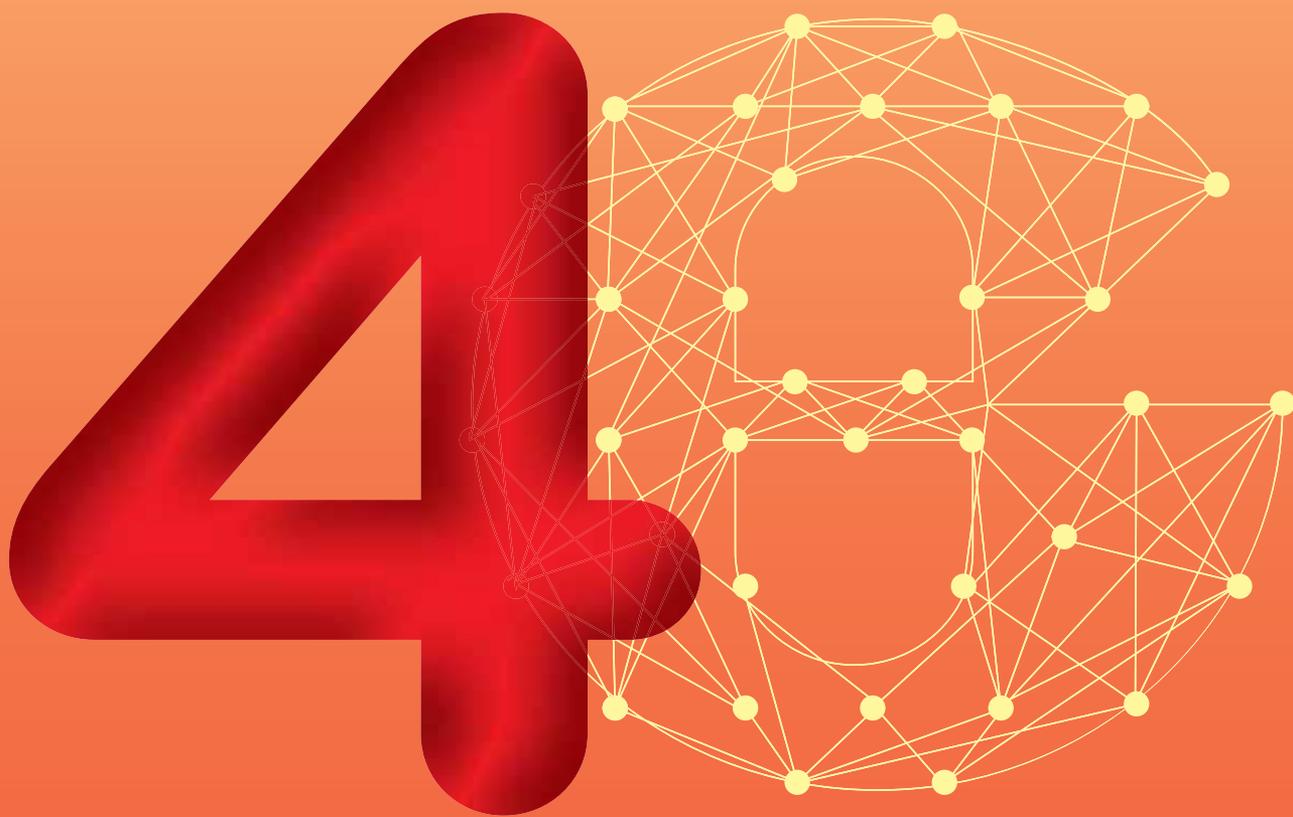
Compliance officer

Place: New Delhi

Date : 29 May 2018

Place: Mumbai

Date : 29 May 2018



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