glenmark
A new way for a new world

STRATEGIC BLUEPRINT FOR THE NEXT DECADE

2016-17
Annual Report

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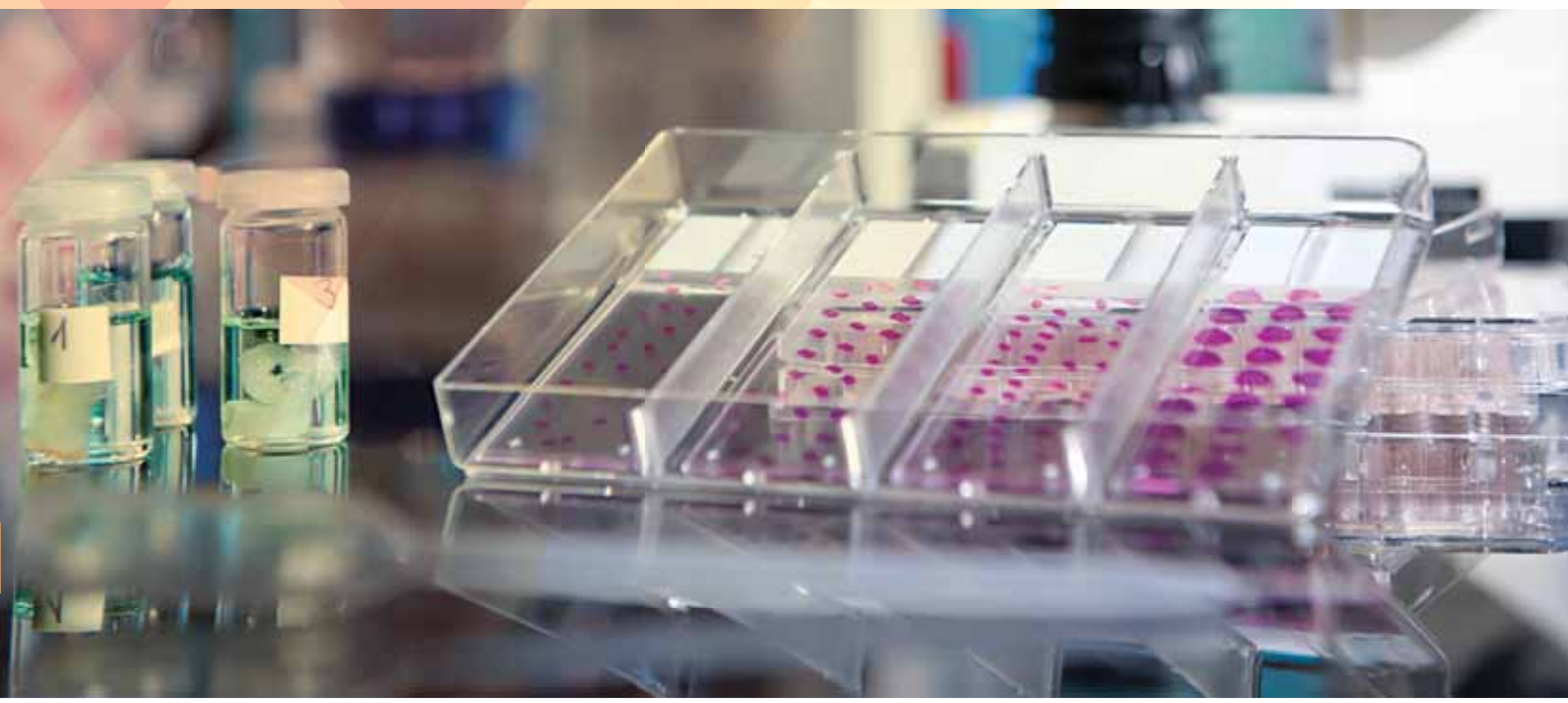

We have come a long way in a short time. 16 years ago, we were a USD 31 mn company focussed on the Indian pharma market. Today, we are a USD 1.4 bn global pharma organisation with over 13,000 employees in 50 countries, deriving 70% of our revenues from international markets.

Our objective is to earn 30% of our revenues from specialty and innovative products by 2025. Our innovation programme, that we began investing over a decade ago, has begun to deliver results with new molecules, currently in different stages of development, in the three focus areas of oncology, respiratory and dermatology. In parallel, we are growing in size and reach, expanding our manufacturing footprint and providing differentiated products to customers globally.

Over the following pages, you will know that our confidence in our ability to deliver on our strategic objectives is well-founded. We will tell you about our generics pipeline, which is a rich mix of mass-market, niche, and complex products.
You will read about BEAT®, our breakthrough technological platform to develop novel, more efficacious drugs for patients battling breast cancer and multiple myeloma, and how those drugs are making steady progress in the lab and the clinic.
You will see how our scientists are using incremental innovation to devise specialty products that can bring relief to patients with near-debilitating allergies. They are also working on developing convenient and economical solutions to improve the quality of life of patients living with chronic respiratory diseases.

We will lay out our plans to accelerate growth and profitability in various parts of the business without departing from our sharp focus on the chosen therapy areas of oncology, respiratory and dermatology. At the same time, we are conscious of the many hurdles in our path and are gearing up to surmount them.

We hope that you will continue to support us in this exciting journey.

GLENMARK AT A GLANCE

We are a leading research-driven, global and integrated pharmaceutical organisation committed to making a difference in patients' lives. Since our entry into the pharmaceutical industry in 1977, we have emerged as a leading player in the discovery of novel molecules, both NCEs (New Chemical Entity) and NBEs (New Biological Entity), and differentiated generic formulations.

We have several molecules in various stages of pre-clinical and clinical development and are primarily focussed in the areas of oncology, respiratory and dermatology. We have improved the lives of millions of patients by offering safe and affordable medications for nearly 40 years.

Strategic research and development form the basis of all our offerings and we have more than 13,000 employees from 60 nationalities dedicated to the goal of enriching lives across the globe.

One of the Top 75

Pharma and Biotech companies in the world[1]

Ranks 10th among companies

based out of emerging markets[1]

Members of Glenmark's R&D team in Switzerland

1. Source: Scrip 100 - 2017 Rankings

Glenmark's business divisions

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

Glenmark's manufacturing facility at Goa, India

Formulations development and marketing

Branded Formulations

Brand building in selected therapies[1]

> Oncology
> Respiratory
> Dermatology

Key geographies

> India
> Russia and CIS[2]
> Latin America
> Asia
> Africa
> CEE

Generic Formulations

Substitution model

> Semi-solids
> Solids
> Hormones
> Controlled substances
> Injectables

Key geographies

> North America
> Western Europe

API manufacturing & marketing

Captive consumption and external sales

> Leadership positions in multiple products
> Filed over 190 Drug Master Files (DMFs) in various markets

Key geographies

> North America
> Europe
> Japan
> India
> Latin America

NME & Specialty

Small molecules and complex biologics

> Out-licensed seven molecules to five partners

Key geographies

> Switzerland
- Dedicated centre for biologics (NBEs)

> India
- Discovery and development of NCEs
- Formulation development

> USA
- Clinical and drug development

1. Additional therapies in some markets like cardio-metabolic in India and CNS in Central and Eastern Europe (CEE)
2. Commonwealth of Independent States

EVOLUTION OF GLENMARK

We are at the threshold of an exciting phase - one that holds great promise. In a short span of 17 years, not only have we 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. Over the years, we expanded our manufacturing footprint to 16 facilities across the world and augmented our international operations to build a strong overseas presence. We onboarded the best talent who shared our vision of taking Glenmark to new heights of success.

Over the next decade, we expect to unlock many new opportunities that will help us transform into a leading innovative global pharmaceutical company.

Evolved into a successful global organisation over the last 17 years

	YEAR 2000	YEAR 2017

Wealth creation

Consolidated turnover: USD 31 mn

Consolidated turnover: **USD 1.4 bn**

Our revenue base is now strategically diversified. Our business has multiple growth drivers, which will give us a competitive advantage in the years ahead

Manufacturing footprint

2 Formulations facilities

> 16 facilities across Formulations and API in 4 continents

> GMP-grade biologics plant in Switzerland

> 7 FDA-approved manufacturing facilities

State-of-the-art manufacturing facilities across the US, India, Switzerland, Argentina and Czech

Formulation Facility
- > Goa
- > Indore
- > Baddi
- > Aurangabad
- > Nalagarh
- > Nashik
- > Sikkim
- > Monroe, USA
- > Argentina
- > Czech Republic
- > Dahej
- > Aurangabad
- > Kurkumbh
- > Mohol

API Facility
- > Ankleshwar

Biologics Facility
- > Neuchatel, Switzerland

International operations

About 8% of total turnover

More than 70% of total turnover

Presence across the US, Europe, Russia, Brazil etc.

FY 17 revenue breakup of our global operations

- > USA - 40%
- > India - 26%
- > Europe - 8%
- > ROW - 11%
- > Latam - 6%
- > API - 9%

Innovation

Initiation of NME research

- 7 outlicensing deals signed with Eli Lilly, Merck, Sanofi, Teijin Pharma and Forest Labs
- USD 200+ mn of cash through outlicensing
- 9 novel products in pipeline focussed in the therapeutic areas of oncology, respiratory and dermatology

End-to-end capabilities spanning from engineering to clinical development and commercialisation

120+ scientists researching new chemical entities based in India

120 scientists researching new biological entities based in Switzerland

A facility in the US supporting clinical development

9 core assets under investigation

3 core therapeutic areas – oncology, respiratory and dermatology

6 assets in clinical trials

Novel Molecular Entities

- **GBR 1302** (breast cancer gastric cancer)
- **GBR 1342** (multiple myeloma)
- **GBR 1372** (colorectal cancer)
- **GBR 8383** (multiple cancers)
- **GBR 830** (atopic dermatitis)
- **GRC 39815** (COPD, IPF)

3 Specialty Products

- **GSP 301** (allergic rhinitis)
- **GSP 304** (COPD)
- **GBR 310** (asthma, CIU)

Note: Non core assets include GRC 17536, GBR 900 and GBR 500. These three molecules and GRC 27864 are candidates for out-licensing.

Employees

Less than 1,000

More than 13,000

A strong team of over 13,000 employees from 60 nationalities are committed to enriching lives across the world

YEAR 2000	**YEAR 2017**

Note: Revenues for FY2000 and FY2017. FX Rate: USD 1 = ₹ 67

CHAIRMAN'S MESSAGE

Glenn Saldanha,
Chairman & MD

> At its core, our strategic blueprint for the next decade diversifies risk and envisages the systematic unlocking of high-growth and profitable new revenue streams across the pharmaceutical value chain with a view to delivering on goals in a riskier and more uncertain world

Dear Shareholders,

These are testing times for the global drug industry. In advanced markets, prices are under pressure from greater competition, a rapidly consolidating group of buyers/ channels with more bargaining heft, and governments keen to cap spiralling healthcare costs. Regulators from these markets have also stepped up their scrutiny of manufacturing units supplying into their markets, and drug inspectors are taking a tough stand on even relatively minor deviations.

As countries move towards regulatory harmonisation, drug control administrations in emerging markets are raising the bar for approvals. A case in point is the Indian government's attempt to take a sizeable number of fixed dose combinations off the market citing irrationality; though not entirely successful, it is a sign of things to come.

Drug pricing is a recurring theme across markets and product segments. Then, governments across the world are on a drive to push local manufacturing and job creation. Success, therefore, also depends on being able to skilfully navigate myriad business and political landscapes and invest judiciously.

Glenmark continued to deftly manoeuvre through these challenges and delivered strong growth in FY 16-17. Our consolidated revenues in the 12 months ended 31 March 2017 rose from 20.08% to ₹ 91,856.81 mn (USD 1,371.62 mn). Our net profit for FY17 was ₹ 9,159.21 mn (USD 136.77 mn).

During the year under review, our India Formulation business recorded a stellar

performance, growing at 9.22%. This is despite one of our largest products being brought under price control and the regulatory uncertainty around certain fixed dose combinations.

In the US, our largest market, our business grew by 52.90% benefitting significantly from the increasing number of approvals. The standout launch during the year was that of the first and only generic of Merck's cholesterol drug ZETIA® with 180-day exclusivity, in partnership with Endo International. Besides the launch of generic ZETIA®, the base business also recorded strong growth. The US generics market continues to be challenging with greater price erosion, consolidation of the supply chain and increasing number of competitors.

The Europe business, on a constant currency basis, performed well. However, in the UK, our largest market in Europe, business was impacted by the devaluation of the pound sterling. This adversely affected the Company's overall performance in this region.

In emerging markets, while the Russia business rebounded strongly, we stopped selling in Venezuela from the third quarter of FY17. We also took a write-down on the cash that is presently lying in our Venezuela subsidiary.

The Active Pharmaceutical Ingredients division performed very well on account of new launches with exclusivity periods and strong domestic sales.

> GBR 310 has the potential to be the first biosimilar of XOLAIR®. This product is of special interest to us as it is indicated for disease conditions in two of our three focus therapy areas i.e respiratory and dermatology

In the year ahead, we are confident of growing both revenues and profits with improved performance in the base business and new product launches in multiple markets.

Our confidence stems from a meticulously crafted strategic blueprint for the next decade. At its core, this strategy diversifies risk and envisages the systematic unlocking of high-growth and profitable new revenue streams across the entirety of the pharmaceutical value chain. It has been devised with a view to delivering on goals in a riskier, more uncertain world.

With this blueprint as our guide, we are prepared to transition from being a generics-driven organisation to one that has an optimal mix of generics, specialty and research-driven innovative products. We will do this by remaining tightly focussed on three key therapy areas: oncology, respiratory and dermatology. In these three fast-growing therapies characterised by substantial gaps in treatment options, the combined force of our product development/ manufacturing skills and our marketing expertise - built over decades and across geographies - will yield definitive results not just for investors but also for patients in need.

The building blocks are already in place. Generics continues to be the engine of growth. Our products are now available in nearly all major geographies. While India is our primary production base, we have a manufacturing presence across four continents.

In emerging markets, we have built a strong branded generics portfolio with a loyal prescriber base. In the US and western European markets where commoditisation of generics is a real danger, we have created a pipeline of complex, niche and difficult-to-make generics such as cyotoxic injectables, and respiratory inhalers, through a combination of internal development and licensing to stave off competition and protect prices. We continue to exploit first-to-file opportunities in the US for blockbusters such as generic ZETIA®, launched in December 2016. We expect to file 20-25 ANDAs each year over the next

CHAIRMAN'S MESSAGE (CONTD.)

five years and launch between 10 and 20 products annually.

While remaining positive on the generics opportunity, we also anticipated the so-called 'new normal' in the global generics business and planned our investments in differentiated and innovative products.

Our pipeline of specialty products, to be rolled out over the next three to four years, is expected to act as a defence against generics price erosion and increase in competition, and boost profitable growth. GSP 301, a novel fixed dose combination of two drugs in a nasal spray format for seasonal allergic rhinitis is our first branded, specialty product to clear Phase III, the final phase of clinical trials. We will seek USFDA approval for it in Calendar Year (CY) 18. Besides GSP 301, we are also excited about GBR 310, a biosimilar of the allergic asthma and Chronic Idiopathic Urticaria drug XOLAIR®. This product is of special interest to us as it is indicated for disease conditions in two of the three therapy areas that are of critical importance to the organisation, i.e., respiratory and dermatology. GBR 310 has the potential to be the first biosimilar of XOLAIR® on market and a Phase I study has already been initiated. We expect to file for marketing approval in CY 20.

Over a decade ago, we began a novel R&D effort in the face of skepticism.

> In the three chosen therapy areas, the combined force of our product development, manufacturing skills and also our marketing expertise will yield definitive results not just for investors but also for patients in need

It is a matter of pride for us that those efforts, continued in spite of reversals and relatively limited financial resources, are yielding results. Scientists at our biologics laboratory in Neuchatel, Switzerland have developed a proprietary, cutting-edge technological platform called BEAT® (Bispecific Engagement by Antibodies based on the T-cell receptor). This platform, which has been successfully developed by surmounting substantial hurdles of scale-up and purification, allows us to make a new range of targeted therapy in cancer treatment. These are bi-specific antibodies (bsAbs) that can work on not one but two targets in the body implicated in cancer and are thus potentially more effective than available therapies.

Key among these is GBR 1302, a potential first-in-class treatment for HER2+ breast and gastric cancers that is currently in Phase I trials. In preclinical studies, it showed faster and more complete killing of tumor cells compared to existing first-and-second-line treatments. GBR 1342 for mutliple myeloma and GBR 1372 for colorectal cancer are some of the other exciting bsAbs based on the BEAT® platform that are being prepared for clinical development.

Among monoclonal antibodies, we have GBR 830, a potential best-in-class OX40 antagonist that is currently in Phase II trials in the US and Canada for moderate-to-severe atopic dermatitis. It is also the first OX40 antagonist globally to successfully complete Phase I studies. We are exploring the development of GBR 830 in other autoimmune diseases, as well.

The innovative R&D business has the ability to greatly boost our revenues and profits while also paving the way for Glenmark to take its place in the global club of pharma innovators.

Barring unforeseen circumstances, we are well-positioned to deliver on our strategy such that by 2025, specialty and innovative products will comprise 30% of our revenues. Over

the last few years, we have invested significantly in the business to mark the step-wise transition from generics to an innovation-driven organisation. As we see it, over the next three years, generics will continue to fuel our growth. After that we expect the unlocking of revenues from the specialty/innovation business. Thus, the next few years will see consistent revenues and profitability without the need for inorganic growth through acquisitions.

> We are well-positioned to deliver on our strategy such that by 2025, specialty and innovative products will comprise 30% of our revenues

Growth will not come at the cost of profits. We anticipate steadily improving our profitability margin from 22% - 25% by 2025. Our R&D expenses will stay at roughly 11% - 12% of revenues.

None of this has happened overnight or even by accident. We have painstakingly built the skill sets required in various aspects of innovation over the last several years. We have consciously kept away from being a consolidator, a route favoured by many in the pharma industry for its speed in acquiring scale, to follow a slower, and in our opinion more sustainable, approach of building internal expertise. As Glenmark continues to deliver strong growth organically, we do not see any need to depart from that approach.

There is an area, however, where we do plan to do things differently from the past. In the licensing of our new molecules for further development, we now possess the financial and scientific wherewithal to be equal stakeholders in the development process with our potential partners. We anticipate doing co-development deals as opposed to signing away our development rights in exchange for upfront payments and milestones. Having said that, we will also license out drug candidates at a later stage of development - after successful proof-of-concept studies in human subjects so as to maximise asset value.

On the manufacturing front, it is a matter of pride for us that we have no outstanding issues with the USFDA. Compliance continues to be a top priority for the organisation.

We are deeply aware that the challenging market conditions, an evolving regulatory landscape, the high costs of R&D and the risks inherent to the business make this road that we have charted for ourselves, a tough one. But we also believe that it is one worth taking.

As we embark on this exciting journey into a new orbit, I would like to express my sincere gratitude to you for continuing to place your trust in us and to seek your continued support and guidance in future.

Yours Sincerely,

Glenn Saldanha
Chairman & MD

BOARD OF DIRECTORS

Mr. Glenn Saldanha
Chairman & Managing Director

Mr. Saldanha joined Glenmark in 1998 as a Director, and took over as Managing Director and CEO in 2001. He has transformed the Company into a truly global organisation with revenue over a billion dollar and commercial presence in over 80 countries. 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 Managing Director from 1989 to 1999 before joining Glenmark.

Mr. Murali Neelakantan
Executive Director & Global General Counsel

Mr. Neelakantan leads the Legal and Compliance functions for the organisation globally. He has more than 20 years of international experience on advising companies in a wide variety of sectors from utilities to financial services. He has held leadership positions at international law firms like Arnold & Porter and Ashurst LLP, and leading Indian law firm, Khaitan & Co. He was also the Global General Counsel 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.

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. 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; 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.

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 Government of India, Ministry of Home Affairs; Director General of Police, Punjab; Adviser to the Governor of Punjab; and Ambassador of India to Romania. He currently serves as Director of VVF Ltd.

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 like Marico and Godrej.

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 jurisdictions, such as the UK, USA, South Africa, Argentina, Indonesia and Sri Lanka.

Mr. D. R. Mehta
Non-Executive Director - Independent

Mr. Mehta was a civil servant for almost 4 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 chairman of SEBI, the deputy governor of RBI, the Director General of Foreign Trade, Ministry of Commerce and GOI.

GEARING UP FOR THE NEXT DECADE: QUICK TAKE

Member of Glenmark's R&D team in Switzerland

> A strategy that allows us to open up multiple, profitable and sustainable revenue streams to take Glenmark to a new orbit over the next decade, and is robust enough to withstand market and regulatory turbulence

Strategic priorities for the future

While for much of the last decade or more we built a robust base business in key markets such as India and the US, we were also busy creating a roadmap to navigate a more challenging future. The result is a strategy that allows us to open up multiple, profitable and sustainable revenue streams to take us to a new orbit over the next decade, and is robust enough to withstand market and regulatory turbulence.

We are moving to a future where Glenmark's business will stand on three pillars:

- Global generics
- Specialty
- Innovative products

Global generics are already the mainstay of our business and will be so for the foreseeable future. Specialty will help us move up the value chain to brand-name products in highly-regulated markets, a lucrative opportunity that will unlock a new, sustainable revenue stream for the Company and build a defence against price erosion in generics. Innovative products show promise to not only act as game-changers from a business perspective but also improve the lives of countless patients battling life-threatening ailments such as cancer.

Given how vast each of these verticals are, we have chosen to sharpen focus to three therapy areas:

- Oncology
- Respiratory
- Dermatology

In these therapy areas, we want to straddle the entire value chain whether it is bulk drugs, formulations, vanilla and complex generics, their delivery systems, or novel drugs and devices.

What is common to each of these therapy areas is their substantial market potential and pockets of unmet need for solutions that are more economical, safer, more effective or more convenient. Our research and development skills, manufacturing and commercial capabilities, market-leading position and deep organisational experience in these therapies in multiple markets make us well-positioned to deliver on these focus areas.

Moving up the value chain in core therapy areas

ONCOLOGY

Generics

- Oncology injectables supplies to leading hospitals in emerging markets
- Nine oncology injectables filed in the US
- Production facility dedicated to oncology injectables in Argentina

Specialty/Complex Gx

- Complex oncology products with limited generic competition. Eg. generic ABRAXANE® to seek marketing approval in FY19

Innovative Products

- Proprietary BEAT® platform for bi-specific antibodies in multiple cancers
- Two innovative molecules in the clinic, two undergoing pre-clinical evaluation, multiple others in early discovery
- GBR 1302 for breast and gastric cancer entered Phase I study in 2016 in Germany and now we have sites open in the US as well

DERMATOLOGY

Generics

- Ranked #2 in India
- One of the leaders in the US Gx market, significant presence in Brazil, Mexico and Russia
- 30+ ANDAs launched in the US, close to 15 await approval, atleast 20 products in development

Specialty/Complex Gx

- Launched unique combinations in emerging markets
- Other differentiated products under development

Innovative Products

- GBR 830 for atopic dermatitis in Phase II in the US, Canada, potential BLA filing in 2022
- May extend GBR 830 in other autoimmune diseases

RESPIRATORY

Generics

- One of the leading players in the Indian market
- In-licensed g-Seretide for EU, among the first to launch in multiple emerging markets
- 3 generic inhalers under development for the US, market size of USD 6.5 bn to be launched in 3-4 years

Specialty/Complex Gx

- GSP 301, an intranasal spray for allergic rhinitis successful in Phase III, NDA filing in CY 18
- GSP 304 for COPD in Phase II
- GBR 310, a biosimilar for XOLAIR®, is in Phase I
- Unique combinations and devices launched in India e.g. Digihaler, the first digital dose inhaler, and Nebzmart, a handheld portable nebuliser

Innovative Products

- Assets for COPD, IPF in late discovery stage. Expected to reach clinic in 18-24 months

Global market size	~ USD 79 bn	~ USD 30 bn	~ USD 40 bn
Expected growth rate	~ 12%	~ 11%	~ 4%

Source: IMS Data 2015

STRATEGY FOR GLOBAL FORMULATIONS & API BUSINESS

The Global Formulations and Active Pharmaceutical Ingredients (API) business is the dynamo that powers our growth engine. Our clearly defined strategy for this segment is characterised by a sharp focus on important geographies and specific therapy areas; and backed by a prolific product pipeline of generic formulations and APIs for multiple markets. In future too, this strategy, coupled with our readiness to launch innovative products, build strong brands and strike partnerships for products and distribution where necessary, will help optimise our presence in key global markets.

Here's a look at how our strategy is unfolding in these markets.

India

> In the last 5 years, we have grown faster than the industry every single month, and are the only company among the Top 20 by market share to do so

In India, we are focussed on the fast-growing therapy areas of dermatology, respiratory and cardio-metabolic. These focus therapies now contribute almost 75% of domestic sales. We have outpaced the Indian pharmaceutical market with the launch of innovative/differentiated products and successful brand-building efforts. In the last five years, we have grown faster than the industry every single month; and are the only Company among the Top 20 by market share to do so.

The Indian Pharma market is expected to grow about 10% - 15% per annum between 2015 - 2020 and will outperform the global pharma industry. Factors such as greater urbanisation, increased life expectancy and improved access and affordability will drive the growth for the Indian pharma industry.

Branded generics dominate the pharmaceuticals market, constituting nearly 80% of the market share in revenues.
(Source: IBEF.org)

Going forward, we will grow our share in the following core therapy areas with innovative product launches and leverage existing brands. We will use a combination of internal research and development and in-licensing to ensure a rich product pipeline for future launches.

Respiratory

While continuing to capitalise on the strong brand equity of our warhorses such as Alex and Ascoril, we are now moving up the value chain with innovative drug-device combinations. We launched Digihaler, India's first digital dose inhaler designed to address the problems of pseudo-adherence and patient non-compliance to therapy. Airz, India's first Dry Powder Inhaler (DPI) of the drug Glycopyrronium and Nebzmart, the first nebuliser with vibrating mesh technology that can nebulise both solutions and suspensions efficiently, are innovations to help patients better manage chronic respiratory conditions such as asthma and COPD.

Glenmark's manufacturing facility at Baddi, India

Dermatology

Glenmark has always had a formidable presence in dermatology with several pioneering formulations launched in India for the first time. Customers recognise Glenmark as an innovation and quality-led organisation with strong brands like Candid, Candid B, Elovera, Scalpe, Onabet, Syntran and many more. The Candid franchise continues to be highly regarded among dermatologists across the country.

Glenmark has emerged as a leader in the dermatology space by focussing on three main aspects: therapy leadership, business leadership and knowledge leadership.

Rank

5 in respiratory

2 in dermatology

7 in cardiology

(Source: IMS)

Therapy leadership was attained by introducing differentiated products and expanding our product range within the dermatology segment. Individual divisions were realigned to cater to the entire spectrum of dermatology and cosmetology, mass dermatology, clinical dermatology, pediatric dermatology, cosmetology and aesthetics.

Business leadership was attained by launching divisions, each catering to a specific aspect of dermatology and hence mapping the complete therapy range.

Knowledge leadership was built through a plethora of Glenmark Captive Scientific platforms that were instituted to share our expertise in dermatology to help doctors and patients alike.

We will continue to make the most of our capabilities built over the four decades to maintain leadership and bring first-in-India and differentiated products to the market.

Cardio-metabolic

Given the life-threatening and chronic nature of cardio-metabolic diseases, we endeavour to launch best-in-class treatments at affordable prices. We are the only Indian company to conduct a Phase III clinical trial in the country for Teneligliptin, a novel diabetes molecule from a class of drugs known as DPP-4 inhibitors; thus, making it available to the Indian population. The DPP-4 market, which was earlier restricted by high prices is now witnessing greater volumes. We have rapidly enhanced our share in the diabetes segment, and are now a leading player in the market. We have built strong marques such as Telma, our brand of hypertension drug Telmisartan and recently launched Asar, our brand of Azilsartan for hypertension. In a short span of time, we have built expertise and have a rich pipeline of products lined up for this segment.

Along with our Rx business, we continue to build a strong over-the-counter (OTC) franchise. Our strength has been in the product selection. Our female hygiene product Vwash has become a category creator in our OTC portfolio. Other major OTC products are Candid Dusting Powder (DP) and Scalpe+. CandidDP is a 30-year-old flagship and a prescription leader in the category of fungal skin infection. Scalpe+ is a 17-year old brand with a proven track record in dandruff treatment.

Leading Glenmark products in India

> While continuing to capitalise on the strong brand equity of our warhorses such as Alex and Ascoril in the respiratory segment, Glenmark is now moving up the value chain with innovative drug-device combinations

USA

We are leveraging internal and external R&D capabilities for bringing more complex generics to the US market

Each year, close to 83 mn prescriptions are filled by our products in the US. Our business has grown at a CAGR of about 20% over the last five years in the US region. As an early entrant into the US generics market, we have established ourselves as a leading generics player. We are now looking to cement that position with a combination of niche and complex generics, significant first-to-file (FTF) opportunities, and innovative launches. The US generics market is valued at USD 115 bn as on March 2017 and is expected to grow by 5% in terms of prescription value over a period of five years.

From the beginning, in addition to conventional oral solids, our focus has been on value-added niche generics in relatively high barrier-to-entry segments such as oral contraceptives and dermatology with less than five, sometimes even as few as two competitors. This has yielded results and today, we are one of the largest generics players in the dermatology market.

In parallel, we continue to target significant FTFs on blockbusters with either sole or shared exclusivity. In December 2016, we launched the first and only generic version of Merck's cholesterol brand ZETIA® (Ezetimibe) in the US for which we are entitled to 180 days of generic market exclusivity along with our partner Endo.

To overcome pricing pressures caused by buyer consolidation and greater competition, we have successfully identified various newer therapy areas and dosage forms. Our endeavour is to enter one or two dosage forms with limited competition every year. In line with our therapy focus on oncology, we have already filed for nine cytotoxic injectables for approval, which are slated for launch in the next 12-18 months. In the respiratory segment, we are developing device-based products such as inhalers and other complex generics. Once launched, these will help us combat emerging competition.

In addition, we are also leveraging internal and external R&D capabilities for bringing more complex generics to market. We have concluded multiple in-licensing deals and have others in advanced stages of discussion. In September 2016, we licensed the generic ABRAXANE®, which is a chemotherapy drug from Particle Science. Development has been initiated with a USFDA filing targeted for CY 19. As per MAT March 2017, ABRAXANE® registered sales of USD 657 mn in the US. In March 2017, generic NuvaRing®, which is a vaginal ring for birth control was licensed from Evestra Inc. We expect to file for marketing approval in FY19. Merck's NuvaRing® registered sales of USD 783 mn as per MAT March 2017 in the US market.

Our foray into specialty is expected to commence in CY 19 with the launch of GSP 301 for seasonal allergic rhinitis. This is our first branded specialty product to clear Phase III trials and we expect to file for USFDA approval in CY 18.

Glenmark's manufacturing facility at Monroe, North Carolina, USA

Selected large and complex generic products in pipeline for the US market

Product	Market Size (USD bn)	Source	Filing Status		
			Filed	CY 18	CY 19
g-Welchol	0.6	In-house	✓		
g-Renagel	2.1	In-house	✓		
g-Vagifem	0.4	In-house	✓		
g-Concerta	1.8	In-license		✓	
g-Abraxane	0.7	In-license			✓
g-Suboxone	1.6	In-license			✓
g-Nuvaring	0.8	In-license			✓

Source: Market size based on IMS NAP MAT Oct 2016 for the US market

Europe

The business model will morph into a hybrid of branded and generic as we prepare to launch innovative products from the Glenmark pipeline

Our European business is based on an optimal mix of internally developed and in-licensed products because of the unique nature of the European regulatory environment. We are primarily present in Germany, the UK and parts of Central and Eastern Europe (CEE). Over the last five years, our business in Europe has grown at a CAGR of 17.51%. In Germany, we are among the Top 15 generics firm and one of the fastest growing generics companies.

Going forward, we will deepen our presence in UK, Germany and select markets of CEE. Our selective forays into new markets will be based on the suitability of our product portfolio to those markets and the potential to build a profitable business. In countries where we don't have a front-end presence, we will continue to out-license our products to partners. Like in the US, we will focus on differentiated generics from internal and external R&D sources in respiratory, dermatology and oncology. For instance, we expect to launch generic Seretide, a dry powder Inhaler, next year in the respiratory therapy, which has a relatively low competitive intensity. We have in-licensed the product from Celon Pharma for 15 European countries with a combined market size of USD 700 mn. We are also exploring tie-ups with channel partners to launch unique OTC products.

In addition, we continue to identify opportunities in our innovative and specialty portfolio, which can be leveraged for Europe. The business model will morph into a hybrid of branded and generic as we prepare to launch innovative products from our pipeline.

Other emerging markets

Russia, Brazil and Mexico will be major growth drivers in the next five years led by new launches in the respiratory and dermatology therapies

Our presence in the emerging markets i.e. Asia, Africa, Russia and CIS and Latin America is characterised by a strong track record of capturing share through durable brand-building. For instance, in Russia, Ascoril is the number three brand in the expectorants segment and we rank number four in the expectorants market. The Candid franchise is well-entrenched in dermatology and we continue to be one of the Top 10 players in this therapy area.

Over the past decade, we have continued to invest in building our presence in select therapy areas like oncology, respiratory and dermatology and the business is poised to grow continuously.

Our preferred growth strategy is to deepen our presence in existing markets.

We will focus on internally developing complex, high barrier-to-entry products while also exploring in-licensing opportunities. Products in our specialty pipeline which are being developed primarily for the US market will also be made available in emerging markets. Russia, Brazil and Mexico will be major growth drivers in the next five years led by new launches in the respiratory and dermatology therapies.

Another key strategy would be to drive profitable growth by focussing on operational excellence efforts and leveraging already established infrastructure.

API

We are sharpening our competitive advantage with intellectual property-protected innovation and a focus on first-to-file opportunities

Over the years, we have established and maintained leadership positions in multiple active pharmaceutical ingredients such Amiodarone, Lercanidipine, Adapalene and Perindopril. Glenmark's API R&D business serves players targeting the regulated markets of the US, Europe and Japan.

We have forged strong relationships with a majority of large formulation players. Our USP is our intellectual property-protected innovation and focus on first-to-file strategy. Moreover, our API business continues to support our internal requirements. This helps us to de-risk our supply chain and enhance our cost competitiveness. API business is largely focussed on the regulated markets and this has enabled us build a strong business both in terms of revenue and profitability.

STRATEGY FOR INNOVATIVE BUSINESS

At Glenmark, we believe that great companies take a bit of the future and make it their present. This belief underpins our strategy for transforming ourselves into an innovation-led organisation.

To the world, we are a global branded/ generics company. But we have chosen to see ourselves as an innovator-in-progress. Each day, in our thoughts, plans and actions, we have painstakingly learnt from - and built on - the achievements or reversals of the day before. Over the decade, we have created an internal storehouse of skills, expertise and learnings, which together form the foundation of our innovation programme. We have accepted that wins and losses are part of the high-risk venture of drug research and development (R&D) and stayed the course in the face of challenges.

The results are now becoming apparent.

Today, we have a rich pipeline of specialty and novel molecules in various stages of development in the three focus areas - oncology, respiratory and dermatology. Their development is taking place in our laboratories across India and Switzerland, and in clinical trial sites in multiple global locations.

Our focus on these therapy areas is based on their significant size, rapid rates of growth, and our cumulative experience and track record in brand-building and patient-focussed innovation in these areas in emerging markets. We also see a vast unmet need across these therapy areas for better, more economical and/or more convenient therapies.

For cancer patients, especially those who need more efficacious treatment options, we are developing a new range of targeted therapies that have

> Our focus on these three therapy areas is based on their significant size, rapid rates of growth along with our expertise and capability to address unmet needs across these therapy areas with better, more economical and/or more convenient solutions

Glenmark's R&D team in India

shown promise owing to their novel modes of action. This has been made possible by a breakthrough technological platform that our scientists have developed for producing drugs that use a new approach in targeted therapy - using a drug to lock on to more than one target at a time. Their achievement assumes more importance when viewed against the fact that this approach could not be perfected even by some large pharmaceutical companies who worked on it, in the past.

For those afflicted with respiratory disease, we are working on drug delivery and device formats that can make self-administration of medicines much easier for patient groups such as the elderly who are a large cohort among respiratory disease sufferers. For those having near-debilitating allergies, our scientists have innovated medicines to alleviate symptoms and boost the treatment options available. From an affordability perspective, we are also working on a biosimilar of a blockbuster anti-asthma and Chronic Idiopathic Urticaria (CIU) that could potentially be the first such products in the global market.

By 2025, we anticipate that specialty and innovative products will contribute 30% of revenues.

Dr. Kurt Stoeckli
President and Chief Scientific Officer

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The impressive and sustained progress across our pipeline marks a transformational moment for Glenmark. The organisation is well positioned to leverage future industry dynamics and become one of the leading biopharma innovators. By following cutting-edge sciences and developing innovative treatments that leverage our global, product development expertise, including a strong emphasis on biologics, Glenmark is developing novel, potentially game-changing therapies in areas of high unmet medical needs.

Dr. Fred Grossman
President and Chief Medical Officer

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Our unwavering focus in oncology, dermatology and respiratory has uniquely positioned us for strong future growth. Our robust and diverse R&D pipeline includes compounds with the potential to address severe diseases for which available treatments remain inadequate. These include first-in-class investigational medicines for atopic dermitits, HER2 positive cancers, multiple myeloma and colorectal cancer. Ultimately, the Company's vision is anchored in the belief that helping patients matters most – this is the unifying goal that motivates everyone who works at Glenmark.

NME & SPECIALTY PIPELINE

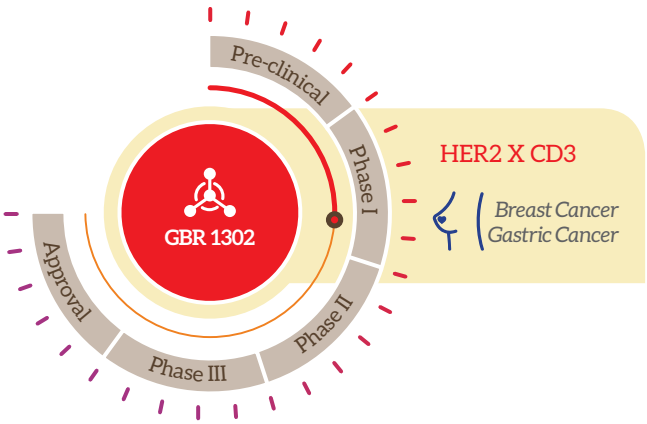
Glenmark has a robust pipeline of 10 compounds in various stages of clinical development, primarily focussed in the areas of oncology, respiratory disease, and dermatology.

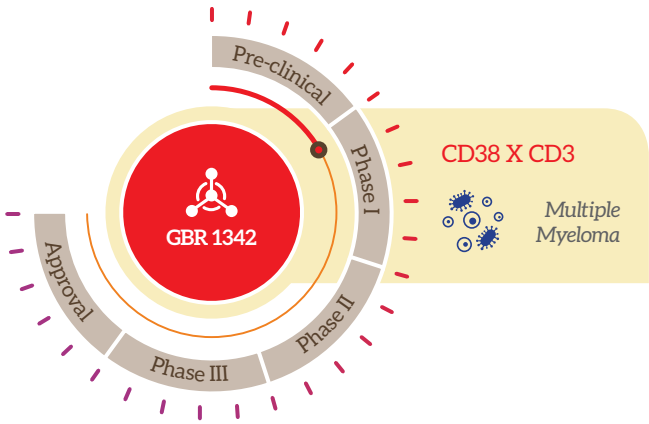
ONCOLOGY

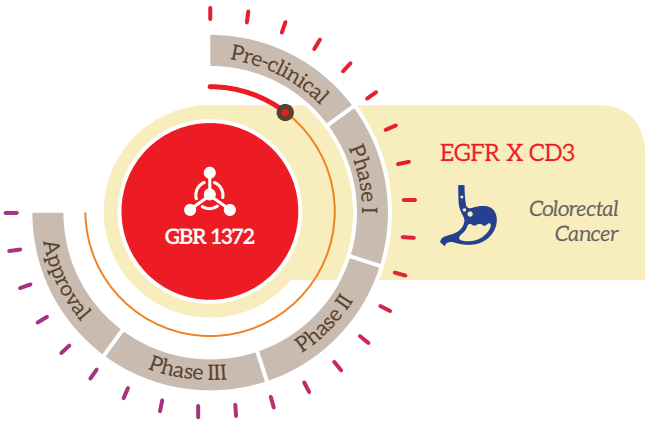
DERMATOLOGY

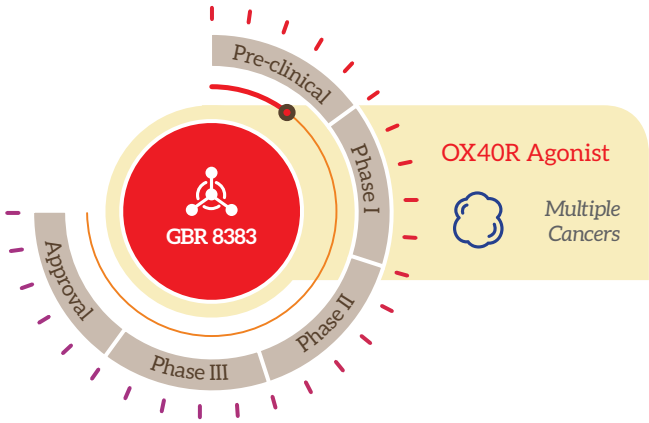
RESPIRATORY

PAIN









Notes: Non core assets such as GRC 17536, GBR 900 and GBR 500 deprioritised for any further investment. These 3 and GRC 27864 are candidates for out-licensing as on May 2017

Specialty Products

The specialty business marks an important milestone in our journey to emerge as an innovation-led company over the next decade. The barriers to entry for such products are greater as they enjoy regulatory exclusivity for a defined period, have complexity associated with development and are protected through multiple patents.

This will help us withstand competition and pricing pressures in the generics business while making available novel solutions to patients suffering intractable medical problems.

Glenmark is working on an exciting pipeline of specialty products primarily in the respiratory and dermatology therapies. We believe that our efforts will lead to a launch in the US for multiple such assets in the next three to four years.

Chronic respiratory disease, an umbrella term for long-lasting ailments involving the respiratory system, claims millions of lives each year. In recent decades, it is on the upswing compounded by risk factors such as smoking, pollution, and allergens. While the drug industry has made a phalanx of treatments available, more options are needed.

Glenmark's respiratory pipeline covers key disease areas with products on various device platforms such as multi-dose inhalers, dry-powder inhalers, nebulisers, and nasal sprays. We have introduced multiple unique combinations in emerging markets like India and Russia. For some years now, our R&D teams in India, Switzerland and the US have devoted themselves to finding innovative solutions to fill treatment gaps. Over the last few years we have made significant progress in this endeavour.

Members of Glenmark's R&D team in Switzerland

STEROID + AH
Allergic Rhinitis

10% to 30% of the Global Population

Suffers from Seasonal Allergic Rhinitis (AR)[1]

20 mn adults and over 6 mn children

Are AR patients in the US[2]

USD 2 bn

Prescription market size[3]

USD 100 mn

Peak sales potential in the US market

Source notes:
1 - World Health Organisation (WHO), 2 - National Health Interview Survey statistics 2015, 3 - IMS Health data

Seasonal Allergic Rhinitis (AR), also called hay fever, is a chronic inflammatory disease. Long-duration AR has a significant bearing on quality of life.

The global pharma industry has developed therapies such as antihistamines, decongestants, and inhaled steroids among others to combat AR. While this has helped bring relief to millions of patients, there is still a need for more choice in the form of innovative drug combinations and delivery formats as all therapies don't work equally well in all patients.

GSP 301 is a novel fixed-dose combination of two known drugs - the corticosteroid mometasone furoate and the antihistamine olapatadine hydrochloride - in a nasal spray that is being studied for the treatment of seasonal AR.

In March 2017, we announced positive results from a Phase III study in the US that enrolled 1,176 adults and adolescents 12 years of age and older for 14 days of twice-daily treatment with GSP 301 or placebo. The trial was conducted across 43 sites in the US. In the trial, treatment with GSP 301 demonstrated statistically significant and clinically meaningful improvement from baseline in average morning and evening patient-reported reflective Total Nasal Symptom Score (rTNSS), compared with placebo ($p < 0.001$), olopatadine ($p=0.028$), and mometasone ($p=0.019$). The treatment was well-tolerated and showed no meaningful differences in reported adverse events across study arms. A long term safety study is being conducted at 34 sites in the US and 600 patients have been enrolled.

Currently, there is only one product available in the US that combines a steroid and antihistamine in a single spray. This limits treatment options for people with hay fever and can increase the cost and complexity of treatment.

GSP 301 fills a clear gap in treatment options. From a patient experience and compliance viewpoint, it addresses the bitter taste associated with some existing medications.

GSP 301 is our first branded specialty product to clear a Phase III trial. FDA confirmed that the data from Phase III trial is sufficient and no further studies are needed to support a New Drug Application (NDA) filing for GSP 301. We expect to file for USFDA approval in early CY 18. We are also looking to file for marketing approval for GSP 301 in other markets across the globe.

> GSP 301 combines a steroid and antihistamine in a single spray filling a clear gap in treatment options

65 mn

People globally suffer from moderate to severe COPD[1]

3 mn

Lives claimed in 2015 making it a leading cause of mortality[2]

USD 15 bn

Treatment market size for major markets in 2015

USD 19.5 bn

Market size expected by 2025

USD 3.3 bn

Global sales of Spiriva, the originator's brand for Tiotropium in 2016

Source notes:
1, 2 - World Health Organisation (WHO)

COPD is a progressive lung disease characterised by damaged air sacs and inflamed airways. The opportunity in this disease area lies not just in new treatments but also in reducing inconvenience, achieving greater patient compliance to therapy and improving quality of life.

GSP 304 is a nebulised, once-daily formulation of tiotropium bromide, a Long-Acting Muscarinic Antagonist (LAMA) for the maintenance treatment of COPD. It targets specific receptors on bronchial muscle cells implicated in airway constriction and interferes with their action. The novelty of GSP 304 lies in its being the first nebulised form of Tiotropium Bromide.

Most COPD medicines are delivered via inhalers. Nebulisers score over inhalers by facilitating more efficient absorption and dispersion of medication and allowing for better dose calibration. They are easier to handle when compared with inhalers - which require greater hand-mouth coordination - and hence, more suitable for the aged population. As geriatric patients form a large group among COPD patients, the use of nebulisers is expected to increase in future.

GSP 304 is currently in a Phase II trial in the US in which 156 subjects with mild to moderate COPD as defined under the Global Initiative for Chronic Obstructive Lung Disease (GOLD) criteria will be recruited across 25 sites in the US. In this study, GSP 304 will be compared with marketed formulations of the drug over three weeks to inform dose selection for Phase III. We expect to file an NDA with the US FDA by the fourth quarter of CY 19.

> GSP 304 is the first nebulised therapy of a leading LAMA compound

BIOSIMILAR
Asthma, Chronic Idiopathic Urticaria (CIU)

334 mn
Asthma patients globally[1]

250,000
Asthma-related deaths per year[2]

According to assessments by independent consultants, Glenmark's specialty pipeline along with its 3 generic inhalers will be able to generate peak sales of

USD 500 - 600 mn in the US

1%
Global population suffers from a chronic form of CIU

USD 2.3 bn
Annual sales of XOLAIR® (omalizumab) globally

Source notes:
1. The Global Asthma Report, 2014, 2. World Health Organisation (WHO)

Asthma is a chronic lung disease that causes recurring periods of wheezing, chest tightness, shortness of breath, and coughing. Even a decade ago, the direct and indirect cost of asthma was estimated at USD 56 bn in the US alone, according to the Centres for Disease Control and Prevention. Since then, the number of asthma sufferers has grown. Affordability of care has an important role to play in reducing this burden.

Chronic Idiopathic Urticaria (CIU) is a common skin disease that presents as spontaneously recurring hives or welts. It is often caused by food or drugs. It occurs across all age groups. According to published research, high medication costs put a large burden on patients with CIU.

GBR 310 is a recombinant DNA-derived humanised immunoglobulin G1 kappa monoclonal antibody for allergic asthma and CIU. It is a biosimilar of the monoclonal antibody XOLAIR® (omalizumab). In April 2017, the USFDA cleared our application to start a first-in-human study of GBR 310. The study will assess pharmacokinetics of GBR 310 in comparison to XOLAIR® in healthy adult volunteers between 18-65 years of age.

GBR 310 has the potential to be among the first biosimilars of XOLAIR® in the US. We expect to file for marketing approval in CY 20.

GBR 310 is Glenmark's only biosimilar programme as it fits well with two of our core therapy areas i.e respiratory and dermatology and also allows us to leverage our biologics expertise in Switzerland.

> GBR 310 has the potential to be the first biosimilar of XOLAIR® globally

Novel Molecular Entity (NME) assets

NMEs FOCUSSED ON ONCOLOGY

Cancer is a complex disease that results from dysfunction of multiple systems including how cells repair themselves, how the immune system fights disease, and how human body cells shrink and die. Advances in biology have allowed scientists to understand cancer much better and devise new strategies to combat the disease.

Scientists and drug companies have developed a range of 'targeted' treatments that zero in on molecular targets that play a key role in these systems, a departure from the carpet-bombing chemotherapy of the past which did not discriminate between healthy and cancerous cells.

However, the current range of targeted therapy has its limitations. A continuing challenge is the management of toxicity. As cancer is often detected among the elderly, the question is whether they will be able to tolerate the side-effects of therapy. Another challenge is to develop drugs that work in large number of patients instead of smaller sub-sets. Additionally, in some cancers, tumor cells turn resistant to treatment.

Indeed, if this were a war, cancer would be a particularly ingenious opponent, constantly devising new ways to evade being defeated. There is a constant need for new approaches to outsmart the enemy.

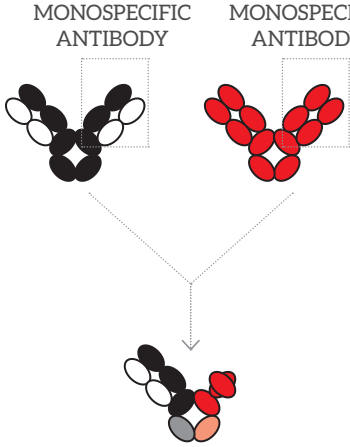
BEAT®ing cancer

Glenmark is proud to have made strides in finessing one such approach. BEAT® or Bispecific Engagement by Antibodies based on the T-cell receptor is a technology platform that allows us to efficiently develop and manufacture drugs that can bind with two key targets instead of one, leading to potentially better speed and efficacy.

Glenmark's scientists have developed a promising pipeline of biologics known as bi-specific monoclonal antibodies (bsAbs) on the BEAT® platform in the category of immunotherapy i.e. drugs that recruit the immune system to fight disease. Given their dual specificity, they simultaneously bind to targets in the immune system and on tumor cells. This allows T cells - essentially, soldiers of the immune system - to destroy tumor cells more completely and faster than conventional mAbs.

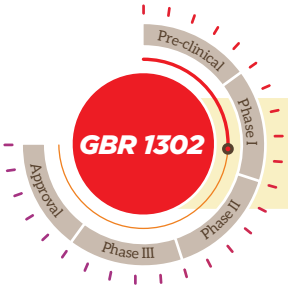
BEAT® is the culmination of many years of intensive R&D by our biologics laboratory in Neuchatel, Switzerland. While the concept of bi-specificity has been known for two decades, the development and efficient scale-up of such drugs poses a Herculean challenge. Bispecific formats have had stability and/or manufacturing issues discouraging many larger companies from pursuing this avenue.

BEAT® scores on multiple fronts. One, molecules based on BEAT® are robust and stable enough to withstand the rigours of scale-up and purification; this translates to relatively swift production of clinical trial batches. Two, bi-specificity allows novel modes of action that can potentially lead to more potent and efficacious therapy. Three, the BEAT® platform lends itself to a variety of clinically relevant targets including those that we may want to pursue in future.



In the last few years, our focus on bispecific antibodies has been validated by the successful launch of the first bsAbs in the US and Europe and by considerable deal-making activity by large pharma companies.

Here's a look at the key assets emerging out of BEAT®.



HER2 X CD3
HER2+ cancer

558,005
Breast cancer cases in the US, Japan, and five major EU markets (EU5)[1]

one in five
Cases are HER2+

202,730
Gastric cancer cases in the US, Japan and EU5[1]
Survival rates lag other cancers

2nd
Leading cause of cancer-related mortality

USD 10 bn
Market size for HER2+ breast cancer drugs[2]

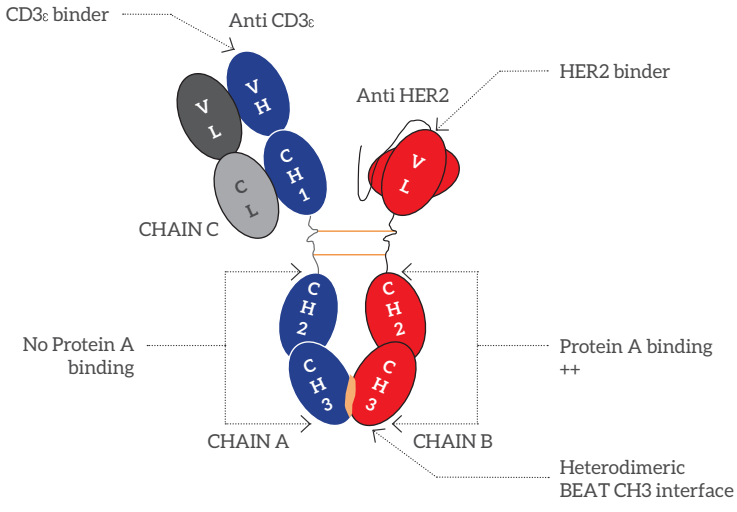
USD 2 bn
Peak sales potential

Source notes:
1 and 2 – Datamonitor

HER2+ cancer is characterised by a gene mutation that makes an excess of a protein called Human Epidermal Growth Factor receptor 2 (HER2) which promotes the growth of cancer cells. HER2 is overexpressed in a range of cancers.

Trastuzumab, the first targeted mAb therapy for HER2+ cancer, revolutionised its treatment. Despite impressive advances in survival rates with this and other treatments, leading oncologists believe that there is a need to develop more effective therapies and with different methods of action, in order to prevent patient relapse.

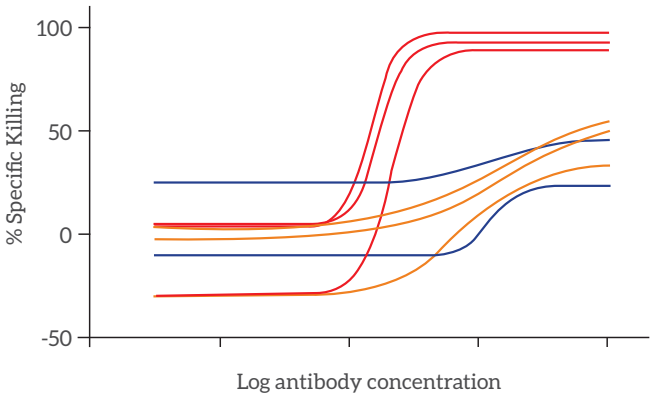
GBR 1302: HER2 X CD3



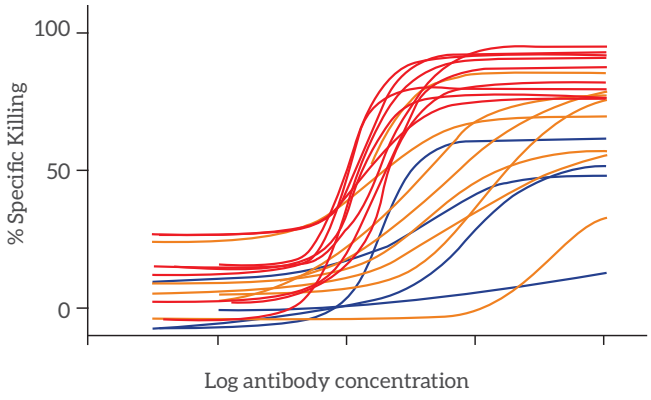
GBR 1302 (Breast Cancer) *Superiority to current targeted mAbs*

REDIRECTED LYSIS ASSAYS

Her2 3+ breast carcinoma



2+ breast carcinoma



GBR 1302 — Kadcyla® (2nd Line) — Herceptin® or Herceptin® + Perjeta® (1st Line)

Various published studies on resistant metastatic breast cancer suggest that roughly 70% of patients acquired resistance to trastuzumab within a year of treatment. Besides, the drug is most effective in patients with the highest level of HER2 expression - seen in only a portion of all patients with this mutation. Moreover, the few targeted therapy drugs for HER2 overexpression don't work equally well in all patients.

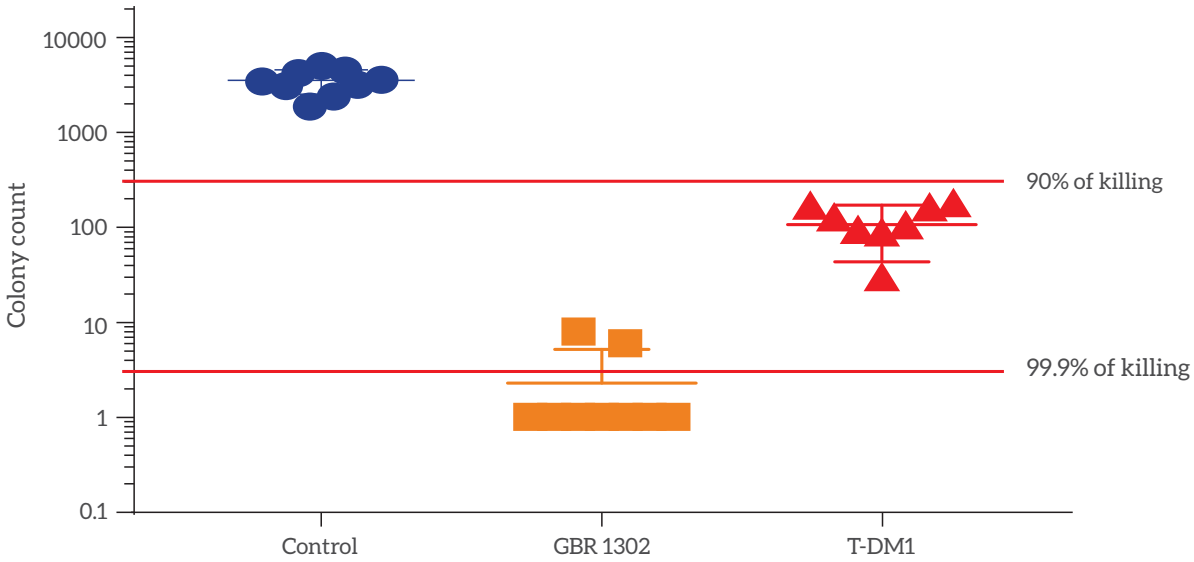
GBR 1302 is a potential first-in-class treatment, a HER2 X CD3 bsAb, being studied in breast and gastric cancers

Member of Glenmark's R&D team in India

GBR 1302 (Gastric Cancer) *Superiority to current targeted mAbs*

COLONY FORMING ASSAY AFTER RDL ON A GASTRIC CARCINOMA ≈ 3+

NCI - N87: IHC 3+ Gastric Carcinoma



Faster and more complete killing of tumor cells by GBR 1302 compared to current 1st and 2nd line treatments

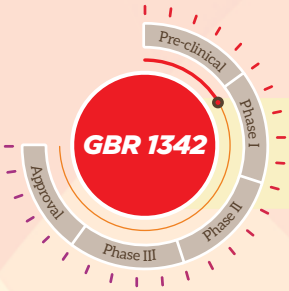
For instance, currently only two mAbs - trastuzumab and ramucirumab - are available to treat gastric cancer. In such cases, doctors need more options beyond conventional chemotherapy.

GBR 1302 is a potential first-in-class treatment, a HER2 X CD3 bsAb, being studied in breast and gastric cancers. It uses a novel mechanism to attack tumour cells; it has two targets - HER2 and CD3, a receptor that activates T cells. Importantly, it can potentially work even in cases of low-to-moderate HER2 expression.

In preclinical studies, GBR 1302 showed faster and more complete killing of tumour cells compared with first-and-second line treatments namely trastuzumab and pertuzumab. Results of an in-vitro study suggest a potentially large therapeutic window in destroying HER2+ cancer cells compared with normal cells. The compound kills tumor cells at concentrations one thousand-fold lower than was found to kill cells expressing normal levels of HER2.

A Phase I study to determine maximum tolerated dose (MTD) is underway. We have enrolled 12 patients in four sites across Germany for Phase I dose escalation study. In January 2017, the USFDA approved the inclusion of the US sites in the ongoing Phase I clinical study in Germany of GBR 1302. If it clears trials, GBR 1302 stands to emerge as a promising new therapy for previously treated and eventually, newly diagnosed HER2+ tumors.

> In preclinical studies, GBR 1302 exhibited faster and more complete killing of HER2+ tumor cells in comparison to current 1st and 2nd line HER2-targeted monoclonal antibodies



CD38 X CD3
Multiple Myeloma (MM)

54,000

Multiple Myeloma (MM) cases in the US, Japan, and five major EU markets (EU5) in adults aged 40 years or older, expected to rise to 64,000 in 2025 [1]

2nd

Most common blood cancer in the world[2]

95%

Of patients diagnosed with advanced disease[3]

USD 9 bn

Market size for MM drugs in the US, Japan, and EU5 in 2016, projected to reach USD 11 bn by 2024[4]

USD 1.5 bn

Peak sales potential

Source notes:
1,4 – Datamonitor; 2 - Ann Oncol (2010) 21 (suppl_7): vii143-vii150; 3 - National Cancer Institute. Cancer Stat Facts: Myeloma

Multiple Myeloma (MM) is a type of blood cancer caused by plasma cells turning malignant. Even though a number of therapies have been introduced to manage MM, it is still not curable. Patients eventually become refractory to all treatments and succumb to this disease.

Independent assessments of leading doctors in the field estimate that 30% of the frontline patient population with MM does not derive the same benefit from treatment as the rest. Also, there is an acute need for less toxic therapy since most patients are elderly and cannot withstand the side-effects.

GBR 1342 is a humanised bsAb being studied for the treatment of MM in patients who have received prior therapies.

This is our second BEAT®-based molecule. It binds to CD3 receptors and redirects cytotoxic T cells to CD38, a glycoprotein that is one of the few known markers for plasma cells and a well-established target for MM. In pre-clinical studies GBR 1342 shows higher potency and ability to kill tumor cells against leading only CD38 targeting molecules. Going forward, GBR 1342 could also prove effective in other B-cell malignancies.

In May 2017, the USFDA cleared our Investigational New Drug (IND) application to initiate a Phase I study of GBR 1342.

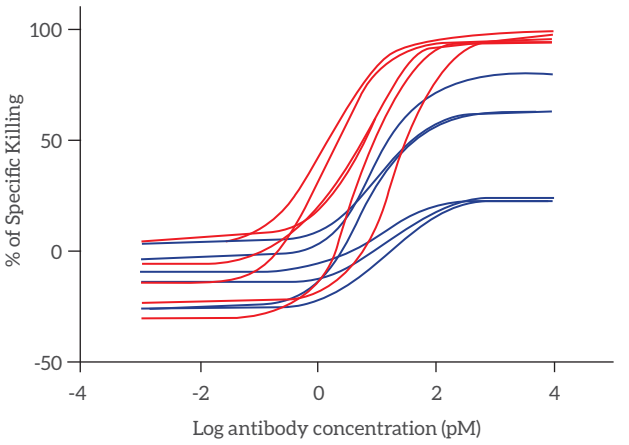
> GBR 1342 shows higher efficacy and potency compared to only CD38 targeting molecules in pre-clinical studies

GBR 1342 (Multiple Myeloma) *Comparison against Daratumumab*

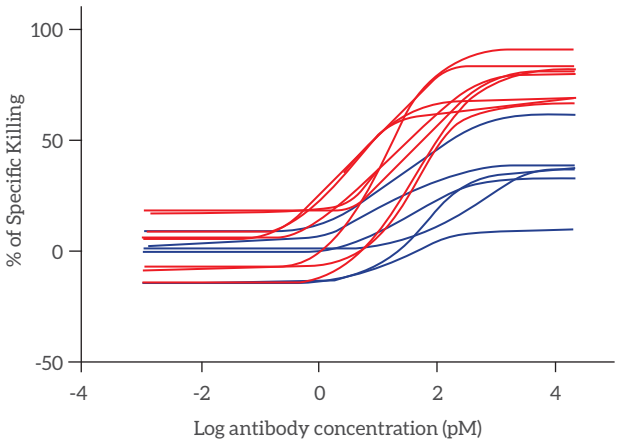
GBR 1342 targets CD38; being developed for multiple myeloma and potentially other malignancies of hematopoietic origin

ACTIVITY OF GBR 1342 VS. DARATUMUMAB ON PATIENT DERIVED MM CELL LINES

RPMI8226



IM-9



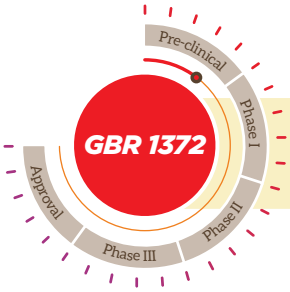
GBR 1342 daratumumab

In preclinical assays, GBR 1342 is more potent and efficacious than Daratumumab

Cell Line: RPMI8226 – Plasmacytoma Myeloma, IM-9 – Multiple Myeloma

Members of Glenmark's R&D in Switzerland

GBR 1342 is our second BEAT®-based molecule. It binds to CD3 receptors and redirects cytotoxic T cells to CD38, a glycoprotein that is one of the few known markers for plasma cells and a well-established target for multiple myeloma



EGFR X CD3
Colorectal cancer

3rd

Leading cause of cancer death[1] with stage IV incidence rate of 20%

35% to 45%

Of cases have KRAS mutations occur[2]

1 mn

Individuals affected by colorectal cancer

USD 6.3 bn

Market size for colorectal cancer drugs in the US, Japan and EU5 in 2016, projected to reach USD 9 bn by 2024[3]

USD 1 bn

Peak sales potential

Source notes:
1 – World Health Organisation (WHO); 2- World J Gastroenterol. 2012 Oct 7; 18(37): 5171–5180; 3- Datamonitor

Colorectal cancer or cancer that starts in the colon or rectum, affects more than 1 million individuals. The role of a protein called Epidermal Growth Factor Receptor (EGFR) is well-established in the progression of colon cancer. Targeted therapy takes the form of EGFR antibodies that block the mechanism by which tumour cells grow. However, they are known to cause considerable side effects.

EGFR antibodies don't work in cancer cells with a certain mutation or genetic change. Mutations in the KRAS and BRAF genes are notorious for allowing the cancer to bypass anti-EGFR treatment. KRAS mutations alone occur in 35-45% of colorectal cancer cases. Drugs that target EGFR are not currently indicated for patients with such mutations.

Independent assessments suggest a significant unmet need for more efficacious and safe targeted treatments that prevent disease progression. Almost 60% of patients on first-line treatment progress to second-line therapy.

GBR 1372 is an EGFR-targeting bsAb that is being developed for the treatment of colorectal cancer refractory to existing therapies such as Erbitux/Vectibix.

This BEAT® molecule directs T cells to EGFR-expressing cancer cells to facilitate their destruction. Its novel mechanism of action has shown promise in overcoming the mutation problem - in preclinical trials, GBR 1372 showed good activity in tumours independent of their KRAS and BRAF mutation status.

GBR 1372 is currently in preclinical studies and is also being developed for non-small cell lung cancer and head and neck cancers. Glenmark is likely to file an IND for GBR 1372 with the USFDA in CY 18.

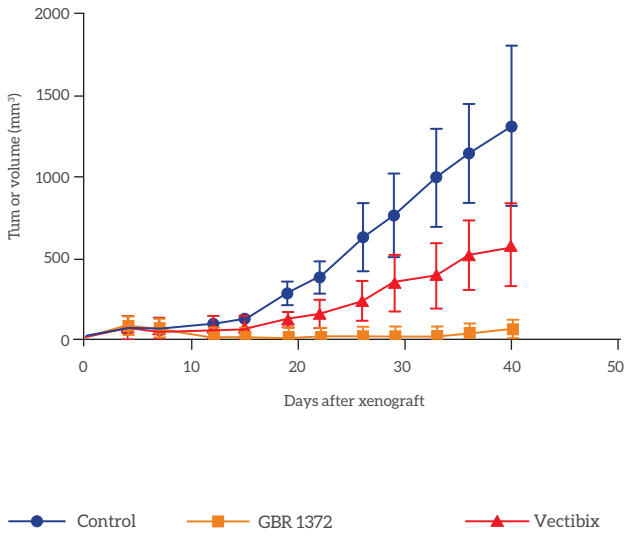
Its incidence in the seven major markets is expected to grow to ~656,000 in 2035, largely due to the aging populations across all markets.

GBR 1372 has demonstrated ability to bypass KRAS and BRAF mutation limitations of current therapies in preclinical studies

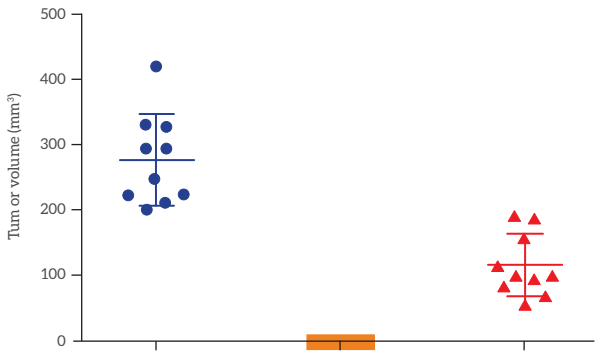
GBR 1372 (Colorectal Cancer) *In vivo efficacy against KRAS mutation*

GBR 1372 bypasses KRAS and BRAF mutation limitations of current therapies; being developed for colorectal cancers, NSCLC and Head and Neck cancers refractory to Erbitux/Vectibix

A549_7 Study – Xenograft SC (Mean +/- SD)

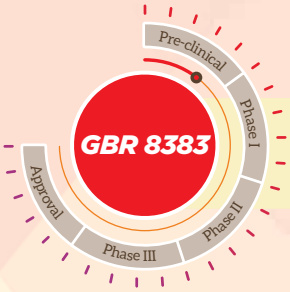


A549_7 Study – Xenograft SC, Day 19



Good efficacy in A549 tumors: Superiority over Vectibix on KRAS mutated tumor cell line

Note:
A549_7 – KRAS mutated lung carcinoma



OX40R AGONIST
Multiple Cancers

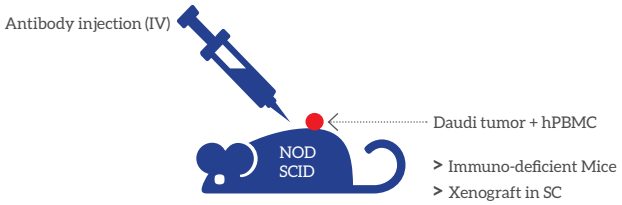
Cancer cells are good at evading an attack from the body's immune system. One way they do this is by using 'checkpoints' (proteins such as PD-1 and CTLA-4) to signal the immune system to call off the attack of T cells on the tumour. These checkpoints have emerged as key 'targets' and a class of drugs known as 'checkpoint inhibitors' has been developed to block them.

Checkpoint inhibitors are most efficacious when combined with drugs that work in tandem to accelerate the immune system response. Indeed, combination therapy is increasingly being seen as the way ahead to overcome resistance.

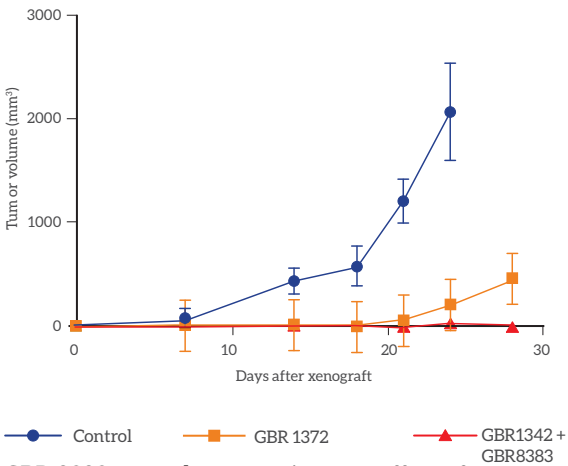
GBR 8383 is a highly potent OX40 agonist with a novel mechanism of action that can potentially treat multiple cancers. OX40 agonists stimulate the OX40 receptor, a protein found on immune cells. They can be tweaked to enhance a tumour-specific immune response. Preclinical data confirm that GBR 8383 has a strong agonistic effect upon the checkpoint regulator OX40 in comparison to other OX40 agonists, currently in clinic. It has the potential to be a first in a new set of agonists with application in multiple cancers.

GBR 8383: Potential to enhance CD3-mediated killing, *Upside potential in combination immunotherapy*

IN HOUSE MODELS (TUMOR XENOGRAFT) DAU_11



Dau_11 study - Xenograft SC (+/- SEM)

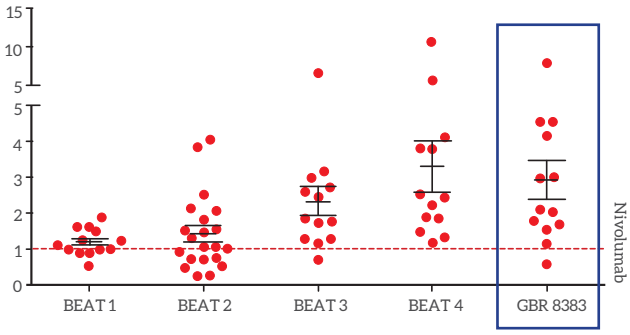


GBR 8383 can enhance anti-tumor effect of GBR 1342 * in vivo

GBR 8383 versus Checkpoint Combinations
Competitive profile versus Nivolumab and combinations

Assay: proliferation of T-Cells in response to GBR 8383, compared to Nivolumab and various combinations of Nivolumab (in BEAT format)

T Cell Proliferation index normalised to Nivolumab



GBR 8383 has potential to enhance current immunotherapies (PD1, PD1-L, CTLA4). Upside: similar mechanisms may be applied to other members of the TNFR superfamily

Note:
* GBR 1342 used in sub-optimal doses; BEAT 1 to 4 are Nivolumab combinations (in BEAT format) with CD27, LAG3, VISTA and 4-1BB

NMEs focussed on dermatology

Skin disease though seldom life-threatening, has a disproportionate effect on quality of life and emotional health.

Glenmark's R&D team in Switzerland

Skin diseases impact life choices such as the clothes we wear, the jobs we pursue, our relationships and social interactions. It also has a huge impact on self-esteem. Unfortunately, it is also one of the more intractable health conditions to challenge modern medicine. It involves the complex interplay of genes and environmental factors such as stress. Many skin diseases stubbornly resist cure.

Dermatology has been a focus area for Glenmark since its inception. For decades, we have brought existing treatments within reach of patients globally through a range of formulations.

> For decades, we have brought existing treatments in dermatology within reach of patients globally through a range of formulations

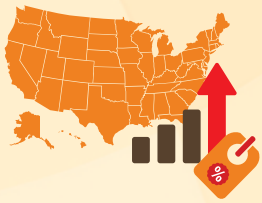
OX40 ANTAGONIST
Atopic Dermatitis (AD)

1% to 3%
Of adults are Atopic Dermatitis (AD) patients

20%
Of children are AD patients

2 - 3
Times AD prevalence has grown over the last 100 years

USD 2 bn
Peak sales potential in the US market



Atopic Dermatitis (AD) is a chronic, immune-mediated, inflammation of the skin with involvement of activated T cells. It is characterised by chronic or relapsing, itchy lesions. Moderate-to-severe AD can negatively impact patients' lives and is associated with a high burden to society both in terms of the direct costs of medical care and prescription drugs, as well as loss of productivity. Topical medicines such as creams and ointments are not effective to control the disease in many cases. Such patients need systemic treatment. These are currently limited to steroids and immunosuppressants, but there is a need for more efficacious solutions.

GBR 830 is an OX40 antagonist being studied for the treatment of moderate-to-severe AD. OX40 is a protein found on immune cells. It is an established, druggable target which means its role in stimulating the immune system is accepted and it can be blocked or activated using drugs. However, it has been a challenge for the industry to discover antibodies that inhibit OX40 and do not have agonistic properties that would lead to unwanted side effects.

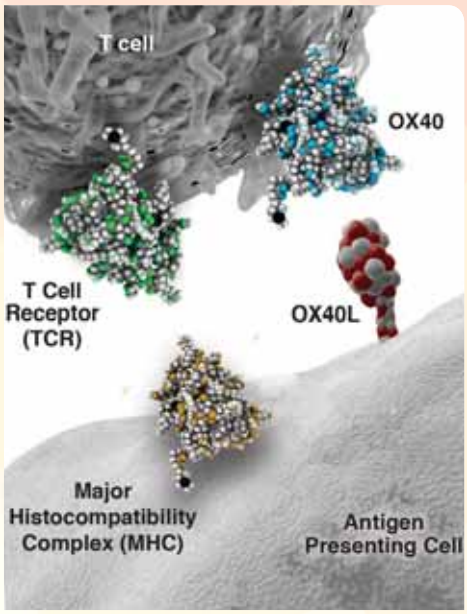
GBR 830 has the potential to be the best-in-class OX40 antagonist antibody. It is also the first OX40 antagonist globally to successfully complete Phase I studies. In these studies conducted in the Netherlands, GBR 830 was well tolerated and its safety and pharmacokinetics profile in healthy volunteers fully supported the transition into the next phase of trials.

In August 2017, Glenmark announced positive data from a Phase IIa study of GBR 830. The study evaluated the safety, biological and clinical activity, and pharmacokinetics of GBR 830, relative to placebo, in adults with moderate-to-severe AD with a history of inadequate response to topical therapies. The double-blind, placebo-controlled study was conducted over 12 weeks, and randomised 62 patients (3:1) with moderate-to-severe AD.

> GBR 830 has the potential to be the best-in-class OX40 antagonistic antibody

A total of 31 patients were evaluated following the last study visit. Patients were assessed on multiple endpoints after receiving two doses with two viable biopsies. In the GBR 830 cohort, 17 out of 23 patients experienced at least a 50% reduction in their Eczema Area and Severity Index (EASI) scores at day 57 compared to baseline, a key secondary endpoint of the study. Although not powered for statistical differences between GBR 830 versus placebo, data from this analysis suggest clinically meaningful improvement of symptoms that is continuous and sustained, with consistency observed between biological and clinical response.

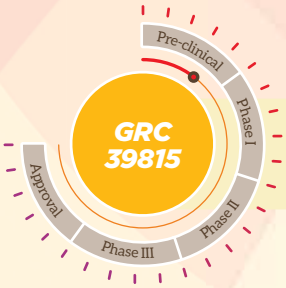
Based on the results of this Phase IIa study, Glenmark is firmly committed to advancing GBR 830 for patients with AD and plans to initiate a Phase IIb trial in the first half of CY 18. Glenmark is targeting a Biologics License Application filing for GBR 830 in 2022. We are also looking to expand GBR 830's application to other autoimmune diseases such as lupus, graft versus host and rheumatoid arthritis.



Member of Glenmark's R&D team in Switzerland

We are also looking to expand GBR 830's application to other autoimmune diseases such as lupus, graft versus host and rheumatoid arthritis

NMEs focussed on respiratory



COPD, IPF

GRC 39815 is a New Chemical Entity currently in IND-enabling toxicology studies. We expect to push this programme into clinical studies in the next 12 months. It is being developed as an inhaled compound for the treatment of Chronic Obstructive Pulmonary Disorder (COPD) and Idiopathic Pulmonary Fibrosis (IPF). It is an inhibitor of the Retinoid-related Orphan Receptor gamma t (ROR γ t), inhibiting the release of inflammatory cytokines reported to be involved in the pathogenesis of COPD. GRC 39815 has demonstrated effective lung retention following drug delivery.

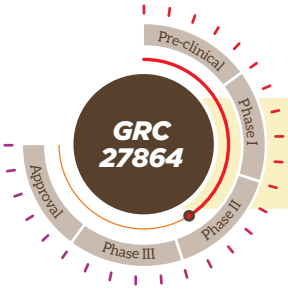
Member of Glenmark's R&D team in Switzerland

NMEs focussed on pain

While effective painkillers have been in the market for decades, they have safety issues. The long-term use of popular painkillers namely non-steroidal anti-inflammatory drugs (NSAIDS) and Cox-2 inhibitors is known to cause severe gastrointestinal (GI) and cardiovascular (CV) side-effects respectively.

Member of Glenmark's R&D team in Switzerland

This is because these drugs are not selective in their inhibition of specific prostaglandins, a type of hormone, that modulate inflammation and end up also affecting others. In response to this, scientists have isolated a novel target known as microsomal prostaglandin E synthase-1 (mPGES-1) which is up-regulated under inflammatory conditions. Selective mPGES-1 inhibitors are expected to inhibit increased prostaglandin E2 (PGE2) production in the disease state without affecting other prostanoid metabolites and, consequently, may be devoid of the GI and CV side effects seen with NSAIDs and COX-2 inhibitors. PGE2 is a potent pro-inflammatory prostanoid and mediator of inflammatory response. It has been implicated in many pathological conditions including inflammation, pain, atherosclerosis and fever.



mPGES-1
Osteoarthritis

GRC 27864, a product of Glenmark's India-based research centre, is a potent, selective and orally bioavailable inhibitor of mPGES-1. A Phase I first-in-human single ascending dose study and a multiple ascending dose study have been completed in the UK with no safety concerns. It is currently in Phase II of development.

GRC 27864 is currently being developed as a drug for the potential treatment of pain associated with osteoarthritis.

Glenmark is looking to out-license this molecule for further development since it falls outside our therapeutic focus areas. Other non-core assets available for out-licensing include GRC 17536, GBR 900 and GBR 500.

Members of Glenmark's R&D team in India

Expected to file 9 NDA/BLA in the next decade across NME and Specialty portfolio

Therapy Area	Molecule	Status	Filing Timelines (NDA/BLA)					
			2018	2019	2020	2021	2022	2023 and Beyond
Respiratory	GSP 301	Phase III	✓					
	GSP 304	Phase II		✓				
	GBR 310	Phase I			✓			
	GRC 39815	Pre Clinical						✓
Dermatology	GBR 830	Phase II					✓	
Oncology	GBR 1302	Phase I					✓	
	GBR 1342	Phase I						✓
	GBR 1372	Pre Clinical						✓
	GBR 8383	Pre Clinical						✓

Note: Above timelines are based on currently planned studies. They may change based upon data, regulatory agencies feedback etc.

Roadmap to evolve into an innovative research-led firm and launch proprietary products

Current position

- Two major geographies - USA and India contributing ~60% of sales
- Generic formulation player in the US and WEU
- Branded formulation in other markets
- NME pipeline in early to mid stage of development
- Manufacturing base primarily in India

Medium term focus (next 3-5 years)

- USA, India, Europe and API to contribute >80% of sales
- Increase presence in complex generics
- Launch specialty business in the US
- NME pipeline in advanced stage of development
- Expand manufacturing footprint

Long term focus (next 5-10 years)

- Launch innovative and specialty products in multiple markets
- ~30% of total revenues from specialty and innovation divisions

By 2025, we anticipate that specialty and innovative products will contribute 30% of revenues

Member of Glenmark's R&D team in India

CORPORATE RESPONSIBILITY

Corporate Responsibility

We, at Glenmark, are driven by the common purpose of positively impacting the lives of people and creating a healthier and happier world. Together with our vision and values, this purpose provides the foundation for all aspects of sustainability and business responsibility within our organisation. Our determination of Enriching Lives is accompanied by our unwavering commitment to good corporate governance, operational excellence and employee wellbeing.

Our innovation-led transformational journey is designed to create long-term sustainability and value for our Company, our shareholders and all other stakeholders. Preserving the natural environment and promoting well-being of the community are two other integral aspects of our business responsibility. We have adopted a strategic direction under these areas, which is helping us contribute to the larger goal of sustainable development.

Environment, Health and Safety

Environment, Health and Safety (EHS) is a vital element of our corporate responsibility, since it is intrinsically linked to the Company's motto of Enriching Lives. We are cognisant of the impact our operations have on the natural environment and are committed to minimise them. Our daily operations are guided by an EHS policy, which clearly outlines our intent and approach. The policy is actively deployed and communicated to all our employees and business partners. We continue to remain fully compliant to all applicable regulations and all our facilities routinely undergo various external and internal audits.

In our journey to achieve EHS excellence, we have moved beyond compliance by making EHS considerations a part of broader business decisions and performance reviews. Several key performance indicators have been defined and performance on these are regularly monitored for all our manufacturing facilities. In addition, we have also incorporated EHS aspects in the conceptualisation of new projects.

It is our constant endeavour to identify opportunities to reduce our dependence on traditional materials and energy sources, improve the efficiency of our processes, and minimise the release of wastes and other forms of emissions in the environment. Focussed efforts are being made to increase the share of renewable sources of energy and conserve energy through various efficiency measures, which has helped us decrease our greenhouse gas (GHG) emissions.

Socio-environment impact meter

	2016-17	Till Date (from 2012-13)
Water Conservation	208.12 Million Litres Saved Amounts to annual drinking water requirement of more than 1,13,000 people in rural India	730.38 Million Litres Saved Amounts to annual drinking water requirement of more than 4,00,000 people in rural India
Electricity Conservation	2,980 Megawatt-Hours Saved Can light up more than 31,000 rural households for one year	15,013 Megawatt-Hours Saved Can light up more than 1,56,000 rural households for one year
Waste Management	64.86 Metric Tonnes Co-Processed Resulted in reduction of more than 72 tonnes of carbon emissions	372.86 Metric Tonnes Co-Processed Resulted in reduction of more than 414 tonnes of carbon emissions
Fuel Conservation	2,787.49 Kilo Litres Saved Equivalent to more than 18,000 trees planted	6,067.34 Kilo Litres Saved Equivalent to more than 39,000 trees planted

Reduced water consumption and effluent discharge

The treated effluent at our manufacturing units as well as R&D centres was fully recovered and recycled back for use in the plant utilities and horticulture activities, and consumption of fresh water was reduced. Ankleshwar, Dahej, Aurangabad and Mohol facilities have installed state-of the-art effluent treatment plants, which comprises Reverse Osmosis (RO), Multi Effect Evaporators (MEE) and Agitated Thin Film Drier (ATFD) to ensure zero discharge of liquid effluents and environmental protection.

Enhancing our energy efficiency

Our Indian operations drastically reduced energy and fuel consumption in 2016-17 compared to the previous year. We reduced 113.46 tonnes of carbon dioxide equivalents through 100kWp rooftop solar plant at Mahape, Navi Mumbai.

Glenmark Czech Vysoke Myto facility reaches a new milestone with OHSAS certification

Glenmark's Goa and Nalagarh facilities were awarded the Greentech Safety Award and Greentech Environment Award respectively

Our Certifications

We achieved ISO 14001:2004 certification at our manufacturing facilities in Goa Main, Goa Hormone, Nashik, Indore, Baddi-I, Baddi-III, Nalagarh, Ankleshwar, Dahej, Aurangabad, Sikkim and Pilar (Argentina). Goa Main, Goa Hormone, Nashik and Indore facilities have been re-certified in FY 17. Our Ankleshwar, Goa Main, Goa Hormone and Vysoke Myto (Czech) facilities have implemented the OHSAS 18001:2007 certification in 2016-17. The Indore facility is already certified with OHSAS 18001:2007.

Accolades

- Our Goa and Baddi facilities won the Greentech Safety Award for maintaining best safety practices
- Nalagarh facility was awarded the Greentech Environment Award 2017 for maintaining best practices for a safe environment
- The Indore facility was awarded the Health, Safety and Environmental Friendly Enterprise Award in large scale industry by FMPCCI

Safety

Near Miss Reporting

Proactive measures like near-miss safety incident reporting and EHS training have helped raise safety standards at the facilities.

Safety Programmes

Four safety programmes have been initiated in 2016-17 to enhance safety across all our facilities. They are:

- Contractor safety
- Chemical safety
- Working at height
- Safe isolation (LOTO) management

Corporate Social Responsibility

As a responsible corporate citizen, we are cognisant of our ability, means and influence to drive a positive change in the society at large. Creating a healthier and happier world is our key mission, which we steadfastly strive to achieve through our Corporate Social Responsibility (CSR) initiatives. Our commitment to the improvement of people's lives, allows us to extend our CSR activities far beyond our operations and direct stakeholders. Our CSR ethos complements our approach to doing business responsibly and demonstrates our unwavering commitment to giving back to the society.

Interventions for improving health in the slums of Nairobi, Kenya

Child Health

We are committed towards the cause of child health. It is vital to analyse the factors that affect growth during the age group of 0 to 5 years to determine appropriate intervention strategies. Therefore, adequate measures need to be taken for the promotion of child health and disease prevention.

Themed around 'Healthier Children, Healthier World', Glenmark Foundation actively works towards improving child health and has undertaken several community programmes focussed towards reducing infant and child mortality among the vulnerable population groups.

The Foundation aims to provide health education and awareness to mothers and caregivers with a focus on:

- Reducing malnutrition
- Increase in immunisation levels for infants and children
- Improvement in hygiene and sanitation conditions

The target group for our interventions are adolescents, newly married, pregnant mothers, new-born and children. In order to maximise the scope and impact of our programmes,

8,70,000+
Lives touched
through our **child health** interventions

29,900+
Malnourished
children were attended and cared for

1,54,000+
Children benefitted
through **nutrition, immunisation** and **sanitation interventions**

72,500+
Pregnant and lactating
women provided with healthcare

mMitra impacting the less privileged women through innovation

19,000+

Women benefitted

Through the mMitra project

9,00,000+

Lives transformed

Through our efforts in child health and sustainable livelihood

4,500+

Employees volunteered

From over 35 Glenmark locations across 20 countries and touched lives through the Glenmark Joy of Giving initiative

the Foundation is associated with various non-governmental organisation (NGO) partners as well as existing government health programmes.

Glenmark Foundation has transformed anganwadis (day care centres) to model anganwadis by making them child centric. In various communities, we have ensured complete immunisation of infants and children through various interventions to track immunisation. The promotion of backyard nutrition gardens and backyard poultry resulted in direct intake of micronutrients in malnourished children, thereby improving their nutritional levels. Our interventions have helped the supported communities to lead healthier, stronger and happier lives.

To expand the outreach of our child health programme, we took our initiatives to new regions. In order to improve access to healthcare, we launched the 'Health on Wheels for Children'. It is a mobile health delivery service aimed at providing quality healthcare services to the underprivileged in identified areas of East Sikkim. We also conducted an intervention programme aimed at behavioral change for new mothers and children in Gujarat.

Our mMitra project reached out to underprivileged pregnant women through mobile technology. The mobile-based health advisory voice messaging service was introduced for pregnant women and mothers. It has resulted in safe and informed pregnancies leading to healthier children. These voice messages are medically verified and individualised messages, which last for 60-90 seconds in the local language. The messages are sent directly to the mobile phones of the enrolled women.

Access to Healthcare and Education

At Glenmark, we also support the advancement of education. Through our efforts, we have helped to develop better infrastructure facilities to improve the quality of education in rural tribal areas of Maharashtra. Another significant contribution is our medicine donation programme, which improves access to healthcare particularly to those who are remotely located.

Sustainable Livelihoods

This year, we initiated 'Glenmark's Learn & Earn' initiative to enhance skill competency and employability of local youth around some of our facilities. The youth acquires the skills by learning and working side by side with an experienced practitioner. This will optimally raise the standard of their skills thus resulting into greater employability index for the individual.

In a step towards promoting inclusive development and an opportunity to lead a productive life, we have rehabilitated over 2,000 differently-abled individuals this year by providing them artificial limbs in association with Jaipur Foot.

Glenmark employees celebrated the festival of philanthropy across 20 countries

Global Joy of Giving

We celebrated the festival of philanthropy in over 35 locations across 20 countries. Over 4,500 employees from across the globe contributed and made a difference to children suffering from life changing illnesses, less privileged and orphan children, people with differently-abled, single mothers, and indigenous people. Other activities included donating smokeless stoves to tribal families, and building digital classrooms for municipal schools.

Glenmark Aquatic Foundation

In FY 17, Glenmark Aquatic Foundation steadily moved ahead towards its mission of improving the swimming ecosystem in India. The major achievements of GAF are:

- Tied up with Sports Authority of India (SAI) to launch its second centre at Dr. S.P.M. Swimming Complex, Talkatora Stadium in New Delhi. The programme is called SAI Glenmark Talent Identification, Development and Management (SGTIDM). This is a fully-residential academy wherein selected National Level swimmers are provided high-end swimming coaching in addition to schooling and residential facilities. Currently 31 swimmers train at the academy
- Appointed a silver medal coach from Australia, Mr. Peter Carswell as the head coach in Mumbai and Mr. Partha Pratim Majumder as Head Coach in Delhi
- Tied up with the Swimming Federation of India (SFI) for a period of eight years. This association will include sponsorship of the Sub Junior, Junior and Senior National Championship along with improvisation of the ecosystem of swimming in India

In the near future, GAF is aiming to launch a 3rd Centre and a coach education program.

GAF and SGTIDM Swimmers at the Thailand Age Group Swimming Championships 2017 held at Bangkok

GAF and SGTIDM Swimmers won 17 medals at the Thailand Age Group Swimming Championships 2017

ENRICHING LIVES, TOGETHER

Glenmark's diverse team of over 13,000 employees from varied cultures, skills and experience transcends boundaries. Spread across 50 countries, we are united by the vision of enriching lives to create a healthier and happier world.

Glenmark Poland Team

Anchored in our values of Achievement, Respect and Knowledge, we provide our employees with an environment which promotes a culture of high performance. We have articulated our talent model, which will enable us to adopt a clear and consistent approach to recruiting, developing and engaging our talent. At Glenmark, we aim at continuous development of our people by aligning their career aspirations with business goals. Customised learning solutions are made available, through a diverse blend of classroom training, e-learning, on-the-job learning and development centres.

People are at the heart of everything we do. We have driven a number of human resource excellence programmes such as enhancing our performance management system and human capital data management systems. To ensure a high level of employee engagement, this year we introduced the global 'I-Say' engagement survey and implemented interventions based on the feedback.

Our efforts are focussed on reinforcing the key behaviors that encourage our employees to succeed and grow. This binds our diverse population in an inclusive culture across all levels, geographies, business units and functions.

Global employee base

13,000+
Employees

50
Countries

60
Nationalities

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: L24299MH1977PLC019982

AUDITORS
Walker, Chandiok & 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 Bazarpeth, 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 CENTRES
Plot No. D 508, TTC Industrial Estate, MIDC, Turbhe,
Navi Mumbai - 400705, Maharashtra

KEY FINANCIALS

Consolidated Financial Highlights (IFRS) (In ₹ mn, unless otherwise stated)	2016-17	2015-16	2014-15	2013-14	2012-13
Total Revenue	92,049.02	76,620.03	66,502.16	60,100.37	50,188.27
Earning before Depreciation, Finance Cost and Tax expenses (EBDIT)	20,559.21	14,451.92	10,429.82	10,956.21	10,164.73
Depreciation and Amortisation	5,765.20	2,691.42	2,599.80	2,167.95	1,270.09
Profit for the year	9,159.21	7,019.05	4,752.40	5,456.03	6,230.00
Equity Dividend	200%	200%	200%	200%	200%
Equity Share Capital	282.17	282.16	271.29	271.22	270.85
Reserves and Surplus	49,112.11	42,420.30	29,732.07	29,561.58	27,359.40
Net Worth	49,394.28	42,702.46	30,003.36	29,832.80	27,630.25
Total Debt	**47,236.58**	**39,881.06**	**37,999.32**	**32,669.72**	**27,648.69**
Gross Fixed Assets	57,506.00	50,885.49	42,016.55	37,786.47	32,968.40
Net Fixed Assets	40,307.29	39,075.27	32,704.42	30,356.89	27,682.09
Total Assets	**122,119.71**	**111,026.36**	**96,875.06**	**86,336.03**	**71,710.03**
Market Capitalisation	242,029.74	224,118.22	213,237.52	153,485.47	125,283.36
Number of Equity Shares	282,168,156	282,158,156	271,294,553	271,223,653	270,853,653
Closing price as on 31 March (BSE) (₹)	857.75	794.30	786.00	565.90	462.55
Key Indicators					
Basic Earnings Per Share (₹)	32.46	25.01	17.52	20.01	22.71
Debt: Equity ratio	0.96	0.93	1.27	1.10	1.00
Return on Capital employed (EBIT/ Net Worth)	29.95%	27.54%	26.10%	29.46%	32.19%

STATUTORY REPORTS

FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION & ANALYSIS

Global Environment

The World Economic Outlook (WEO) recently raised its projection for global growth to 3.5% for 2017 compared to 3.4% in 2016 due to pick up in overall demand. Stronger activity and expectations of more robust global demand, coupled with agreed restrictions on oil supply, have helped commodity prices recover in early 2016. However, the long term potential growth rates remain subdued across the globe, especially in advanced economies with protectionism attitude towards its trade policy. The activity is projected to pick up in emerging markets and developing economies because the strained conditions are gradually expected to improve, supported by the partial recovery in commodity prices, while growth is projected to remain strong in China and many other developing nations. In advanced economies, the pickup is primarily driven by higher projected growth in the United States, where activity was held back in 2016. Hence, the projected pickup in growth in the next two years primarily reflect forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though the growth momentum is still modest and downside risks continue to dominate, with heightened policy uncertainty and persistent structural headwinds could be frustrated by new economic or political shocks.

India remains the fastest growing economy in the world, despite the demonetisation, which temporarily disrupted the economy in the latter half of the FY 2017. The economy is set to grow at 7.4% in the current fiscal year 2017-18 against 7.1% in the previous year, on the back of pick-up in consumption demand and higher public investment. However, India imports nearly 80% of its fossil fuel needs, a rapid increase in the price of oil could undermine the country's fiscal position, effect inflation badly and swell the current account deficit, which may pose a potential risk for the Indian economy.

Glenmark Asia team

Global Pharma Scenario

Reports project global health care expenditures to reach USD 8.7 trillion by 2020, from USD 7 trillion in 2015, driven by improved treatments in therapeutic areas coupled with rising labor costs and increased life expectancy. Health care spending as a percentage of gross domestic product (GDP) is expected to also rise slightly, from an estimated 10.4% in 2015 to 10.5% in 2020. Government health care expenditures as a percentage of GDP are projected to rise more quickly in low-income countries than other income groups. Life expectancy is projected to increase by one year by 2020, which will increase the aging population (over 65 years old) by 8%, from 559 million in 2015 to 604 million in 2020. While the developed markets would continue to use branded and specialty medicines the pharmerging markets would use more non-original brands, generics and over the counter products. Furthermore, the adoption of newer medicines will remain higher in developed markets than in pharmerging markets.

The spending on medicines across all regions is projected to increase. The US is the largest pharmaceutical market in the world accounting for approximately 35% of the global share. Analysts expect that the lower price advantage associated with generic drugs may be partially offset by increasing industry consolidation. Single-digit spending growth is forecast for the US market.

Global health care expenditures are projected to reach USD 8.7 trillion by 2020, from USD 7 trillion in 2015, driven by improving treatments in therapeutic areas coupled with rising labor costs and increased life expectancy

The US market is expected to fall and projected to grow 6% to 9% through 2021.

The US will account for 53% of forecasted growth over the next five years while China will continue as the second largest market, a position it has held since 2012, contributing 12% of the growth. Developed market spending growth will be driven by original brands while pharmerging markets will continue to be fueled by non-original products that make up an average 91% of pharmerging market volume and 78% of spending.

European market is expected to maintain tight constraints on drug budgets. Forecasted low pre-rebate and discount growth of 1% to 4% in the EU5 countries (France, Germany, Italy, Spain, the United Kingdom). The impact of BREXIT on the UK pharmaceutical market is expected to be modest, driving at most a 1.5% slower growth rate.

The growth in spending on medicines in pharmerging markets by 2020 would be about USD 125 billion primarily driven by wider use of medicines. The per capita increase in volume and spending is expected to result from the strong commitment by government to widen the access to healthcare and the expanded private insurance in these markets.

Financial Summary

Material Consumed and Purchase of Traded Goods:
Cost of Material consumed including finished goods purchased were at ₹ 26,143.26 mn in FY 2016-17 as against ₹ 23,025.84 mn in FY 2015-16 and as a percentage to sale of products was at 29.15% in FY 2016-17 as against 30.88% of FY 2015-16.

Employee Cost:
Employee cost was at ₹ 16,408.06 mn in FY 2016-17 as against ₹ 13,781.95 mn in FY 2015-16, an increase of 19.05% 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 increased to ₹ 28,938.49 mn in FY 2016-17 as against ₹ 25,316.52 mn in FY 2015-16, an increase of 14.31%. The increase in expenditure was mainly attributable to increase in Sales promotion, legal and professional and other operating expenses to support growth and R&D expenditure to provide strong product portfolio.

20.08%

Growth in Glenmark's consolidated revenue for the year ended 31 March 2017, Glenmark's consolidated revenue was at ₹ 91,856.81 mn (USD 1,371.62 mn) as against ₹ 76,495.83 mn (USD 1,171.02 mn)

Finance Costs:
Interest expenses increased to ₹ 2,373.18 mn in FY 2016-17 as against ₹ 1,788.85 mn in FY 2015-16.

Profit After Tax:
Profit after tax for FY 2016-17 was at ₹ 11,087.53 mn as against ₹ 7,430.45 mn in FY 2015-16.

Dividend:
The Board has recommended a final dividend of 200% (₹ 2 per equity share of ₹ 1 each) on the equity share capital as at 31 March 2017 subject to the approval of shareholders.

Equity Capital:
The equity capital has increased to ₹ 282.17 mn in FY 2016-17 from ₹ 282.16 mn in FY 2015-16.

Trade Payables:
Trade payables decreased to ₹ 19,035.22 mn in FY 2016-17 from ₹ 19,407.93 mn in FY 2015-16.

Current Tax Liabilities:
Current tax liabilities decreased to ₹ 256.55 mn in FY 2016-17 from ₹ 707.63 mn in FY 2015-16.

Short Term Borrowings:
Short term borrowings decreased to ₹ 1,871.89 mn in FY 2016-17 from ₹ 7,874.18 mn in FY 2015-16.

Other Current liabilities:
Other current liabilities increased to ₹ 4,690.61 mn in FY 2016-17 from ₹ 3,920.46 mn in FY 2015-16.

Trade Receivables (Net):
Trade receivables decreased to ₹ 24,043.20 mn in FY 2016-17 from ₹ 24,926.46 mn in FY 2015-16.

Inventory:
Inventory increased to ₹ 21,390.50 mn in FY 2016-17 from ₹ 15,677.60 mn in FY 2015-16 mainly to support the increase in sale of formulation and API business.

Other Current Assets:
Other current assets increased to ₹ 10,735.04 mn in FY 2016-17 from ₹ 9,709.32 mn in FY 2015-16.

Property, plant and equipment (Excluding CWIP):
The Gross block of property, plant and equipment increased to ₹ 25,607.68 mn in FY 2016-17 from ₹ 23,007.26 mn in FY 2015-16.

Other Intangible Assets (Excluding CWIP and Goodwill):
The gross block of other intangible assets increased to ₹ 21,612.57 mn in FY 2016-17 from ₹ 19,423.32 mn in FY 2015-16.

Business Environment

India Formulations
During the year under review, the India Formulations (IF) business performed well registering revenue of ₹ 23,037.77 mn (USD 344 mn) as against ₹ 21, 092.74 mn (USD 322.91 mn) recording growth of 9.22%.

As per IMS MAT March 2017, Glenmark's India business improved its rank to 15th, compared to 18th MAT March 2016. Glenmark increased its market share by 0.20%, exhibiting value growth of 14% vis-à-vis IPM growth of 9%. This growth has been driven by 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 therapeutic areas with considerable growth in market share from IMS MAT March 2016 to MAT March 2017 respectively:

- Derma therapy market share improved from 8.6% to 9.2%
- Respiratory therapy market share rose from 4.1% to 4.5%
- Cardiac therapy market share increased from 3.9% to 4%

Brands in IPM Top – 300

- Glenmark's brand Telma (Telmisartan) secured its position among the Top 50 brands in IPM and is currently ranked 48th
- Telma-H (Telmisartan Hydrochloride) ranked 64 in IPM closing a value growth of 18.4% over the last year
- Glenmark's brand Ascoril+ (IPM rank 114), Candid (IPM rank 118), Candid-B (IPM rank 120), Telma-AM (IPM rank 186), Alex (IPM rank 192) and Ascoril –LS (IPM rank 197) are some of the other brands among the Top 200 brands in IPM 300 brands league

Ranked 15th in India Glenmark currently has 8 brands among the Top 300 Brands of the Indian Pharmaceutical Market

Glenmark's India Formulation team at their Annual Brand Plan meet

New product launches

In respiratory therapy, Glenmark launched

- Digihaler - India's first Digital Dose Inhaler (DDI) pan India. This next-gen inhaler provides accurate digital dose counter along with low dose warning indicator to enable Asthma and chronic obstructive pulmonary disease (COPD) patients track adherence to their therapy
- NebZmart – an advanced nebuliser with active vibrating mesh technology that can nebulise both solutions and suspensions efficiently. This Zmart choice is expected to liberate Asthma and COPD patients (requiring nebulisation) from conventional, bulky, noisy and difficult to use nebulisers dependent on electricity
- Airz which is India's first glycopyrronium DPI monotherapy used as a bronchodilator therapy to relieve symptoms in adult patients with COPD. Glenmark Airz provides compliance to the COPD patients (moderate to severe COPD) as only one capsule once daily is to be taken by the patient

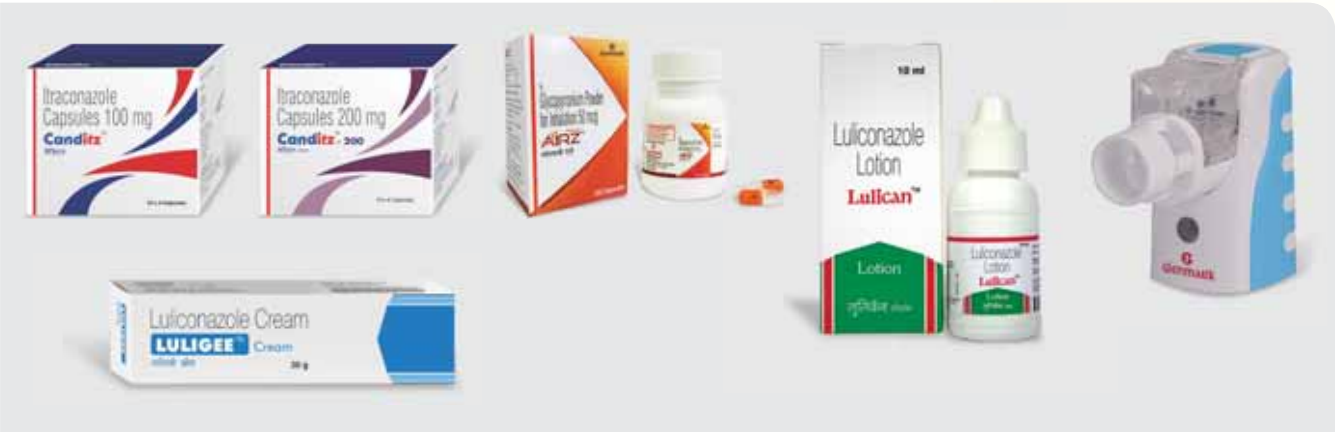
In the dermatology therapy, Glenmark launched

- Lulican Cream/ Lotion, and Luligee – Luliconazole brands and Fintop AF (amorolfine) cream for anti-fungal topical treatment
- Canditz (itraconazole), an oral antifungal specially targeted for tinea infections
- Eczicderm, an emollient for treatment of eczema
- Fenza (Fenticonazole) for treatment vulvovaginal candidiasis
- Onabet SD (Sertaconazole) lotion for the treatment of seborrheic dermatitis
- Sabiglow ML, which is formulated with scientifically validated nutrients targeted to address hyper-pigmentation concerns

In the Chronic therapy, Glenmark launched

- XMET-Trio for treatment of diabetes
- Razel CV for treatment of heart conditions
- Dubinor was launched as adjuvant therapy for people suffering from chronic disorders
- Glenmark also launched FONYL (Fosfomycin) an anti-infective in the critical care segment for treatment of urinary tract infection

> NebZmart – an advanced nebuliser, is expected to liberate Asthma and COPD patients (requiring nebulisation) from conventional, bulky, noisy and difficult to use nebulisers dependent on electricity



Products launched in India during FY 17

Revolutionising Asthma and COPD treatment, the Glenmark way

Glenmark has always led the way when it comes to innovation. We take pride in our innovative products and services that set industry benchmarks. Another step is this direction is the launch of 'Digihaler – India's first Digital Dose Inhaler (DDI)' pan India. This next-gen inhaler provides accurate digital dose counter along with low dose warning indicator to enable Asthma and chronic obstructive pulmonary disease (COPD) patients track adherence to their therapy. Digihaler addresses the issue of pseudo-adherence and tail-off phenomenon, which leads to poor outcome of the therapy.

As per WHO estimates 2007, there are 300 million people currently suffering from asthma globally, and it is expected that could increase by further 100 million by 2025. There have been 2,50,000 deaths per year globally and 57,500 deaths per year in India. Today, there are about 35 million asthmatics in India and about 40% patients have an uncontrolled asthma and over 60% have partially controlled asthma. These numbers are alarming and reducing them comes down to the fact that how well the medication and treatments are improved.

It is a known fact that, patient's compliance is a challenge globally in any chronic disease treatment, especially in Asthma and COPD condition, where daily preventative medication is crucial for its treatment. Implication of non-adherence leads to poor control symptoms, worsening the quality of life, high mortality, rate which further increases health care expenditure and so on. For all the difficulties and problems involved in asthma and COPD treatment, Digihaler comes as a revolutionary boom.

Digihaler – India's first Digital Dose Inhaler (available only in India)

35 mn

asthmatics in India, 40% patients have an uncontrolled asthma, 60% have partially controlled asthma

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

- Glenmark launched an innovative initiative called D'acne Masters where an experienced dermatologist educates college and school students on Acne in a simple patient-friendly language
- The GEEX (Glenmark Enabled Expert Exchange) 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
- Another new initiative 'Fungal Free Nation' is an innovative concept, which focusses on conducting in-clinic education on diagnosis of various skin conditions for family physicians. During the year, over 15,000 in-clinic programs were conducted
- Glenmark actively conducts patient education and detection camps for disorders and diseases impacting large population. To increase awareness about iron deficiency screened over 10,000 patients under the banner of Iron Mom Clinics. 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 is successfully running the 'Ascoril Coughology' initiative for the last two years. This campaign provides interesting insights for doctors on the art and science of navigating cough

> 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 Baddi Team

- On the issue of hypertension during the Hypertension Control Month (HCM), a number of educational initiatives are launched to spread awareness about hypertension and its complications, if not controlled. More than 8,000 doctors and close to 1 million patients were covered in this initiative

USA Formulations

During the year, Glenmark Pharmaceuticals Inc., USA registered revenue from the sale of finished dosage formulations was at ₹ 37,006.63 mn (USD 552. 58 mn) for FY 2017 as against ₹ 24,203.20 mn (USD 370.53 mn) for the previous year, recording a growth of 52.90%.

In the fiscal year 2016-17, Glenmark was granted approval of 17 Abbreviated New Drug Applications (ANDA), comprising 11 final approvals and six tentative approvals. Notable approvals include: Rosuvastatin Calcium Tablets; Diclofenac Sodium Gel, 3%, Lidocaine Ointment USP, 5%, and Tretinoin Capsules, 10 mg, Glenmark's first and only soft-gelatin capsule.

In September 2016, Glenmark announced a Strategic Development, License and Commercialisation Agreement with Particle Sciences, Inc. to develop and market a generic version of Celgene's ABRAXANE® product – paclitaxel protein (albumin)-bound particles for injectable suspension. Glenmark has obtained global exclusive marketing and distribution rights of the product upon commercialisation. Particle Sciences will develop this product exclusively for Glenmark, and shall receive certain milestone payments during various stages of the product's development from Glenmark, including royalties on sales. Development of the product has been initiated for the US market and Glenmark intends to file the ANDA in FY19. The product will be subsequently filed in other key markets across the globe. As per IMS MAT March 2017, ABRAXANE® has registered sales of USD 657 mn in the US.

In December 2016, Glenmark announced the availability of Ezetimibe, the first and only generic version of ZETIA® (Merck) in the United States 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 will be 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.

In March 2017, Glenmark and Evestra, Inc. completed a strategic development, license and commercialisation agreement to develop and market a generic version of Merck's & Co.'s NuvaRing® product – etonogestrel/ethinyl estradiol vaginal ring – designed to allow women access to a more affordable birth control option. Development on the vaginal ring product is currently under way

83 mn

prescriptions filled by Glenmark products in the US every year

> Glenmark has obtained global exclusive marketing and distribution rights of generics ABRAXANE®. As per IMS MAT March 2017, ABRAXANE® has registered sales of USD 657 mn in the US

Glenmark US team

and the two companies expect to file an ANDA in FY19. Evestra will develop this product exclusively for Glenmark for the US market, and will receive certain milestone payments during various stages of the product's development, including royalties on net sales. Glenmark has secured exclusive marketing and distribution rights for the product, including an option to commercialise two additional Evestra vaginal ring products, for the US market. Merck's IMS Health NuvaRing® registered sales of USD 783 mn as per IMS MAT March 2017 in the US market.

During the year under review, Glenmark filed 20 ANDA applications with the USFDA. Out of these, nine were dermatological products reinforcing our strength in this segment. There were three hormonal products, one oncology injectable and seven oral solids of which majority were complex or niche products.

Glenmark's marketing portfolio on June 2017 consists of 119 generic products authorised for distribution in the US market. The Company currently has 66 applications pending in various stages of the approval process with the USFDA, of which 27 are Paragraph IV applications.

Primary category	Authorised to distribute	Pending approval	Total filings	Market size (USD bn)
Immediate release	56	27	83	30.18
Hormones	20	8	28	3.04
Modified release	12	5	17	6.25
Dermatology	27	16	43	2.72
Oncology – Injectables	1	8	9	2.62
Controlled substances	3	0	3	0.08
Immunosuppressant	0	2	2	0.62
Total	119	66	185	45.50
Para IV		27	27	18.58

Source: IMS Health NSP

*Data through June 2017

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

> Glenmark's marketing portfolio on June 2017 consists of 119 generic products authorised for distribution in the US market

Products launched in the US in FY17

Rest of The World

Glenmark's revenue from the ROW (Russia/CIS, Africa and Asia) region for the year under review was ₹ 9,887.86 mn (USD 147.65 mn) as against ₹ 9,032.54 mn (USD 138.28 mn) in the previous year, recording a 9.47% increase.

Russia/CIS Region

According to IMS Health MAT February 2017 data, Glenmark Russia ranks 42, which sustains Glenmark's position among the list of Top 45 companies in the retail segment of the Russian pharmaceutical market.

Among the Derma companies, Glenmark Russia ranks 8 as per MAT February 2017, thereby sustaining its rank in Top 10 companies in this segment. Oflomil nail lacquer, the first generics amorolfine, is recognised as 'Brand 1' amongst the anti-fungal products. The strong growth witnessed by the dermatology business continues on account of the good growth in Oflomil nail lacquer and Klenzit-C, which has gained good traction across the country. Overall, Glenmark Russia today boasts of a strong product range of derma products covering most nosologies of the segment.

Glenmark Russia team

In the respiratory segment, Glenmark is ranked among the Top 4 companies within the expectorants market of Russia as per MAT February 2017. The power brand here is Ascoril, but other brands like Candibiotic, Glevo and Relcer have also played a major role in contributing to the growth of Glenmark. The advancement of respiratory portfolio is one of the key focus at the moment, with multiple new products being launched. In the first quarter, Momat Rino Advance, a unique combination of mometasone and azelastine nasal spray was launched. During the fourth quarter, Glenmark launched Momat Rino (nasal spray) in the Russia market. These products continue to gain good momentum across the country and have helped us further strengthen our presence in the respiratory area.

During the year, Glenmark launched Glenspray with Azelastine in Ukraine and Glencet Advance and Kerawort in Uzbekistan. In Kazakhstan, Momat Rino 120 MD, Momat Rino 60 MD, Momate A NS and Deriva-C MS gel were launched.

Glenmark Kenya team

Africa Region

During the year under review, the Africa business performed average. However, the subsidiaries of South Africa and Kenya recorded good secondary sales.

During the year, Glenmark launched Nano Repro kit, Kolorex digestive care, Demelan Acne, Dermikelp, NanoRepro, Kolorex in South Africa; Glevonix 750, Esoze HP Kit, Momate F cream, Glemont L and Combiwave in Kenya; Despruderm and Glenosalic ointment in Egypt and Combiwave Inhaler in Zimbabwe.

Glenmark Asia team

Asia Region

The Asian region recorded average growth for the year under review. The region recorded secondary sales growth of over 9%. Malaysia, the Philippines and Vietnam recorded secondary sales growth of 19%, 26% and 5%, respectively. However in most of the Asian markets Glenmark registered a growth, which is higher than the market growth and improved in terms of market ranking. Foskina / Supirocin became the first wound care brand for Glenmark who crossed USD 4 mn mark in Asia. In the year 2016-17 we were conferred with 'Company of the year Asia' – Dermatology portfolio award.

Asia expanded therapy presence in Philippines with the launch of oncology (Gemhope) and strengthened the presence in respiratory with the launch of Flusort Nasal Spray. Glenmark launched Combiwave SF 50 in Sri Lanka and V Wash Plus in Myanmar and Vietnam.

Europe Formulations

The revenue from Glenmark's Europe operations for FY 2017 was at ₹ 7,101.35 mn (USD 106.04 mn) as against ₹ 7,170.66 mn (USD 109.78 mn) recording a decrease of 0.9%.

The growth was impacted due to the currency depreciation of the British Pound.

The UK and Germany are the largest markets for the Company in Europe and we continue to focus on these through differentiated in-house and in-licensed products. We are continuing the development of generic version of GlaxoSmithKline's Seretide Accuhaler, a Fluticasone / Salmeterol dry powder inhaler for 15 markets in Europe including the UK, Germany, the Netherlands, Italy, Sweden, Norway and Romania among others. We expect to launch this product soon subject to regulatory approval. During the last couple of years, we have also selectively entered key markets in Europe including Spain and Nordic countries.

Glenmark's Central Eastern Europe region performed average during the year mainly driven by launch of in-licensed products.

Glenmark's Western Europe Formulations business continued to perform strongly.

The Company continued to remain among the Top 50 fastest growing generic companies in Germany, outpacing the market significantly as per IMS. Glenmark ranked 14th among generic companies in the market (Rx sales value February 2017).

Glenmark Germany team

Glenmark UK team

For the entire financial year, the region launched nearly 25 products across markets and in licensed over 35 products.

Key launches during the year in Europe

Molecule	Licensor	Launch country
Duloxetin Capsules	In-licensed	Germany
Modafinil Tablets	In-licensed	Germany
Alfasilver Spray	In-licensed	Czech Republic
Anastrozol Tablets	In-licensed	Germany
Bendamustine Injection	In-licensed	Slovakia, Poland
Rabeprazol Tablets	In-licensed	UK
Telmisartan HCT	In-house	UK
Rivastigmin Patch	In-licensed	Germany
Duloxetin Capsules	In-licensed	UK
Rasagilin Tablets	In-house	Slovakia
Carbidopa/Levodopa Tablets	In-licensed	UK
Levetiracetam Tablets	In-licensed	UK
Letrozol Tablets	In-licensed	Germany
Aripirazol Tablets	In-licensed	UK
Bendamustine Injection	In-licensed	Czech Republic
Rasagilin Tablets	In-house	Romania
Buprenorphine 4D Patch	In-licensed	Germany, UK, Slovakia
Buprenorphine 7D Patch	In-licensed	Germany, UK
Imatinib Tablets	In-licensed	Germany
Emcrem	In-licensed	UK
Lidocaine/Prilocaine	In-licensed	UK
Valproic Acid	In-licensed	Germany
Oxycodone	In-licensed	Germany
Pemetrexed	In-house	Czech Republic, Slovakia
Olmesartan	In-house	UK, Netherlands, Germany

Latin America

During the year under review, the Latin America business registered revenue of ₹ 5,181.22 mn (USD 77.37 mn) as compared to ₹ 7,495.06 mn (USD 114.74 mn) recording a decline of 30. 87%.

This has been a difficult year for the Latin America business as we stopped selling products in Venezuela during FY 17. Due to the issues faced by the country we were unable to repatriate any money out of the country and hence we have significant cash locked up in our bank accounts in Venezuela. Currency depreciation particularly in Mexico also impacted profitability in the region. We will continue our focus in large markets in the regions particularly Brazil and Mexico and have launched multiple differentiated products in our core therapy areas during the year. We have also set up subsidiary in Columbia and Ecuador to drive growth in these countries. We will continue the distributor based model in other selected countries in the region and believe that currently it is the best approach for these markets.

Some products launched during the year were as follows – The Mexico subsidiary launched Linezolid (Yaprinca) and Ciprofibrate Tabs 100 mg x 30 in the country. In Peru,

Glenmark Poland Team

Glenmark Brazil team

Glenmark launched Momate Nasal Spray, Budesma 200 MCG, Momate Cream and Momate NS. The Company launched Glemont L and Momate AZ in Ecuador and Flexilor–P in Caribbean Region.

Active Pharmaceutical Ingredients (API)

Revenue from sale of API to regulated and semi-regulated markets globally was ₹ 8,094.10 mn (USD 120.86 mn) during the year as against

Glenmark Mexico team

₹ 6,682.88 mn (USD 102.31 mn) for the previous year, recording 21.12% increase.

The good growth of the business was due to the successful launch of Olmesartan. In the fourth quarter, Glenmark received an EIR from the USFDA for its Ankleshwar facility.

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. The Company also markets and supplies its API products to leading generic manufacturers in the US, Europe and Japan, in addition to fulfilling captive API requirements. Glenmark's API product portfolio comprises Lercanidipine, Amiodarone, Rosuvastatin, Perindopril, Adapalene and Atovaquone, among others. As on 31 March 2017, the Company has filed over 320 Global DMFs in various markets including 94 USDMFs, 23 CEP's, 39 EU-DMF's, 22 Canadian DMF's, 12 Japan DMF's, 13 Australian DMF's and other DMF's 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 dermatology, respiratory and the 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 area 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 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 focussed 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 and will be led primarily by Russia business, which is growing at 25%.

A snapshot of Glenmark's manufacturing facility in Monroe, USA

Further, with seven novel molecule and three specialty products in our research and development 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, and we would continue to develop more products in-house.

Our strategy is to leverage both in-house and external capabilities to develop complex generic products portfolio to differentiate ourselves from the competitors.

As on 31 March 2017, the Company has filed over 320 Global DMFs in various markets including 94 USDMFs, 23 CEP's, 39 EU-DMF's, 22 Canadian DMF's, 12 Japan DMF's, 13 Australian DMF's and other DMF's in various ROW countries

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 COMMERCIALLY 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 OMS 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 dinical 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 attempt s 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-terms 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.

BOARD'S REPORT

Your Directors have pleasure in presenting their 39th Annual Report and Audited Financial Statements of the Company for the Financial Year (F.Y.) ended 31 March 2017.

FINANCIAL RESULTS

₹ in Million

2016 – 2017	2015 – 2016	Particulars	2016 – 2017	2015 – 2016
Standalone			Consolidated	
Ind AS	Ind AS		Ind AS	Ind AS
30,468.81	18,825.62	Profit before Finance Costs, Depreciation & Taxes	20,740.65	14,571.52
1,526.02	362.24	Less: Finance Costs	2,373.18	1,788.85
1,049.32	998.10	Less: Depreciation and amortization	2,643.68	2,342.84
2,364.51	-	Less: Exceptional item	809.49	-
4,122.88	2,622.61	Less: Total tax	3,826.77	3,009.38
21,406.08	14,842.67	Profit after Tax	11,087.53	7,430.45

The Company has not transferred any amount out of the profit of the year to the General Reserves.

DIVIDEND

The Board of the Company had approved the Dividend Distribution Policy on 27 October 2016 in line with Regulation 43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The policy is uploaded on the Company's website at the link:

http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/Dividend-Distribution-Policy.pdf

In line with the said Policy, your Directors have recommended a Dividend of 200% (₹ 2 per equity share of ₹ 1 each) to be appropriated from the profits of the year 2016-17 subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend will be paid in compliance with applicable regulations. The dividend, if approved, will result in an outflow of ₹ 679.22 million (including dividend tax).

RESULTS OF OPERATIONS

Indian Accounting Standards (Ind AS)

Financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. These financial statements for the year ended 31 March 2017 are the first financials with comparatives, prepared under Ind AS. For all previous periods including the year ended 31 March 2016, the Company had prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The Company has also voluntarily presented the consolidated results in accordance with the recognition and measurement principles as per International Financial Reporting Standards (IFRS).

On Standalone basis the Company achieved gross revenue of ₹ 82,437.39 million and the Standalone operating profit before finance costs, depreciation & tax was ₹ 30,468.81 million as compared to ₹ 18,825.62 million in the previous year.

On Consolidated basis the Company achieved a gross revenue of ₹ 92,230.46 million and the Consolidated operating profit before finance costs, depreciation & tax was ₹ 20,740.65 million as compared to ₹ 14,571.52 million in the previous year.

CORPORATE GOVERNANCE

Your Company believes Corporate Governance is at the core of stakeholder satisfaction. As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance with the aforesaid Regulations forms an integral part of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Glenn Saldanha (DIN 00050607), Chairman and Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board has recommended his 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Change in designation of Director:

Mr. Rajesh Desai (DIN 00050838) ceased to be an Executive Director with effect from close of working hours on 31 March 2017 due to his superannuation. Mr. Desai has been with the Company for over thirty-four years and contributed significantly in shaping the growth and sustained success of the Company. Mr. Desai is continuing to be on the Board as a Non-Executive Director of the Company.

Re-Appointment of Mr. Glenn Saldanha as Chairman & Managing Director and Re-Appointment of Mrs. Cherylann Pinto as Director - Corporate Affairs:

Mr. Glenn Saldanha (DIN 00050607), Chairman & Managing Director holds office as Chairman & Managing Director upto 15 May 2017. On the recommendation of Nomination and Remuneration Committee, the Board, at its meeting held on 11 May 2017 has re-appointed Mr. Glenn Saldanha as the Chairman & Managing Director for a term of five years with effect from 16 May 2017, subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company. The service contract can be terminated with a notice of six months.

Mrs. Cherylann Pinto (DIN 00111844), Director – Corporate Affairs holds office as an Executive Director upto 15 May 2017. On the recommendation of Nomination and Remuneration Committee, the Board, at its meeting held on 11 May 2017 has re-appointed Mrs. Cherylann Pinto as an Executive Director designated as 'Director – Corporate Affairs' for a term of five years with effect from 16 May 2017, subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company. The service contract can be terminated with a notice of six months.

Appointment of Mr. Murali Neelakantan:

On the recommendation of Nomination and Remuneration Committee, Mr. Murali Neelakantan (DIN 02453014) was appointed as an Additional Director of the Company at Board meeting held on 11 May 2017. The Board at the same meeting also appointed Mr. Murali Neelakantan as a Whole-time Director designated as 'Executive Director - Global General Counsel', liable to retire by rotation, for a period of 5 (Five) years with effect from 11 May 2017, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting. Your Company has received a notice under Section 160 of the Companies Act, 2013 from a Shareholder of your Company, signifying his intention to propose the name of Mr. Murali Neelakantan, for appointment as a Director of your Company. Brief profile of Mr. Murali Neelakantan is given in the Notice convening the 39th Annual General Meeting, for the reference of the Shareholders.

Key Managerial Personnel:

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

Mr. Glenn Saldanha- Chairman & Managing Director

Mrs. Cherylann Pinto -Director – Corporate Affairs

Mr. Rajesh Desai- Executive Director (upto close of working hours on 31 March 2017)

Mr. P Ganesh, President & Global Chief Financial Officer (with effect from 12 May 2016)

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)

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As per Section 129(3) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Consolidated Financial Statements of the Company and all its subsidiaries for the year ended 31 March 2017 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 Act 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. 2016-17

- Glenmark-Pharmaceuticals Ecuador S.A., Ecuador was formed as Wholly Owned subsidiary of the Company.
- Two new step down subsidiaries were incorporated which are as under:

  Glenmark Pharmaceuticals Nordic AB, Spain

  Glenmark Ukraine LLC, Ukraine

- Glenmark Pharmaceuticals SP Z.O.O. was merged with Glenmark Distributors SP Z.O.O. and the name of Glenmark Distributors SP Z.O.O. was changed to Glenmark Pharmaceuticals SP Z.O.O.

The policy for determining material subsidiaries may be accessed on the Company's website at the link:

http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_material_subsidiary.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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 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 them ₹ 6.29 Million for availing professional services (including 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:

http://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. As per the provisions of Section 139 of the Companies Act, 2013, a resolution seeking ratification of the Auditors has been included as Item No. 5 of the Notice convening the Annual General Meeting.

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

Cost Auditors

Your Directors, on the recommendation of the Audit Committee have re-appointed Sevekari, Khare & Associates (Registration No. 000084) as Cost Auditors to audit the cost records of the Company for the F.Y. 2017-18 at a remuneration of ₹ 1.40 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. 10 of the Notice convening the Annual General Meeting. The Cost Audit Report for the F.Y. 2015-16 has been filed with the Ministry of Corporate Affairs on 9 September 2016.

Secretarial Auditor

In terms of Section 204 of the Companies Act, 2013, the Board of the Company at it's meeting held on 11 May 2017 has appointed M/s. MARK & Associates Company Secretaries LLP, to conduct an audit of the secretarial records for the F.Y. 2017-18.

The Company has received consent from M/s. MARK & Associates Company Secretaries LLP to act as the auditor for conducting audit of the Secretarial records for the F.Y. ending 31 March 2018.

The Secretarial Audit Report for the F.Y. ended 31 March 2017 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).

GOODS AND SERVICE TAX

Goods and Service Tax (GST) is a landmark reform which will have a lasting impact on the economy and on

businesses. Implementation of a well-designed GST model that applies to the widest possible base at a low rate can provide significant growth stimulus to the business and contribute to the Prime Minister's mission of 'Make in India'. Your Company has been preparing for migrating to GST for the past year; changes across IT systems, Supply Chain and operations have been made keeping in mind the sweeping changes that GST would bring in. The Government has announced it's intention to go live on GST on 1 July 2017 and your Company is getting ready for this transformative reform.

CHANGES IN CAPITAL STRUCTURE

Issue of shares on exercise of Employees' Stock Options:

During the year, the Company allotted 10,000 Equity Shares of ₹ 1/- each (on pari-passu basis) on the exercise of stock options by the eligible employees of the Company and its subsidiaries under the Employee Stock Option Scheme 2003. Due to this the paid-up share capital of the Company has increased from ₹ 282,158,156 to ₹ 282,168,156.

Employee Stock Options Schemes:

Employee Stock Options Scheme 2003

No employee was issued Stock Options during the year. As on 31 March 2017; 10,000 options were exercised, 27,500 options were cancelled and 47,000 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 are appended herewith as Annexure IV-A to this Report.

Employee Stock Options Scheme 2016

The Shareholders' of the Company at the previous 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.

6,40,695 options were issued under ESOS 2016; 20,938 options were cancelled and no options were exercised. As of 31 March 2017, 6,19,757 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 is in compliance with Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended are appended herewith as Annexure IV-B to this Report.

FINANCE

During the year, the Company 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 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 shares at an initial conversion price to be determined 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 2017 and of the profit of the Company for the year ended 31 March 2017;

(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 SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 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:

http://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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178(4) of the Companies Act, 2013 and Regulation 19(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 strategises 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:

http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/nomination_and_remuneration_policy.pdf

GREEN INITIATIVE

The Ministry of Corporate Affairs had taken 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the inclusion of BRR as a part of the Annual Report is mandated for top 500 listed entities based on the market capitalisation. BRR for the year 2016-17 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. 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 Act.
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.

4 complaints were received and addressed during the F.Y. 2016-17, 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
Chairman & Managing Director
(DIN 00050607)

Place: Mumbai
Date: 11 May 2017

ANNEXURE I

Form No. AOC-1

Statement containing salient of the financial statements of Subisdiaries/ Associate Companies/ 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 Impex L.L.C.	Glenmark Pharmaceuticals (Malaysia) SDN. BHD	Glenmark Pharmaceuticals (Nigeria) Ltd.	Glenmark South Africa (Pty) Ltd	Glenmark Philippines Inc.	Glenmark Pharmaceuticals FZE	Glenmark Pharmaceuticals Egypt S.A.E.	Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Glenmark Pharmaceuticals S.R.L.	Viso Farmaceutica S.L.U.	Glenmark Therapeutics Inc., USA	Glenmark Pharmaceuticals (Europe) R&D Ltd.	Glenmark Uruguay S.A.	Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	Glenmark Pharmaceuticals Venezuela., C.A	Glenmark Pharmaceuticals Peru SAC.	Glenmark Farmaceutica Ltda.
1	Share capital	12.59	97.18	70.44	1,435.61	97.72	208.97	0.77	116.70	12.92	389.57	0.00*	339.09	0.22	495.85	88.09	517.30	1,480.86	715.13	449.54	11,196.24
2	Reserves	(9.31)	58.15	(70.95)	1,319.96	(7.91)	(277.59)	528.87	40.19	140.15	(384.68)	(317.37)	(479.58)	0.10	(408.58)	125.17	131.65	(1,087.25)	(893.41)	(275.45)	(7,299.80)
3	Total Assets	5.29	746.73	0.03	5,203.41	530.67	312.14	529.64	310.51	167.67	93.41	427.12	164.99	282.04	154.58	241.31	650.01	712.54	1,507.01	402.16	4,429.33
4	Total Liabilities	2.01	591.40	0.54	2,447.84	440.86	380.76	-	153.62	14.60	88.52	744.49	305.48	281.72	67.31	28.05	1.06	318.93	1,685.29	228.07	532.89
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	-	757.18	-	3,946.53	714.43	120.26	0.01	506.36	228.60	127.14	828.09	(117.45)	130.61	58.75	499.89	0.03	518.00	1,976.87	217.53	2,471.61
7	Profit before Tax	(3.21)	38.17	(0.45)	64.64	(7.96)	(207.53)	(0.16)	15.81	21.13	(36.38)	18.00	(481.85)	6.06	4.71	28.66	(0.81)	(14.54)	382.07	(30.71)	(196.56)
8	Provision for Tax	0.06	15.51	-	17.63	(1.55)	(62.63)	-	6.32	-	-	(11.76)	(67.68)	2.19	2.23	(1.61)	0.05	(11.72)	(321.79)	(9.73)	(48.37)
9	Profit after Tax	(3.27)	22.66	(0.45)	47.01	(6.41)	(144.90)	(0.16)	9.49	21.13	(36.38)	29.76	(414.17)	3.87	2.48	30.27	(0.86)	(2.82)	703.86	(20.98)	(148.19)
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Currency	USD	KES	AUD	RUB	RM	NGN	ZAR	PHP	AED	EGP	ZAR	RON	EURO	USD	GBP	USD	MXN	VEF	PEN	BRL
12	Exchange Rate (₹)																				
	Closing Rate	64.72	0.62	49.47	1.15	14.62	0.21	4.82	1.29	17.62	3.55	4.82	15.17	69.13	64.72	80.82	64.72	3.45	0.24	19.66	20.55
	Average Rate	66.97	0.65	50.38	1.06	15.94	0.24	4.77	1.39	18.23	6.00	4.77	16.32	73.48	66.97	87.52	66.97	3.49	6.70	19.82	20.32

Contd...

(₹ in Million)

Sr. No.	Name of Company	Glenmark Pharmaceuticals S.A. ,Switzerland	Glenmark Holding S.A.	Glenmark Pharmaceuticals Nordic AB	Glenmark Pharmaceuticals SP Z.O.O.	Glenmark Pharmaceuticals SK SRO	Glenmark Pharmaceuticals SRO	Glenmark Pharmaceuticals Colombia SAS	Glenmark Pharmaceuticals (Thailand) Co. Ltd.	Glenmark Dominicana SRL	Glenmark Pharmaceuticals Inc., USA	Glenmark Pharmaceuticals Europe Ltd.	Glenmark Pharmaceuticals B.V.	Glenmark Arzneimittel GmBH.	Glenmark Generics S.A., Argentina	Glenmark Pharmaceuticals Distribution S.r.o	Glenmark Speciality SA	Glenmark Pharmaceuticals Canada INC.	Glenmark Ukraine LLC	Glenmark-Pharmaceuticals Ecuador S.A.
1	Share capital	3,428.24	2,599.55	0.36	66.92	0.43	143.00	68.70	7.99	0.19	2,804.15	518.09	1.15	3.19	3,809.76	27.55	2,031.94	87.12	-	-
2	Reserves	(10,996.16)	1,806.38	(32.78)	(72.99)	(13.55)	961.86	(59.34)	(16.30)	(0.30)	6,346.29	143.01	12.68	108.03	(2,480.31)	854.27	(535.67)	(31.92)	-	-
3	Total Assets	13,069.45	60,147.59	2.06	1,008.92	336.44	4,829.43	40.53	9.35	-	34,084.87	2,494.99	163.99	2,908.49	1,552.23	2,147.66	3,273.47	99.83	-	-
4	Total Liabilities	20,637.37	55,741.66	34.48	1,014.99	349.56	3,724.57	31.17	17.66	0.11	24,934.43	1,833.89	150.16	2,797.27	222.78	1,265.84	1,777.20	44.63	-	-
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	3,038.29	565.34	-	846.02	521.28	3,160.59	15.17	11.10	-	44,674.15	4,694.69	268.06	2,085.61	500.82	1,236.58	22.45	78.63	-	-
7	Profit before Tax	(3,086.15)	(8,156.19)	(35.27)	(396.80)	(57.84)	(3.04)	(21.27)	(0.55)	(0.02)	1,457.87	193.01	13.39	52.38	(661.76)	(80.26)	(474.78)	(2.57)	-	-
8	Provision for Tax	1.57	0.14	-	(70.40)	(1.91)	(26.38)	(0.26)	0.34	-	607.61	61.31	2.68	24.66	(167.11)	(19.88)	0.01	(0.44)	-	-
9	Profit after Tax	(3,087.72)	(8,156.33)	(35.27)	(326.40)	(55.93)	23.34	(21.01)	(0.89)	(0.02)	850.26	131.70	10.71	27.72	(494.65)	(60.38)	(474.79)	(2.13)	-	-
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Currency	USD	USD	SEK	PLN	EURO	CZK	COP	THB	DOP	USD	GBP	EURO	EURO	ARS	CZK	USD	CAD	-	-
12	Exchange Rate (₹)																			
	Closing Rate	64.72	64.72	7.24	16.37	69.13	2.55	0.02	1.88	1.35	64.72	80.82	69.13	69.13	4.20	2.55	64.72	48.55	-	-
	Average Rate	66.97	66.97	7.79	16.87	73.48	2.72	0.02	1.90	1.43	66.97	87.52	73.48	73.48	4.45	2.72	66.97	51.01	-	-

* Amount denotes less than Rupees ten thousand.

PART - 'B' Associates and Joint Ventures

	Name of the Joint Venture	
1)	Latest Audited Balance Sheet date	NIL
2)	Shares of the Joint Venture held by the Company on the year end:	
	Number	
	Amount of Investment in the Joint Venture	
	Extent of holding %	
3)	Description of how there is significant influence	
4)	Reason why the Joint Venture is not consolidated	
5)	Networth attributable to Shareholding as per latest Audited Balance Sheet	
6)	Profit / Loss for the year	
	(i) Considered in Consolidation (after inter Company adjustment)	
	(ii) not considered in Consolidation	

For and on behalf of the Board of Directors

Glenn Saldanha	**Cherylann Pinto**	**P Ganesh**	**Harish Kuber**
Chairman & Managing Director	Executive Director	President & Global Chief	Company Secretary &
(DIN 00050607)	(DIN 00111844)	Financial Officer	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 2017, 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; ₹ 39,245.04 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	**Cherylann Pinto**	**P Ganesh**	**Harish Kuber**
Chairman & Managing Director (DIN 00050607)	Executive Director (DIN 00111844)	President & Global Chief Financial Officer	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 2017 ("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 2017 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder 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;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h) 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.

i) 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 Obligations and Disclosure Requirements) Regulations, 2015.

iii) The Listing Agreements entered into by the Company with the BSE Ltd. (BSE) and 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

We further report that:

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 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 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 the Company had issued;

a) US$ 200,000,000 Foreign Currency Convertible Bonds (FCCB) on 28 June 2016. The FCCBs 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 FCCB 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. The FCCBs are listed on Singapore Stock Exchange.

b) US $ 200,000,000 Unsecured Bonds (Bonds) on 1 August 2016. The Bonds will mature on 2 August 2021. The Bonds are listed on the Singapore Stock Exchange.

We further report that during the Audit Period the Company has adopted 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 and regulations, which was approved by the shareholders' at the Annual General Meeting of the Company held on 12 August 2016.

We further report that during the Audit Period, the Company had allotted 8,000 (Eight Thousand) fully paid–up equity shares of ₹ 1.00 (Rupee One Only) each at a price of ₹ 275.90 (Rupees Two Hundred and Seventy Five and Ninety Paise Only) per equity share including premium of ₹ 274.90 (Rupees Two Hundred and Seventy Four and Ninety Paise Only) on 12 May 2016 and 2,000 (Two Thousand) fully paid–up equity shares of ₹ 1.00 (Rupee One Only) each at a price of ₹ 215.85 (Rupees Two Hundred and Fifteen and Eighty Five Paise Only) per equity share including premium of ₹ 214.85 (Rupees Two Hundred and Fourteen and Eighty Five Paise Only) on 14 July 2016 on conversion of Employees Stock Options under the Employee Stock Options Scheme (ESOS) 2003 resulting in an increase of the Issued and Paid-up Capital from ₹ 28,21,58,156 (Rupees Twenty Eight Crores Twenty One Lakhs Fifty Eight Thousand One Hundred and Fifty Six Only) to ₹ 28,21,68,156 (Rupees Twenty Eight Crores Twenty One Lakhs Sixty Eight Thousand One Hundred and Fifty Six Only). There were no other events occurred which had 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:11 May 2017

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.

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: 11 May 2017

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 and continues to be in compliance with the extant regulations. 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 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 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.

Exercise Price shall be the latest available closing market price of the equity shares of the Company, prior to the date of grant.

The Scheme contemplates fresh/new issue of shares by the Company.

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 also 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

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
(DIN 00050607)

Place: Mumbai
Date: 11 May 2017

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 previous 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.

The ESOS has been 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 can be granted under the scheme is 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.

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 also 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

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
(DIN 00050607)

Place: Mumbai
Date: 11 May 2017

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 Directors' 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 and motors, power factor, automation, refrigeration system and fuel.

Lighting

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

Pumps & Motors

Provided variable frequency drives (VFD) to chiller secondary circulation pumps and decreased frequency as per pressure requirement;

Provided VFD to Air Compressor and Cooling tower pump;

Provided additional cooling water piping for chillers to improve chiller performance;

Total 4 super-efficient IE-3 class motors installed for air handling units (AHU) running 24x7;

Introduced EC Fan for 24x7 running AHU instead of conventional electric motor with DIDW fan;

Pressure transmitter installed in chilling water loop to regulate the Pump VFD as per pressure requirement;

All HVAC motor has VFD with frequency controlling as per required CFM. CFM sensor installed in return duct;

Started using pneumatically operated pumps for bulk transfer of lotion and Bio-fuel instead of motorized barrel pumps;

ETP sludge re-circulation pumps removed and replaced with venturi based re-circulation system.

Power Factor

Power factor is maintained for entire year is >0.99 by panel auto operation through controller, by operation of APFC panel, new fixed capacitor panel, by 200 Amps Harmonics filter installed for harmonics reduction, power quality improvement by maintaining capacitor bank efficiency at Plants and R&D Centres.

Automation

VFD installed in RCVD's and level switch with control valve provided in hot water system and all water storage tank;

VFD Installed in Scrubber for FBP to control air flow rate;

VFD installation for Purified water Distribution pump;

Auto cut-off steam valve provided;

Installation of VFD in AHU;

Installation of Auto tap changer transformer in place of manual tap changer transformer.

Refrigeration system

Replaced old degraded insulation of chilled water piping with new PUF insulation to minimize heat loss;

Chiller efficiency improved by arranging overhauling and planned preventive maintenance;

Programing of split AC and Timer done for schedule operation.

Fuel

Hot insulation done on Purified water storage tank to minimize the heat loss;

Boiler efficiency improved by overhauling and planned preventive maintenance;

HSD fired boiler converted into FO fire boiler;

Additional economizers installed for optimum heat utilization.

Water

Reverse Osmosis (RO) reject water in semisolid purified water system is reused for semisolid section washrooms;

Reject water from Purified Water System, AHU condensate, Cooling Tower overflow, rain water filter collected in separate tank and used for flushing of urinals and toilets.

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

Used furnace oil in place of High speed diesel for operating the boiler to generate steam;

Company continued to use 100 kwh solar power plant installed at its Research & Development Centre at Mahape, Navi Mumbai in 2015-16. In 2016-17, total 118.194 MWh units of green power generated and used from solar panels;

Extended use of Bio fuel instead of LDO/ HSD to boiler at plants.

(iii) The capital investment on energy conservation equipment's;

Total capital invested in 2016-17 on energy conservation equipment is ₹ 15.24 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 and 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.

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 was installed at R&D Centre. 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, we 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 and validation, Process improvement, Scale-up, Complete process package including impurity profiling and 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 and 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. Fenticonazole Vaginal Capsule
2. Abiraterone Acetate Tablets
3. Vitamin D3 Soft Gel Capsules 60K
4. Doxophylline Tablets
5. Esomeprazole for Injection
6. Colistimethate sod. for Injection
7. Luliconazole Cream
8. Luliconazole Topical Solution (Lotion)
9. Ascoril D Junior/ Ascoril D
10. Ascoril LS Junior
11. Alex Kidzo Syrup
12. Ascoril Flu Syrup
13. Alex P Syrup/ Ascoril Flu P Syrup
14. Alex Syrup
15. Alex SF Syrup (Sugar Free)
16. Fenspiride Syrup (With and without Colour)
17. Amorolfine Cream (Fintop –AF)
18. Candid Cool Dusting Powder 1% w/w
19. New Candid B lotion
20. Candid Total Cream (Micogram Cream)
21. White Soft Paraffin & Light Liquid Paraffin Cream (Cosmetic)
22. Kidglo Baby Body Wash (Cosmetic)

23. Kidglo Baby Massage Oil (Cosmetic)
24. Fluticasone Furoate nasal spray

3.2 For Brazil /ROW markets following formulation was manufactured.

1. Fluticasone Nasal spray

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 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)

Sl. No.	Particulars	2016-17	2015-16
1.	Capital Expenditure	270.94	205.16
2.	Revenue Expenditure	4,623.41	4,349.70
3.	Total	4,894.35	4,554.86
4.	R&D Expenditure as a percentage of total turnover	5.94%	7.21%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange earned was ₹ 56,151.57 million and outflow was ₹ 8,084.11 million.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 11 May 2017

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 2017	Ratio to MRE of the employees
Mr. Glenn Saldanha	Chairman & Managing Director	30%	387.98
Mrs. Cherylann Pinto	Executive Director	16%	106.64
Mr. Rajesh Desai*	Executive Director	23%	87.34

*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.

Remuneration to Non-Executive Directors

Name	Title	Ratio to MRE of the employees
Mrs. B. E. Saldanha	Non-Executive Director	1.10
Mr. J. F. Ribeiro	Non-Executive Independent Director	4.40
Mr. D. R. Mehta	Non-Executive Independent Director	4.40
Mr. Sridhar Gorthi	Non-Executive Independent Director	3.03
Mr. Bernard Munos	Non-Executive Independent Director	1.10
Dr. Brian W. Tempest	Non-Executive Independent Director	0.83
Mr. Milind Sarwate	Non-Executive Independent Director	4.40

Remuneration to other Key Managerial Personnel (KMP)

Name	Title	% increase in the remuneration in the year ended 31 March 2017
Mr. P Ganesh*	President & Global Chief Financial Officer	Not Applicable
Mr. Sanjay Kumar Chowdhary**	Company Secretary & Compliance Officer	20%
Mr. Harish Kuber***	Company Secretary & Compliance Officer	Not Applicable

* with effect from 12 May 2016
** upto 31 October 2016
*** with effect from 2 February 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 2017 was ₹ 0.36 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 11.30%.

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

As on 31 March 2017, the Company had 12,967 permanent employees on the rolls of the Company.

(v) Relationship between average increase in Remuneration and Company Performance

The compensation philosophy at Glenmark is to provide remuneration that is market competitive and linked to performance of both the Company and the Individual.

The Consolidated revenue of the Company registered a growth of 20.08 % and the operating profit (excluding exceptional items) increased by 41.72%.

The average increase in remuneration of the employees is 11.70%.

(vi) Comparison of the remuneration of the KMP against the performance of the Company

The compensation of the KMP is as per the compensation philosophy of the Company. The remuneration is benchmarked against market and also based on the performance of the Company and the individual. Given the Company performance and performance ratings of the KMP, appropriate reward by way of merit increase and variable pay has been awarded to the KMP for the year.

(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current F.Y. and previous F.Y. and percentage increase or decrease in the market quotations of the shares of the Company to the rate at which the Company came out with the last public offer

Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016
1	Market Capitalisation	At BSE - ₹ 242,029.74 million At NSE- ₹ 240,435.49 million	At BSE - ₹ 224,118.22 million At NSE- ₹ 224,329.84 million
2	Price Earnings Ratio	11.23	15.18

The Company made an Initial Public Offer in January 2000 at a price of ₹ 200 per equity share of ₹ 10/- each. The closing price as on 31 March 2017 of the Company's equity shares of ₹ 1 each was ₹ 857.75 on BSE Limited and ₹ 852.10 on The National Stock Exchange of India Limited.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last F.Y. 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 11.30%, while the average increase in the managerial remuneration was 23%. This increase reflects the strong Company performance and the direct contribution of the senior managerial personnel in driving this performance.

(ix) Comparison of the remuneration of each KMP against the performance of the Company

The information forms a part of the table and as mentioned in (v) above.

(x) The key parameters for any variable component of remuneration availed by the Directors

Performance assessment is based on the Company performance, business performance and individual performance. Based on the performance assessment the variable remuneration is approved by the Nomination & Remuneration Committee and recommended to the Board for its approval within the overall limits as approved by the members.

(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year.

Not Applicable

(xii) 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: 11 May 2017

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 Heath 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 healthcare 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 Healthcare: 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/sites/all/themes/glenmark/pdf/governance-policies/policy-on-corporate-social-responsibility.pdf

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

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

* 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.

3. **Average net profit of the company for last three Financial Years.**
₹ 11,611.63 million

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**
₹ 232.23 million

5. Details of CSR spent during the Financial Year.

(a) Total amount to be spent for the F.Y.; ₹ 232.23 million

(b) Amount unspent, if any; ₹ 41.96 million

(c) Manner in which the amount spent during the F.Y. is detailed below:

The foundation partners with NGOs and government bodies for implementing the projects in our focus areas:

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
i	**Expenditure on projects and programs**					
1	Providing aids and appliances to the differently-able persons	Promoting healthcare including preventive healthcare	Jaipur, Rajasthan	6.00	6.00	Bhagwan Mahaveer Viklang Sahayata Samti
2	Rural Education program	Promoting education	Maharashtra	5.00	5.00	Ashutosh Foundation
3	Rural Education program	Promoting education	Sikkim	0.25	0.25	Glenmark Foundation
4	Social and Economic development	Reducing child mortality and improving maternal health, Skill livelihood enhancement projects Promoting education	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	49.00	49.00	Glenmark Foundation
5	Rural Education program	Promoting education	Maharashtra	2.80	2.80	Hariom Foundation
6	Rural Education program	Promoting education	Maharashtra	15.00	15.00	Jayantilal Chand Charitable Trust
7	Social and Economic development	Promoting healthcare including preventive healthcare	Goa	0.50	0.50	Glenmark Foundation
8	Social and Economic development	Skill livelihood enhancement projects	Sikkim	0.50	0.50	Government of Sikkim
9	Rural Education program	Promoting education	Dhule, Maharashtra	47.50	47.50	The Shirpur Education Society
10	Transform the ecosystem of swimming in India	Training to promote Olympic sports	Mumbai, Maharashtra	63.44	63.44	Glenmark Aquatic Foundation
ii	**Overheads administrative expenses**	Office	Mumbai	0.28	0.28	
	Total			**190.27**	**190.27**	

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 F.Y. 2011 onwards. The actual spend of the Company on the CSR for this F.Y. 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 31.03.2017

[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.: +91-40-67161500, Fax No.: +91-40-23420814

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:

SI. 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)
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.	Suite- A&C ,1st Floor , Block – B , Motorways Centre, Motorways Avenue , Alausa Ikeja, 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)

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**
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)
19	Glenmark Pharmaceuticals F.Z.E.	PO Box 262812, JAFZA Views - 18, Office - 1309, 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.	Av La Encalada 1388, Oficina 902, Monterrico-Surca	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)

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
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, Industriestrabe 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	5th Floor, Nine West Builing, Westland, Nairobi.	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)
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	Medicon Village, Byggnad 301, Scheelevagen 2, 223 63 LUND, Sweden	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)

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	
(A) PROMOTER AND PROMOTER GROUP									
(1)INDIAN									
Individual /HUF	2892837	-	2892837	1.03	2976940	-	2976940	1.05	0.02
Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	128241936	-	128241936	45.45	128241936	-	128241936	45.45	-
Sub-Total A(1) :	**131134773**	**-**	**131134773**	**46.48**	**131218876**	**-**	**131218876**	**46.50**	**0.02**
(2) FOREIGN									
Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total A(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total A=A(1)+A(2)	**131134773**	**-**	**131134773**	**46.48**	**131218876**	**-**	**131218876**	**46.50**	**0.02**
B. PUBLIC SHAREHOLDING									
1. INSTITUTIONS									
Mutual Funds /UTI	5851066	-	5851066	2.07	9327166	-	9327166	3.31	1.24
Financial Institutions / Banks	9767918	-	9767918	3.46	7667272	-	7667272	2.72	-0.74
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors/FPI	102598088	-	102598088	36.36	98086968	-	98086968	34.76	-1.60
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-Total B(1) :	**118217072**	**-**	**118217072**	**41.89**	**115081406**	**-**	**115081406**	**40.78**	**-1.11**

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	
2. NON-INSTITUTIONS									
Bodies Corporate	6354101	3000	6357101	2.25	8404370	3000	8407370	2.98	0.73
Individuals									
(i) Individuals holding nominal share capital upto ₹ 1 lakh	14438002	860004	15298006	5.42	14781190	814554	15595744	5.53	0.11
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	6607402	1200000	7807402	2.77	6796870	1200000	7996870	2.83	0.06
Others									
Foreign Bodies	-	-	-	-	-	-	-	-	-
H U F	402427	-	402427	0.14	416611	-	416611	0.15	0.01
Directors	205526	-	205526	0.07	155526	-	155526	0.06	-0.01
Non Resident Indians	1264517	10600	1275117	0.45	1186959	10600	1197559	0.42	-0.03
Clearing members	642969	-	642969	0.23	352366	-	352366	0.12	-0.11
NRI - Non-Repatriation	-	-	-	-	215437	-	215437	0.08	0.08
Trusts	817763	-	817763	0.29	1530391	-	1530391	0.54	0.25
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Sub-Total B(2) :	**30732707**	**2073604**	**32806311**	**11.63**	**33839720**	**2028154**	**35867874**	**12.71**	**1.08**
Total B=B(1)+B(2) :	**148949779**	**2073604**	**151023383**	**53.52**	**148921126**	**2028154**	**150949280**	**53.50**	**-0.02**
C. Shares held by custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C) :	**280084552**	**2073604**	**282158156**	**100.00**	**280140002**	**2028154**	**282168156**	**100.00**	**-**

(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	Cherylann Pinto	685238	0.24	-	698150	0.25	-	0.01
3	B. E. Saldanha	983722	0.35	-	1015622	0.36	-	0.01
4	Glenn Saldanha	768277	0.28	-	798168	0.28	-	-
5	Robin Joseph Pinto	449600	0.16	-	459000	0.16	-	-
6	Neha Saldanha	6000	-	-	6000	-	-	-
	TOTAL	**131134773**	**46.48**	**-**	**131218876**	**46.50**	**-**	**0.02**

(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
1	**Saldanha Family Trust**					
	At the beginning of the year	128241936	45.45			
	At the end of the year				128241936	45.45
2	**Glenn Saldanha**					
	At the beginning of the year	768277	0.28			
	Purchase of shares from the open market on 8 June 2016			12895		
	Purchase of shares from the open market on 31 August 2016			5860		
	Purchase of shares from the open market on 3 November 2016			5446		
	Purchase of shares from the open market on 4 November 2016			2920		
	Purchase of shares from the open market on 9 November 2016			2770		
	At the end of the year				798168	0.28
3	**Cherylann Pinto**					
	At the beginning of the year	685238	0.24			
	Purchase of shares from the open market on 10 June 2016			2000		
	Purchase of shares from the open market on 29 August 2016			2762		
	Purchase of shares from the open market on 1 September 2016			4750		
	Purchase of shares from the open market on 4 November 2016			3400		
	At the end of the year				698150	0.25
4	**B. E. Saldanha**					
	At the beginning of the year	983722	0.35			
	Purchase of shares from the open market on 23 February 2017			31900		
	At the end of the year				1015622	0.36
5	**Robin Pinto**					
	At the beginning of the year	449600	0.16			
	Purchase of shares from the open market on 8 June 2016			1000		
	Purchase of shares from the open market on 15 June 2016			1400		
	Purchase of shares from the open market on 16 August 2016			2000		
	Purchase of shares from the open market on 17 August 2016			3000		
	Purchase of shares from the open market on 4 November 2016			500		
	Purchase of shares from the open market on 20 March 2017			500		
	Purchase of shares from the open market on 23 March 2017			1000		
	At the end of the year				459000	0.16
6	**Neha Saldanha**					
	At the beginning of the year	6000	0.00			
	At the end of the year				6000	0.00
	TOTAL				**131218876**	**46.50**

(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
1	**ARANDA INVESTMENTS (MAURITIUS) PTE LTD.**				
	At the beginning of the year	11261010	3.99	11261010	3.99
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year	11261010	3.99	11261010	3.99
2	**OPPENHEIMER DEVELOPING MARKETS FUND**				
	At the beginning of the year	7518915	2.66	7518915	2.66
	Bought during the year	3662370	1.30	11181285	3.96
	Sold during the year	-	-	-	-
	At the end of the year	11181285	3.96	11181285	3.96
3	**NEW HORIZON OPPORTUNITIES MASTER FUND**				
	At the beginning of the year	2130000	0.75	2130000	0.75
	Bought during the year	1870000	0.66	4000000	1.42
	Sold during the year	-	-	-	-
	At the end of the year	4000000	1.42	4000000	1.42
4	**LIFE INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	5138147	1.82	5138147	1.82
	Bought during the year	-	-	-	-
	Sold during the year	-1859280	-0.66	3278867	1.16
	At the end of the year	3278867	1.16	3278867	1.16
5	**STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL**				
	At the beginning of the year	2981433	1.06	2981433	1.06
	Bought during the year	1547841	0.55	4529274	1.61
	Sold during the year	-1385179	-0.49	3144095	1.11
	At the end of the year	3144095	1.11	3144095	1.11
6	**T. ROWE PRICE EMERGING MARKETS STOCK FUND**				
	At the beginning of the year	3592048	1.27	3592048	1.27
	Bought during the year	270529	0.10	3862577	1.37
	Sold during the year	-916929	-0.32	2945648	1.04
	At the end of the year	2945648	1.04	2945648	1.04

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
7	**GOVERNMENT OF SINGAPORE**				
	At the beginning of the year	3053273	1.08	3053273	1.08
	Bought during the year	445850	0.16	3499123	1.24
	Sold during the year	-729404	-0.26	2769719	0.98
	At the end of the year	2769719	0.98	2769719	0.98
8	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND**				
	At the beginning of the year	2167838	0.77	2167838	0.77
	Bought during the year	276215	0.10	2444053	0.87
	Sold during the year	-	-	-	-
	At the end of the year	2444053	0.87	2444053	0.87
9	**GENERAL INSURANCE CORPORATION OF INDIA**				
	At the beginning of the year	2600000	0.92	2600000	0.92
	Bought during the year	104710	0.04	2704710	0.96
	Sold during the year	-354710	-0.13	2350000	0.83
	At the end of the year	2350000	0.83	2350000	0.83
10	**MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.**				
	At the beginning of the year	1531014	0.54	1531014	0.54
	Bought during the year	1412441	0.50	2943455	1.04
	Sold during the year	-2745001	-0.97	198454	0.07
	At the end of the year	198454	0.07	198454	0.07

Note:

1. The above information is based on the weekly beneficiary position received from depositories.
2. The date wise increase/decrease in shareholding of the top shareholder is available on the website of the Company 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
A	DIRECTORS							
1	Glenn Saldanha Chairman & Managing Director	768277	0.28	01.04.2016				
				08.06.2016	12895	Purchase from Open Market	781172	0.28
				31.08.2016	5860	Purchase from Open Market	787032	0.28
				03.11.2016	5446	Purchase from Open Market	792478	0.28
				04.11.2016	2920	Purchase from Open Market	795398	0.28
				09.11.2016	2770	Purchase from Open Market	798168	0.28
				31.03.2017			**798168**	**0.28**
2	Cherylann Pinto Director-Corporate Affairs	685238	0.24	01.04.2016				
				10.06.2016	2000	Purchase from Open Market	687238	0.24
				29.08.2016	2762	Purchase from Open Market	690000	0.24
				01.09.2016	4750	Purchase from Open Market	694750	0.25
				04.11.2016	3400	Purchase from Open Market	698150	0.25
				31.03.2017			**698150**	**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
3	Rajesh Desai Executive Director	159167	0.06	01.04.2016				
				23.08.2016	-5000	Sale	154167	0.05
				08.09.2016	-2000	Sale	152167	0.05
				09.09.2016	-3000	Sale	149167	0.05
				17.02.2017	-2000	Sale	147167	0.05
				20.02.2017	-2000	Sale	145167	0.05
				21.02.2017	-2000	Sale	143167	0.05
				22.02.2017	-2000	Sale	141167	0.05
				27.02.2017	-2000	Sale	139167	0.05
				02.03.2017	-2000	Sale	137167	0.05
				06.03.2017	-3000	Sale	134167	0.05
				07.03.2017	-3000	Sale	131167	0.05
				08.03.2017	-3000	Sale	128167	0.05
				14.03.2017	-4000	Sale	124167	0.04
				15.03.2017	-5000	Sale	119167	0.04
				17.03.2017	-5000	Sale	114167	0.04
				20.03.2017	-5000	Sale	109167	0.04
				31.03.2017			109167	0.04
4	Blanche Saldanha Non Executive Director	983722	0.35	01.04.2016				
				23.02.2017	31900	Purchase from Open Market	31900	
				31.03.2017			1015622	0.36
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	-	-		-		-	-

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	**KEY MANAGERIAL PERSONNEL**							
1	P Ganesh President & Global Chief Financial Officer*	-	-		-		-	-
2	Harish Kuber Company Secretary & Compliance Officer**	-	-		-		-	-
3	Sanjay Kumar Chowdhary Company Secretary & Compliance Officer***	2000					2000	0.00

* with effect from 12 May 2016

**with effect from 2 February 2017

***upto 31 October 2016

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
Indebtedness at the beginning of the Financial Year				
1 Principal Amount	155.26	7,718.92	-	7,874.19
2 Interest Due but not Paid				-
3 Interest Accrued but not due		6.66		6.66
Total (1+2+3)	**155.26**	**7,725.58**	**-**	**7,880.85**
Change in Indebtedness during the Financial Year				
Addition		20,145.28		20,145.28
Reduction	129.32			129.32
Net Change	**(129.32)**	**20,145.28**		**20,015.95**
Indebtedness at the end of the Financial Year				
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
Total (1+2+3)	**25.94**	**27,870.86**	**-**	**27,896.80**

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. Rajesh Desai*	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	108.56	31.55	26.32	166.43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18.20	3.73	3.20	25.13
	(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....	14.24	3.48	2.22	19.94
5	Others, please specify	-	-	-	-
	Total (A)	**141.00**	**38.76**	**31.74**	**211.50**
	Ceiling as per the Act				2,575.21

* 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.

B. Remuneration to other Directors: (₹ in Million)

SI No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mrs. B. E. Saldanha	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	1.10	1.60	0.30	0.40	1.60	6.60
•	Commission	-	-	-	-	-	-	-	-
•	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**-**	**1.60**	**1.10**	**1.60**	**0.30**	**0.40**	**1.60**	**6.60**
2.	Other Non-Executive Directors								
•	Fee for attending board /committee meetings	0.40	-	-	-	-	-	-	0.40
•	Commission	-	-	-	-	-	-	-	-
•	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**0.40**	**-**	**-**	**-**	**-**	**-**	**-**	**0.40**
	Total =(1+2)	**0.40**	**1.60**	**1.10**	**1.60**	**0.30**	**0.40**	**1.60**	**7.00**
	Overall Ceiling as per the Act								257.52

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (₹ in Million)

SI No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. P Ganesh*	Mr. Harish Kuber**	Mr. Sanjay Kumar Chowdhary***	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.68	0.32	1.79	13.79
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.97	0.07	1.36	5.40
	(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	-	-	-	-
	Total	**15.65**	**0.39**	**3.15**	**19.19**

* with effect from 12 May 2016

**with effect from 2 February 2017

***upto 31 October 2016

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)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

ANNEXURE IX

BUSINESS RESPONSIBILITY REPORT

Sr. No.	SEBI – BRR Disclosure	Response / Reference
Section A: General Information about the Company		
1	Corporate Identification Number	L24299MH1977PLCO19982
2	Name of the Company	Glenmark Pharmaceuticals Limited
3	Registered Address	B/2, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400026, Maharashtra, India
4	Website	www.glenmarkpharma.com
5	Email id	csr@glenmarkpharma.com
6	Financial Year reported	1 April 2016 to 31 March 2017
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. 2016-17, 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 5 R&D Centres
10	Markets served by the Company	We have a global presence in over 80 countries with our key geographies being USA, India, ROW, Europe & LATAM.
Section B: Financial Details of the Company		
1	Paid up capital (INR)	28,21,68,156
2	Total turnover (INR)	91,856.81 Mn (Consolidated)
3	Total profit after tax (INR)	11,087.53 Mn (Consolidated)
4	Total spending on CSR as percentage of PAT (%)	1.64%
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
Section C: Other Details		
1	Does the Company have any Subsidiary Company/ Companies	Yes
2	Do the Subsidiary Company/Companies participate in the 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 F.Y. 2016-17.
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.
Section D: Business Responsibility Information		
1	Details of the Director / Directors responsible for BR	
(a)	Details of the Director / Directors responsible for implementation of the BR (Business Responsibility) policy / policies	
	DIN Number	00111844
	Name	Mrs. Cherylann Pinto
	Designation	Director - Corporate Affairs

(b)	Details of the BR head	
	DIN Number (if applicable)	00111844
	Name	Mrs. Cherylann Pinto
	Designation	Director-Corporate Affairs
	Telephone number	+91 22 4018 9999
	E-mail id	csr@glenmarkpharma.com
2	Principle-wise (as per NVGs) BR policy / policies	

As a responsible corporate citizen, Glenmark has adopted several internal policies that guide all aspects of our operations and business activities. These policies are in line with the NVG Principles, relevant global standards and industry best practices.

Thematic areas of the NVG Principles:

Principle 1: Ethics, Transparency and Accountability.
Principle 2: Safety and sustainability throughout the life cycle.
Principle 3: Well-being of all employees.
Principle 4: Respecting interests of all stakeholders.
Principle 5: Promotion of human rights.
Principle 6: Protection of environment.
Principle 7: Responsibly influencing public and regulatory policy
Principle 8: Inclusive growth and equitable development.
Principle 9: Customer engagement

Details of compliance:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for					Yes				
2.	Has the policy being formulated in consultation with the relevant stakeholders?					Yes				
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)			The Environment, Health & Safety Policy conforms to ISO 14001 and OHSAS 18001 standards.						
4.	Has the policy being approved by the Board?					Yes				
	Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?					Yes				
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?					Yes				
6.	Indicate the link for the policy to be viewed online?			www.glenmarkpharma.com						
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?					Yes				
8.	Does the company have in-house structure to implement the policy/policies.					Yes				
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?					Yes				
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?					Yes				

3	Governance related to BR	
(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)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the company publishes the Corporate Responsibility Report for FY 2016-17 as per the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business'. Corporate Responsibility Report for F.Y. 2016-17 is available on the Company's website at the link: http://glenmarkpharma.com/responsibility/corporateresponsibilityreportFY17
Section E: Principle-wise Performance		
P-1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	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. 2016-17. During the reporting year, the Company received 128 stakeholder complaints, of which all were resolved as of year end.
P-2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	We have embarked on a strategic transformation into an innovation-led organization, which will help us achieve our pursuit of meeting the unmet medical needs globally. A culture of uncompromising quality across all our manufacturing operations is another hallmark of our pursuit for excellence. 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 2016-17.
P-3	Businesses should promote the wellbeing of all employees	At Glenmark, we consider our employees to be our most valuable assets and key enablers in achieving our vision of emerging as a leading integrated research based global pharmaceutical company. Hence employee growth and well-being is central to Glenmark's growth story. A consistent focus on learning and development, creating a fair workplace with equal opportunities and proactive engagement initiatives are key aspects of our employee value proposition. For further details, please refer to 'Learning and Leadership Culture' section of our Corporate Responsibility Report 2016-17. The Company has a recognized workers' union at its Nashik plant and 1% of the permanent workers are its members. No complaints pertaining to child labor, forced labor or involuntary labor were reported in FY 2016-17. 4 complaints related to sexual harassment of women at workplace were received and addressed in the reporting year.

P-4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Enriching Lives is a motto that guides all our decisions and activities, including our corporate social responsibility initiatives. These initiatives are aimed at creating positive impacts on the lives of the most disadvantaged and vulnerable sections of the communities where we operate. For further details, please refer to the 'Corporate Social Responsibility' section of our Corporate Responsibility Report 2016-17.
P-5	Businesses should respect and promote human rights	Ensuring a workplace that is free of discrimination and upholding the fundamental human rights of all our employees are critical tenets of our business responsibility. We stringently adhere to all applicable statutory 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 2016-17.
P-6	Business should respect, protect, and make efforts to restore the environment	Protecting the natural environment is an important facet of our aim to enrich lives. We do this by continually seeking opportunities to make our processes more resource-efficient, using renewable energy sources and minimizing the release of wastes in the environment. At a strategic level, we have embedded various Environment, Health & Safety (EHS) considerations in all aspects of our existing operations as well as in upcoming new projects. For details about our environmental initiatives please refer the 'Environmental Sustainability and Safety First Culture' section of our Corporate Responsibility Report 2016-17. 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 under Scope 1 and Scope 2. 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 FY 2016-17
P-7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	As a responsible corporate citizen, Glenmark actively participates in policy advocacy on industry issues at various forums. For further details please refer the 'About Glenmark' section of our Corporate Responsibility Report 2016-17.
P-8	Businesses should support inclusive growth and equitable development	Our corporate social responsibility initiatives are designed around improving access to healthcare and promote well-being among the underserved and vulnerable sections of the society. Over the years, we have created significant impact through these initiatives and we continue to expand the geographical footprint of our programs. Further details about our initiatives can be found in the 'Corporate Social Responsibility' section of our Corporate Responsibility Report 2016-17.

P-9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	Our customer responsibility is reflected in the Company's innovation-driven growth strategy that seek to address the unanswered health challenges, developing affordable alternatives and helping enhance the healthcare access for the underserved sections. An incessant focus on quality and operational excellence ensures that our customers receive healthcare solutions that are safe, effective and are responsibly produced. For further details please refer the 'Innovation and Operational Excellence' section of our Corporate Responsibility Report 2016-17. There are no customer complaints not addressed and are pending as on the end of FY 2016-17. The Company complies with all applicable product labelling standards as per the laws of the land in all the markets that it serves. 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 2016-17, except for the cases below: Case 1: On a complaint by a stockist with the CCI in July 2015 against pharma co.'s (including the Company and its C&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 pharma 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 is in the process of submitting its objections to the said Report and contesting the matter. Case 2: Upon a complaint filed by a stockist against the Chemist & Druggist Association Goa (CDAG), Glenmark and another Company, alleging refusal to supply them drugs, the CCI passed an order imposing a penalty of Rs.10,62, 062/- on CDAG. No penalty was imposed on the Company. CDAG has appealed before the appellate body, COMPAT, against the said order which has been admitted for hearing on merits. Company is a 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. We undertake regular surveys of consumers and other stakeholders.

Further details of our initiatives are available in the Corporate Responsibility Report for FY 2016-17, as required by Regulation 34(2)(f) of the Listing Regulations, which is hosted on the Company's website at www.glenmarkpharma.com.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies Act, 2013 ('the Act'). As on 31 March 2017, the Board comprised Ten Directors, of whom, Three are Executive, and Seven are 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 Meetings 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	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	7
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	3	3	5	3

Name of the Director	Status	Relationship with other Directors	No. of Board Meetings attended	No. of other Directorships held #	Committee Membership(s) ##	
					Chairman	Member
Mr. Sridhar Gorthi DIN-00035824	Non-Executive Independent	None	3	1	-	3
Mr. Milind Sarwate DIN-00109854	Non-Executive Independent	None	4	6	7	10

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, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Share Transfer Committee and Operations Committee of all Public Limited Companies including the Company 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.

b) Details of Board Meetings and Attendance:

During the Financial Year (F.Y.) ended 31 March 2017; Four board meetings were held on the following dates:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1	12 May 2016	10	9
2	12 August 2016	10	9
3	27 October 2016	10	10
4	2 February 2017	10	10

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. Rajesh Desai, Mr. J. F. Ribeiro, Mr. D. R. Mehta, Mr. Bernard Munos and Mr. Milind Sarwate attended the last Annual General Meeting of the Company held on 12 August 2016.

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 kept informed of major events and approvals are taken wherever necessary.

The Board is also presented with the Operating plans of the businesses for their 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. In most cases information to Directors is submitted along with the Agenda papers well in advance of the Board Meeting, 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 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:

http://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

The Company's Independent Directors meet at least once in every F.Y. 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 Companies Act, 2013. 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) Approval or any subsequent modification of transactions of the Company with related parties.

p) Reviewing the statements of significant related party transactions submitted by the management.

q) Any other matter referred 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 Listing Regulations 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 – 11 May 2016, 11 August 2016, 26 October 2016 and 1 February 2017.

- Details of the composition and attendance of Members of the Audit Committee during the F.Y. ended 31 March 2017 are as under:

Name	No. of meetings		Remarks	Category of Directorship
	Held	Attended		
Mr. J. F. Ribeiro	4	4	Chairman	Independent Director
Mr. Sridhar Gorthi	4	3	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.

Mr. Glenn Saldanha, Chairman & Managing Director; Mr. Rajesh Desai*, Executive Director and Cost Auditor are permanent invitees to all Audit Committee Meetings. The Statutory Auditors and Internal Auditor of the Company are present in the Audit Committee meetings during the year. The Company Secretary officiates as the Secretary to the Committee.

* 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.

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 – 12 May 2016, 12 August 2016, 27 October 2016 and 2 February 2017.

- Details of composition and attendance of the Members of the Stakeholders Relationship Committee Meetings during the F.Y. ended 31 March 2017 are 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

- The Details of complaints received and resolved during the year ended 31 March 2017 are as under:

No. of complaints	2016-17	2015-16
Complaints as on 1 April 2016	NIL	NIL
Received	128	95
Resolved	128	95
Pending	NIL	NIL

- Name and Designation of Compliance Officer:

  Mr. Harish Kuber, Company Secretary & Compliance Officer
  Ph No.: 91 22 40189999
  E-mail ID: complianceofficer@glenmarkpharma.com

- The Company's Registrars & Transfer Agent Karvy Computershare Private Limited (Karvy) had received letters/complaints from the Shareholders 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 relating 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 and Key Management Personnel.

  The broad terms of reference of the Nomination and Remuneration Committee are as under:

  a) 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.

  b) 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.

  c) Devise a policy on Board diversity.

  d) Formulate criteria for evaluation of Independent Directors and the Board.

  Four Nomination and Remuneration Committee meetings were held during the year – 12 May 2016, 12 August 2016, 27 October 2016 and 2 February 2017.

- Details of composition and attendance of the Members of Nomination and Remuneration Committee during the F.Y. ended 31 March 2017 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	3	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 and retaining performers.

- Board Performance Evaluation:

  During the year, the Board has carried out an annual performance evaluation of its own performance and performance of the Directors.

  The Company has devised a Performance Evaluation Framework and Policy, which sets out 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 the aforesaid Performance Evaluation Framework and 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 to identify business opportunities.

Four Risk Management Committee meetings were held during the year- 11 May 2016; 27 October 2016; 1 February 2017 and 13 February 2017.

- Details of composition and attendance of the Members of Risk Management Committee during the F.Y. ended 31 March 2017 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	Executive Director
Mr. D. R. Mehta	4	4	Member	Independent Director

* 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.

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 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 2017 are as under:

(₹ in Million)

Sr. No	Name of Director	Salaries	Retirement benefits/other reimbursements	Commission	Sitting Fees	Total
		Amount	Amount	Amount	Amount	Amount
1	Mr. Glenn Saldanha	108.56	18.20	14.24	-	141.00
2	Mrs. Cherylann Pinto	31.55	3.73	3.48	-	38.76
3	Mr. Rajesh Desai*	26.32	3.20	2.22	-	31.74
4	Mrs. B. E. Saldanha	-	-	-	0.40	0.40
5	Mr. D. R. Mehta	-	-	-	1.60	1.60
6	Mr. Bernard Munos	-	-	-	0.40	0.40
7	Mr. J. F. Ribeiro	-	-	-	1.60	1.60
8	Dr. Brian W. Tempest	-	-	-	0.30	0.30
9	Mr. Sridhar Gorthi	-	-	-	1.10	1.10
10	Mr. Milind Sarwate	-	-	-	1.60	1.60
	TOTAL	**166.43**	**25.13**	**19.94**	**7.00**	**218.50**

* 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 ₹ 1.10 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 2017 is given below:

Name of the Director	Equity Shares (Nos.)
Mrs. B. E. Saldanha	1,015,622
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

5. DISCLOSURES BY MANAGEMENT:

a) 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.

b) 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.

c) 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.

d) 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 and 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 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 the Notes of Standalone Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its subsidiaries and associates. 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 and associates.

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_subsidiary.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 http://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 is 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 2014	25 July 2014 at 11 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Yes
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

- 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. 2016-17 : 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 2017, 99.28% 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 2017:

Description	No. of Shareholders	Shares held	% to Equity
Company Promoters	20	131,218,876	46.50
Foreign Portfolio Investors	498	98,086,968	34.76
Financial Institutions/Banks	35	7,667,272	2.72
Bodies Corporates	1,030	8,407,370	2.98
Mutual Funds	74	9,327,166	3.31
Non-Resident Indians	2,584	1,412,996	0.50
Clearing Members	116	352,366	0.12
Foreign Nationals	15	46,850	0.02
Trusts	24	1,530,391	0.54
Resident Individuals	83,721	24,117,901	8.55
TOTAL	**88,117**	**282,168,156**	**100.00**

Distribution Schedule as on 31 March 2017:

Sr. No.	Category (No. of Shares) From - To	No. of Shareholders	% of No. of Shareholders	No. of Shares	% of Total Equity
1	1 - 5000	87,135	98.89	12,912,745	4.58
2	5001 - 10000	297	0.34	2,151,687	0.76
3	10001 - 20000	201	0.23	2,914,722	1.03
4	20001 - 30000	85	0.09	2,098,423	0.74
5	30001 - 40000	39	0.04	1,343,492	0.48
6	40001 - 50000	32	0.04	1,453,535	0.52
7	50001 - 100000	84	0.09	5,984,700	2.12
8	100001 And Above	244	0.28	253,308,852	89.77
	TOTAL	**88,117**	**100.00**	**282,168,156**	**100.00**

- **Date, Time and Venue of the ensuing Annual General Meeting:**

  Annual General Meeting shall be held on Friday, 29 September 2017 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: Friday, 22 September 2017 to Friday 29 September 2017.

- Date of declaration of dividend:

  A dividend of ₹ 2/- per share has been recommended by the Board at its meeting held on 11 May 2017 subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend shall be paid on or after 3 October 2017.

- Financial Calendar (Tentative and Subject to change):

Quarter ending	Release of Results
Financial reporting for the first quarter ending 30 June 2017	July 2017
Financial reporting for the second quarter and half year ending 30 September 2017	October 2017
Financial reporting for the third quarter and nine months ending 31 December 2017	January 2018
Financial results for the fourth quarter and year ending 31 March 2018	May 2018

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.

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 procedure/guidelines available at the website of Ministry of Corporate Affairs: www.mca.gov.in

Information in respect of such unclaimed dividend when due for transfer to IEPF 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
31.03.2010	27.09.2010	27.10.2010	26.10.2017	25.11.2017
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

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 125(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is required to transfer the shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government. As required under the said Rules, the Company has published a Notice in the newspapers inviting the Members attention to the aforesaid Rules. The Company has also sent out individual communication to the concerned Members whose shares are liable to be transferred to IEPF Account, pursuant to the said Rules to take immediate action in the matter.

- **Reconciliation of Share Capital Audit Report:**

  A qualified practicing Company Secretary has carried out Audit every quarter to reconcile the total admitted Capital with NSDL and 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 a 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:**

  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.

- **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 requirements 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) and National Stock Exchange of India Ltd. (NSE).

  - Company's Bonds and Notes are listed on Singapore Stock Exchange Limited.

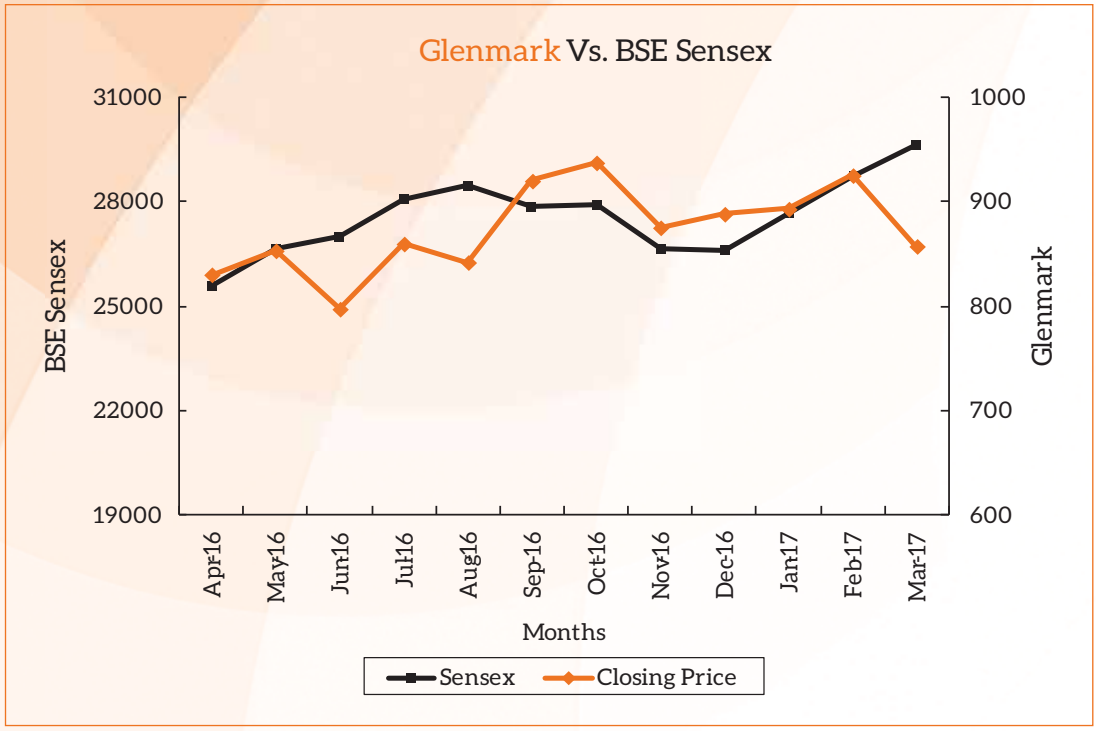
Stock Exchange	Stock Codes/Symbols	ISIN
BSE	532296	INE935A01035
NSE	GLENMARK	INE935A01035

- Listing fee for the year – 2017-18 has been paid to the Stock Exchanges.
- Market Information:

  Market Price Data: High, low (based on closing price) during each month in last financial year.

Month	BSE		NSE	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
April-16	845.00	759.30	832.70	764.60
May-16	892.40	810.50	876.00	816.25
June-16	866.35	729.30	850.00	759.45
July-16	871.00	798.00	864.70	801.15
August-16	878.00	816.00	871.30	822.35
September-16	956.15	833.90	950.40	838.60
October-16	951.00	885.55	939.80	899.20
November-16	993.00	806.00	965.25	869.15
December-16	954.00	852.50	942.05	861.85
January-17	932.80	863.00	917.20	874.20
February-17	973.10	881.00	959.35	898.00
March-17	944.10	850.00	929.45	852.10

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:

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
- 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 – 393002, Gujarat
- Plot No 163- 165/170 – 172, Chandramouli Industrial Estate, Mohol Bazarpeth, 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 CENTRES

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

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 F.Y. 2016-17, 27,500 options were cancelled, 10,000 options were exercised and no new options were issued under Employees Stock Options scheme viz. ESOS' 2003. As of 31 March 2017, 47,000 options were outstanding and are due for exercise.

- **Employee Stock Options Scheme 2016:**

  The Shareholders of the Company had approved Employee Stock Options Scheme 2016 (ESOS 2016) in August 2016. During the F.Y. 2016-17, 6,40,695 options were issued under ESOS 2016; 20,938 options were cancelled and no options were exercised. As of 31 March 2017, 6,19,757 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 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 shares at an initial conversion price to be determined 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:

Company has comprehensive guidelines on prevention of insider trading. The guidelines are in compliance with the SEBI guidelines on prevention of Insider Trading.

15. INVESTOR HELPDESK: FOR CLARIFICATIONS / ASSISTANCE, IF ANY, PLEASE CONTACT:

	Corporate Office	Registrars & Transfer Agent
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 – 500 032
Telephone	(022) 40189999	+91-40-67161500
Fax No.	(022) 40189986	+91-40-23420814
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 2017.

Place: Mumbai
Date: 11 May 2017

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. P Ganesh, President & Global Chief Financial Officer, of Glenmark Pharmaceuticals Limited, certify that:

(a) We have reviewed financial statements and 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.

Glenn Saldanha
Chairman & Managing Director
DIN: 00050607

P Ganesh
President & Global Chief Financial Officer

Place: Mumbai
Date: 11 May 2017

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 2017, 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 Disclosure 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: 11 May 2017

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 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement 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), 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 standalone 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 of the Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 on which we issued auditor's reports to the shareholders of the Company dated 12 May 2016 and 29 May 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

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 2017 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 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 11 May 2017 as per Annexure B expressed an unqualified 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 31 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

        iv. the company, as detailed in Note 37 to the standalone financial statements, has made requisite disclosures in these standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: Mumbai
Date: 11 May 2017

ANNEXURE A

Annexure A in the Independent Auditor's report of even date to the members of Glenmark Pharmaceuticals Limited, on the standalone financial statements for the year ended 31 March 2017

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 on physical verification.

iii. The Company has granted unsecured loans to 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 payment of interest has been stipulated and the receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.

iv. In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

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 sub-section (1) of Section 148 of the Act in respect of Company's products 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, 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	High Court, Mumbai
Income tax Act, 1961	Disallowance for income added to MAT book profit	0.82	-	A.Y. 2006-07	Commissioner of Income Tax (Appeal)
Income tax Act, 1961	Transfer pricing adjustment, disallowances of sales promotion expenses	20.45	-	A.Y. 2013-14	Income Tax Appellate Tribunal, Mumbai
Income tax Act, 1961	Disallowance of R&D expenses	15.76	-	A.Y. 2009-10	Commissioner of Income Tax (Appeal)

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	Transfer Pricing adjustment & allocation of R&D expenses to tax holiday units	39.82	-	A.Y. 2009-10	High Court, Mumbai
Central Sales tax Act, 1956	Rejection of C forms	2.89	-	F.Y. 2007-08	Deputy Commissioner of Commercial Taxes (Appeals), Gujarat
Central Sales tax Act, 1956	Rejection of C forms	1.24	-	F.Y. 2011-12	Additional Commissioner of Commercial Taxes (Appeals), Goa
The Goa VAT Act 2005	Disallowance of Input tax Credit	5.36	-	F.Y. 2011-12	Deputy Commissioner of Commercial Taxes (Appeals), Goa
The Gujarat VAT Act 2003	Disallowance of Input tax Credit	1.11	-	FY 2011-12	Joint commissioner of commercial taxes (Appeals), Gujarat
The Goa VAT Act 2005	Disallowance of Input tax Credit on capital goods	3.88	-	F.Y. 2012-13	Deputy Commissioner of Commercial Taxes (Appeals), 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	F.Y. 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 Finance Act 1994	Disallowance of availment of Cenvat credit of service tax	2.25	-	Apr 2008 to Mar 2012	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
The Finance Act 1994	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 for 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 with 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

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: Mumbai
Date: 11 May 2017

ANNEXURE B

Annexure B in the Independent Auditor's report of even date to the members of Glenmark Pharmaceuticals Limited, on the standalone financial statements for the year ended 31 March 2017

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 2017, 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 issued by the Institute of Chartered Accountants of India. 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 the Institute of Chartered Accountants of India (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 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 internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 Institute of Chartered Accountants of India

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: Mumbai
Date: 11 May 2017

BALANCE SHEET

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	14,704.96	13,219.24	11,524.84
Capital work-in-progress	3	2,351.35	2,609.32	2,864.77
Intangible assets	4	1,258.74	1,160.80	781.94
Intangible assets under development	4	355.24	151.31	77.12
Financial assets	5			
i. Investments		18,666.99	18,584.25	16,595.18
ii. Loans		36,426.84	14,473.24	3,931.72
iii. Other non-current financial assets		344.70	284.66	301.69
Deferred tax assets (net)	6	5,940.64	4,011.58	2,869.77
Other non-current assets	7	447.70	356.39	272.26
Total non-current assets		**80,497.16**	**54,850.79**	**39,219.29**
Current assets				
Inventories	8	11,450.55	9,680.01	7,366.32
Financial Assets	9			
i. Trade receivables		38,794.04	30,576.55	24,408.31
ii. Cash and cash equivalents		2,508.82	742.43	420.18
iii. Other current financial assets		268.96	278.02	240.31
Other current assets	10	6,485.93	5,002.30	3,529.99
Total current assets		**59,508.30**	**46,279.31**	**35,965.11**
Total assets		**140,005.46**	**101,130.10**	**75,184.40**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	11 & 12	282.17	282.16	271.29
Merger consideration, pending allotment		-	-	0.02
Other equity				
Reserves and surplus		94,084.02	73,377.46	49,905.34
Total equity		**94,366.19**	**73,659.62**	**50,176.65**
LIABILITIES				
Non-current liabilities				
Financial liabilities	13			
i. Borrowings		25,893.46	-	-
ii. Other financial liabilities		24.05	46.95	47.43
Other non-current liabilities	14	-	-	1,171.78
Total non-current liabilities		**25,917.51**	**46.95**	**1,219.21**
Current liabilities				
Financial liabilities	15			
i. Borrowings		1,871.89	7,874.18	3,475.99
ii. Trade payables		14,670.90	16,259.53	15,667.86
iii. Other financial liabilities		163.92	28.41	638.88
Other current liabilities	16	2,435.40	2,387.67	3,148.11
Provisions	17	413.74	292.05	205.35
Current tax liabilities (net)	18	165.91	581.69	652.35
Total current liabilities		**19,721.76**	**27,423.53**	**23,788.54**
Total liabilities		**45,639.27**	**27,470.48**	**25,007.75**
Total equity and liabilities		**140,005.46**	**101,130.10**	**75,184.40**

See accompanying notes to the financial statements.
As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

STATEMENT OF PROFIT AND LOSS

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Revenue from operations	19	80,955.00	62,030.81
Other income	20	1,482.39	1,172.83
Total Income		**82,437.39**	**63,203.64**
Expenses			
Cost of materials consumed	21	22,420.13	17,922.43
Purchases of stock-in-trade	22	2,669.96	2,199.75
Changes in inventories of work-in-process, stock-in-trade and finished goods	23	(835.17)	(735.51)
Employee benefit expense	24	9,144.71	7,662.54
Finance costs	25	1,526.02	362.24
Depreciation and amortisation expense	3 & 4	1,049.32	998.10
Other expenses	26	18,568.95	17,328.81
Total Expenses		**54,543.92**	**45,738.36**
Profit before exceptional items and tax		**27,893.47**	**17,465.28**
Exceptional items	36	2,364.51	-
Profit before tax		**25,528.96**	**17,465.28**
Tax expense	6		
Current tax		6,040.24	3,746.15
Deferred tax		(1,917.36)	(1,123.54)
Total Tax expense		4,122.88	2,622.61
Profit for the year		**21,406.08**	**14,842.67**

See accompanying notes to the financial statements.
As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

OTHER COMPREHENSIVE INCOME

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
Profit for the year		**21,406.08**	**14,842.67**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
- Remeasurement of the net defined benefit plans		(34.40)	(53.74)
- Income tax relating to the above		11.70	18.27
Other comprehensive income / (loss) for the year		**(22.70)**	**(35.47)**
Total comprehensive income for the year		**21,383.38**	**14,807.20**
Earnings per equity share of ₹ 1 each			
Basic (in ₹)	30	75.86	52.87
Diluted (in ₹)	30	75.84	52.86

See accompanying notes to the financial statements.
As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

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DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

STATEMENT OF CHANGES IN EQUITY

(All amounts in million of Indian Rupees, unless otherwise stated)

A Equity Share Capital

Particulars	Note	Amount
Balance as at 1 April 2015	11 & 12	
Equity share capital		271.29
Merger consideration, pending allotment		0.02
Total		**271.31**
- Shares issued under Employee Stock Option ('ESOP') Scheme		0.05
- Preferential issue		10.80
Balance as at 31 March 2016		**282.16**
- Shares issued under Employee Stock Option ('ESOP') Scheme		0.01
Balance as at 31 March 2017		**282.17**

B Other Equity

	Reserves and Surplus						Total
	Securities premium	Capital reserve	Capital redemption reserve	Stock compensation reserve	General reserve	Retained earnings	
Balance as at 1 April 2016	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)	-	-	-	-	-	(22.70)	(22.70)
Total comprehensive income for the year	-	-	-	-	-	21,383.38	21,383.38
Dividends for the year	-	-	-	-	-	(679.45)	(679.45)
Shares issued under ESOP	2.63	-	-	-	-	-	2.63
	2.63	-	-	-	-	(679.45)	(676.82)
Balance as at 31 March 2017	16,853.60	1.00	200.00	14.44	1,384.18	75,630.80	94,084.02

	Reserves and Surplus						Total
	Securities premium	Capital reserve	Capital redemption reserve	Stock compensation reserve	General reserve	Retained earnings	
Balance as at 1 April 2015	7,506.87	1.00	200.00	308.46	1,384.18	40,504.83	49,905.34
Profit for the period	-	-	-	-	-	14,842.67	14,842.67
Other comprehensive income - Remeasurement of the net defined benefit plans (net of tax)	-	-	-	-	-	(35.47)	(35.47)
Total comprehensive income for the year	-	-	-	-	-	14,807.20	14,807.20
Dividends for the year	-	-	-	-	-	(679.18)	(679.18)
Shares issued under ESOP	11.08	-	-	-	-	-	11.08
Preferential issue of shares	9,439.20	-	-	-	-	-	9,439.20
Issue expenses related to preferential issue of shares	(106.18)	-	-	-	-	-	(106.18)
Employee share based compensation	-	-	-	(294.02)	-	294.02	-
	9,344.10	-	-	(294.02)	-	(385.16)	8,664.92
Balance as at 31 March 2016	16,850.97	1.00	200.00	14.44	1,384.18	54,926.87	73,377.46

STATEMENT OF CASH FLOWS

(All amounts in million of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2017	Year ended 31 March 2016
A.	**Cash flow from operating activities**		
	Profit before tax	25,528.96	17,465.28
	Adjustments for:		
	Depreciation and amortisation expenses	1,049.32	998.10
	Finance cost	1,526.02	362.24
	Interest income	(1,443.49)	(671.49)
	Income from investments - dividends	(8.77)	(8.81)
	Loss/(Profit) on sale of fixed assets	11.63	8.02
	Exceptional item	2,364.51	-
	Provision for bad and doubtful debts	-	109.03
	Provision for gratuity and compensated absence	170.93	118.42
	Unrealised foreign exchange (gain)/loss	1,404.09	(474.56)
	Operating profit before working capital changes	**30,603.20**	**17,906.23**
	Adjustments for changes in working capital :		
	- Increase in trade receivables	(10,902.16)	(5,744.18)
	- Increase in other receivables	(1,472.84)	(1,350.76)
	- Increase in inventories	(1,770.53)	(2,313.69)
	- Decrease in trade and other payables	(1,215.33)	(1,195.00)
	Cash generated from operations	**15,242.34**	**7,302.60**
	- Taxes paid (net of refunds)	(6,465.10)	(3,755.06)
	Net cash generated from operating activities	**8,777.24**	**3,547.54**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets (including Capital work in progress)	(2,940.58)	(3,436.98)
	Proceeds from sale of fixed assets	36.71	4.86
	Investments in subsidiaries	(574.27)	(1,926.01)
	Loans and advances to subsidiaries, net	(22,437.55)	(10,306.92)
	Increase in restricted cash	21.88	0.22
	Share application money paid	(398.15)	(204.44)
	Interest received	480.25	404.49
	Dividend received	8.77	8.81
	Net cash used in investing activities	**(25,802.94)**	**(15,455.97)**

STATEMENT OF CASH FLOWS

(All amounts in million of Indian Rupees, unless otherwise stated)

		Year ended 31 March 2017	Year ended 31 March 2016
C.	**Cash flow from financing activities**		
	Proceeds from fresh issue of		
	- Share capital including securities premium (net of issue expenses)	2.64	9,354.95
	Proceeds /(repayment) of long term borrowings	26,251.32	(615.52)
	Proceeds /(repayment) of short term borrowings	(5,930.47)	4,734.85
	Proceeds from working capital facilities	(129.33)	(211.60)
	Interest paid	(722.34)	(358.62)
	Dividend paid (including dividend distribution tax)	(678.05)	(678.52)
	Net cash generated from financing activities	**18,793.77**	**12,225.54**
	Net increase in cash and cash equivalents	**1,768.07**	**317.11**
	Opening balance of cash and cash equivalents	**742.43**	**420.18**
	Exchange fluctuation on cash and cash equivalent	(1.68)	5.14
	Closing balance of cash and cash equivalents	**2,508.82**	**742.43**
	Cash and cash equivalents comprise of :		
	Cash on hand	9.68	7.75
	Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) Accounts	2,499.14	734.68
		2,508.82	742.43

Note :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
2. Figures in bracket indicate cash outflow.
3. Refer note 36 for nature of exceptional item.

See accompanying notes to the financial statements.
As per our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

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. The Company also markets active pharmaceutical ingredients. The Companies 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 the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

2. BASIS OF PREPARATION AND MEASUREMENT

2.1 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) which is considered as "Previous GAAP". The financial statements for the year ended 31 March 2017 are the first Ind AS Financial statements of the Company. As per the principles of Ind AS 101, the transition date to Ind AS is 1 April 2015 and hence the comparatives for the previous year ended 31 March 2016 and balances as on 1 April 2015 have been restated as per the principles of Ind AS, wherever deemed necessary. Refer note 40 for understanding the transition from previous GAAP to Ind AS and its effect on the Company's financial position and financial performance.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2 Use of estimates

The preparation of 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 3 and 3.1.

These financial statements are prepared under the historical cost convention, as modified by certain derivative contracts which have been measured at their fair values, at the reporting date through profit or loss.

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 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

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

- 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 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, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax and applicable trade discounts and allowances, but inclusive of excise duty. Revenue includes shipping and handling costs billed to the customer.

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 statement of profit and loss when right to receive a non- refundable payment from out-licensing partner is established.

Services

Revenue from services rendered is recognised in the 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 credit 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 (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest rate method on 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. 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".

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 and its cost can be measured reliably. The costs of 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. Land is not depreciated.

The estimated useful lives are as follows:

Factory and other buildings	30 –55 years
Plant and machinery	8 – 21 years
Furniture, fixtures and office equipment	4 – 21 years
Vehicles	5 –6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Advances paid towards the acquisition of property, plant and equipment outstanding at the reporting date and the cost of property, plant and equipment not put to use before such date are disclosed under capital work in progress.

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 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.

2.7 Intangible Assets

Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific 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 expenditures 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, however, 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-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 is indefinite till then.

De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits

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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.

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 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 for goodwill, intangible assets not available for use and intangible assets having indefinite 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.

The estimated useful lives of Intangible assets are 5 - 10 years.

2.8 Impairment Testing of Property, Plant and Equipment, Goodwill 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. 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 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.

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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 or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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: 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 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

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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 38 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

- 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 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, consumable store and spares are valued at cost or net realisable value, whichever is lower. Cost of raw materials

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and packing materials is ascertained on a specific identification method. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

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 or substantively 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.

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 Company 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 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 simultaneously.

2.13 Leasing Activities

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

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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 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 on a straight-line basis 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.

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.

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.

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

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▪ 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 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 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 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 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 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.

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. 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

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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.

3. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENT IN APPLYING ACCOUNTING POLICIES

When preparing the 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 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 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) fulfilment 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 utilized 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 utilized 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.

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 lives are specified in 2.5 and 2.7.

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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 it's 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.

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 FIRST TIME ADOPTION OF IND AS

First Ind AS Financial statements
These are the Company's first financial statements prepared in accordance with Ind AS applicable as at 31 March 2017.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet as at 1 April 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is as follows:

4.1 Optional exemptions availed

Deemed cost
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Arrangement containing a lease
The Company has elected to use facts and circumstances existing at the date of transition

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to determine whether an arrangement contains a lease. No such assessment was done under Previous GAAP.

4.2 Mandatory exceptions applied
Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.
Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP except where Ind AS required a different basis for estimates as compared to the previous GAAP.

De-recognition of financial assets and liabilities
Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

4.3 Investments in subsidiaries
The Company has elected to measure investment in subsidiaries at cost and consider the previous GAAP carrying value as at the date of transition as deemed cost.

5 Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

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
Cost										
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	-	-	-	-	(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**
Accumulated Depreciation										
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	-	-	-	-	(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**	
Carrying value										
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**

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total	Capital work-in-progress
Cost										
Balance as at 1 April 2015	**51.46**	**399.24**	**3,567.84**	**575.07**	**6,022.21**	**803.30**	**3,689.02**	**50.94**	**15,159.08**	**2,864.77**
- Other acquisitions	-	4.76	691.16	34.88	1,659.04	87.90	12.66	0.30	2,490.70	1,488.28
- Disposals/Transfers	(1.19)	1.18	(2.83)	2.41	3,482.84	(0.99)	(3,545.86)	-	(64.44)	(1,743.73)
Balance as at 31 March 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**
Accumulated Depreciation										
Balance as at 1 April 2015	**-**	**38.33**	**458.00**	**79.27**	**1,461.13**	**466.47**	**1,103.22**	**27.82**	**3,634.24**	
- Depreciation charge for the year	-	7.04	63.45	10.08	582.30	74.31	9.49	5.89	752.56	
- Impairment loss									-	
- Disposals/Transfers	-	0.02	(0.36)	0.30	960.55	(0.99)	(980.20)	(0.02)	(20.70)	
Balance as at 31 March 2016	**-**	**45.39**	**521.09**	**89.65**	**3,003.98**	**539.79**	**132.51**	**33.69**	**4,366.10**	
Carrying value										
As at 1 April 2015	51.46	360.91	3,109.84	495.80	4,561.08	336.83	2,585.80	23.12	11,524.84	2,864.77
As at 31 March 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**

- Refer note 15(i) for details of assets pledged against borrowings.
- Additions to fixed assets includes capital expenditure of ₹ 270.94 (2016 - ₹ 205.16) incurred at approved R & D centres.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 4- INTANGIBLE ASSETS

Intangible assets comprise the following

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
Cost				
Balance as at 1 April 2016	**936.75**	**2,548.34**	**3,485.09**	**151.31**
- Additions	249.92	4.05	253.97	285.91
- Disposals/transfers	-	-	-	(81.98)
Balance as at 31 March 2017	**1,186.67**	**2,552.39**	**3,739.06**	**355.24**
Amortisation and impairment				
Balance as at 1 April 2016	**432.81**	**1,891.48**	**2,324.29**	
- Amortisation for the year	155.47	0.56	156.03	
- impairment loss	-	-	-	
- on disposals/transfers	-	-	-	
Balance as at 31 March 2017	**588.28**	**1,892.04**	**2,480.32**	
Carrying value				
As at 1 April 2016	503.94	656.86	1,160.80	151.31
As at 31 March 2017	**598.39**	**660.35**	**1,258.74**	**355.24**

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
Cost				
Balance as at 1 April 2015	315.49	2,545.20	2,860.69	77.12
- Additions	621.26	3.14	624.40	110.64
- Disposals/transfers	-	-	-	(36.45)
Balance as at 31 March 2016	936.75	2,548.34	3,485.09	151.31
Amortisation and impairment				
Balance as at 1 April 2015	187.27	1,891.48	2,078.75	
- Amortisation for the year	245.54	-	245.54	
- on disposals/transfers	-	-	-	
- impairment loss	-	-	-	
Balance as at 31 March 2016	432.81	1,891.48	2,324.29	
Carrying value				
As at 1 April 2015	128.22	653.72	781.94	77.12
As at 31 March 2016	503.94	656.86	1,160.80	151.31

At the year end, the intangible with indefinite 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

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 in the range of 7% to 8%.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 5 - NON-CURRENT FINANCIAL ASSETS

Particulars		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(i)	**Investments**			
	Long term investments - At Cost - (fully paid-up except otherwise stated)			
	Trade investments			
	Unquoted			
(i)	**Equity shares**			
(a)	**Investments in subsidiary companies**			
a)	Glenmark Impex LLC, Russia [577,767,277 (31 March 2016 - 577,767,277 , 1 April 2015 - 577,767,277) shares of RUB 1 each]*	1,435.61	901.95	901.95
b)	Glenmark Philippines Inc., Philippines [640,490 (31 March 2016 - 640,490 , 1 April 2015 - 640,490) shares of Pesos 200 each]	116.70	116.70	116.70
c)	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria [645,114,304 (31 March 2016 - 645,114,304, 1 April 2015 - 645,114,304) shares of Naira 1 each]	208.97	208.97	208.97
d)	Glenmark Pharmaceuticals Malaysia Sdn.Bhd.,Malaysia [5,686,618 (31 March 2016 - 5,686,618, 1 April 2015 - 5,686,618) shares of RM 1 each]	97.72	97.72	97.72
e)	Glenmark Holding S. A., Switzerland [51,500,000 (31 March 2016 - 51,500,000, 1 April 2015 - 51,500,000) shares of CHF 1 each]	11,668.38	11,668.38	11,668.38
f)	Glenmark Pharmaceuticals (Australia) Pty.Ltd., Australia [2,079,002 (31 March 2016 - 2,079,002, 1 April 2015-2,079,002) shares of AUD 1 each]	70.44	70.44	70.44
g)	Glenmark Pharmaceuticals Egypt S.A.E., Egypt [46,534,157 (31 March 2016 - 42,144,157, 1 April 2015 - 35,233,976) shares of EGP 1 each]	389.57	356.16	297.27
h)	Glenmark Pharmaceuticals FZE (U.A.E) [1 (31 March 2016 - 1, 1 April 2015 - 1) shares of AED 1,000,000 each]	12.92	12.92	12.92
i)	Glenmark Dominicana, SRL, Dominican Republic [153 (31 March 2016 - 153, 1 April 2015 -153) shares of RD 1,000 each]	0.19	0.19	0.19
j)	Glenmark Pharmaceuticals (Kenya) Limited, Kenya [1,560,400 (31 March 2016 - 1,560,400, 1 April 2015 - 1,560,400) shares of KES 100 each]	97.18	97.18	97.18
k)	Glenmark Pharmaceuticals Venezuela, CA, Venezuela [169,954,890 (31 March 2016 -61,868,032 , 1 April 2015 - 61,868,032) shares of Bolivar 1 each]	715.13	627.12	627.12
	less: Provision for impairment (Refer note 36)	(715.13)	-	-
l)	Glenmark Pharmaceuticals Colombia SAS, Colombia [85,759 (31 March 2016 - 54,544, 1 April 2015 - 36,359) shares of COP 1,000 each]	68.70	45.25	31.43
m)	Glenmark Pharmaceuticals Peru SAC, Peru [22,304,170 (31 March 2016 -22,304,170, 1 April 2015 - 17,625,738) shares of PEN 1 each]	449.54	449.54	352.67
n)	Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico [341,093,668 (31 March 2016 -309,486,493, 1 April 2015 - 309,486,493) shares of Mexican peso 1 each]	1,480.86	1,353.38	1,353.38
o)	Glenmark Therapeutics AG, Switzerland [200,000 (31 March 2016 -100,000, 1 April 2015 - 100,000) shares of CHF 1 each]	12.59	5.73	5.73

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
p)	Glenmark Pharmaceuticals Europe Ltd., U.K. [6,285,121 (31 March 2016 - 6,285,121, 1 April 2015 - 6,285,121) shares of GBP 1 each]	578.23	578.23	578.23
q)	Glenmark South Africa (Pty) Ltd., South Africa [113,656 (31 March 2016 - 113,656, 1 April 2015 - Nil) shares of ZAR 1 each]	1,044.20	1,044.20	-
r)	Glenmark Uruguay S.A., Uruguay [201,240,258 (31 March 2016 - 201,240,258, 1 April 2015 - Nil) shares of UYU 1 each]	774.53	774.53	-
s)	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand [26,215 (31 March 2016 - 26,215, 1 April 2015 - 26,215) Ordinary shares of THB 100 each]	3.72	3.72	3.72
(b)	**Other investments**			
	289,832 (31 March 2016 - 289,832, 1 April 2015 - 213,032) Equity Shares of Narmada Clean Tech Ltd. of ₹ 10 each.	2.90	2.89	2.13
(ii)	**Preference shares**			
(a)	**Investment in Subsidiary**			
	2 (31 March 2016 - 2, 1 April 2015 - 2) Preference shares of THB 100 each of Glenmark Pharmaceuticals (Thailand) Co. Ltd.**	-	-	-
(b)	**Other investments**			
	1,176,471 (31 March 2016 - 1,176,471 , 1 April 2015 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each	42.65	43.04	42.15
	Total	**18,555.60**	**18,458.24**	**16,468.28**
	Non-trade investments			
	Quoted			
(i)	**Equity shares**			
	9,000 (31 March 2016 - 9,000 , 1 April 2015 - 9,000) Bank of India of ₹ 10 each	1.26	0.88	1.76
	1,209 (31 March 2016 - 1,209, 1 April 2015 - 1,209) IDBI Bank Limited of ₹ 10 each	0.09	0.08	0.09
	Total	**1.35**	**0.96**	**1.85**
	Unquoted			
(i)	**Equity shares**			
	1 (31 March 2016 - 1, 1 April 2015 - 1) Time Share of Dalmia Resorts Limited	0.02	0.02	0.02
(ii)	**Preference shares**			
	1,100,000 (31 March 2016 - 1,250,000, 1 April 2015 - 1,250,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd	110.00	125.00	125.00
(iii)	**Investment in government securities**			
	National Savings Certificate -Sixth Issue	0.02	0.03	0.03
	Total	**111.39**	**126.01**	**126.90**
	Total	**18,666.99**	**18,584.25**	**16,595.18**

* During the year, the company has made an additional investment in its subsidiary, Glenmark Impex LLC, Russia of ₹ 533.66. The number of shares for this additional investment are not denominated as per the laws of the Russian Federation. Therefore, even though there is an increase in the value of Investments, there is no corresponding increase in the number of shares.

** amount denotes less than Rupees ten thousand.

Aggregate book value of investments			
- Quoted	1.35	0.96	1.85
- Unquoted	18,665.64	18,583.29	16,593.33
Aggregate book/market value of quoted investments	1.35	0.96	1.85

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 5 - NON-CURRENT FINANCIAL ASSETS

(ii) Loans

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Loans to related parties (Unsecured) (Refer note 28)	36,426.84	14,473.24	3,931.72
Total	**36,426.84**	**14,473.24**	**3,931.72**

(iii) Other non-current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Security deposits-considered good*	258.31	174.98	191.13
Time deposits	86.39	109.68	110.56
Total	**344.70**	**284.66**	**301.69**

*Security deposits represent trade deposit given in the normal course of business realisable after twelve months from the reporting date.

NOTE 6 -TAXES

Taxes for the year comprise the following:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Current income tax expense	6,040.24	3,746.15
Deferred income tax benefit	(131.70)	307.45
Minimum Alternate Tax (MAT) Credit (Entitlement)/ utilisation	(1,785.66)	(1,430.99)
Total	**4,122.88**	**2,622.61**

The relationship between the expected tax expense based on the applicable tax rate of the Company and the tax expense actually recognised in the income statement can be reconciled as follows:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Income tax expense at tax rates applicable	8,835.07	6,044.39
Tax adjustment for tax-exempt income		
- Income exempt from tax	(4,193.87)	(1,999.18)
Other tax adjustments		
- Additional deduction for research & development expenditure	(846.77)	(1,353.59)
- Additional deduction for accelerated depreciation	(69.36)	(60.90)
- Disallowance of Donation/Corporate social responsibility expenses	91.14	71.91
- Disallowance of provision for Investment	279.05	-
- Disallowance under income tax	80.85	160.68
- Allowances under income tax and others	(53.23)	(240.70)
Actual tax expense (net)	**4,122.88**	**2,622.61**

NOTES TO THE 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 2016	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2017
Deferred income tax assets - Non current				
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
Total	**5,894.06**	**2,300.44**	**11.70**	**8,206.20**
Deferred income tax liabilities - Non current				
Difference in depreciation on property, plant and equipment	1,882.48	383.08	-	2,265.56
Total	**1,882.48**	**383.08**	**-**	**2,265.56**
Net deferred income tax asset	**4,011.58**	**1,917.36**	**11.70**	**5,940.64**

Particulars	As at 1 April 2015	Recognised in statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2016
Deferred income tax assets - Non current				
Provision for credit losses	229.38	(8.51)	-	220.87
MAT credit entitlement	4,151.20	1,430.99	-	5,582.19
Other financial assets	18.97	53.76	18.27	91.00
Total	**4,399.55**	**1,476.24**	**18.27**	**5,894.06**
Deferred income tax liabilities - Non current				
Difference in depreciation on Property, plant and equipment	1,529.78	352.70	-	1,882.48
Total	**1,529.78**	**352.70**	**-**	**1,882.48**
Net deferred income tax asset	**2,869.77**	**1,123.54**	**18.27**	**4,011.58**

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 7 - OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepaid expenses	1.28	1.58	2.66
Advance tax (net of provision of ₹ 9,913.92, (31 March 2016 - ₹ 6,756.69, 1 April 2015 - ₹ 6,756.69))	65.62	56.55	118.27
Capital advances	380.80	298.26	151.33
Total	**447.70**	**356.39**	**272.26**

NOTE 8 - INVENTORIES

Inventories comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw materials	4,941.61	4,209.98	2,915.08
Packing material	1,141.84	1,041.79	915.81
Work-in-process	2,796.84	2,233.18	1,812.78
Stores and spares	529.20	425.51	268.21
Finished goods	1,926.39	1,559.13	1,374.07
Stock-in-trade	114.67	210.42	80.37
Total	**11,450.55**	**9,680.01**	**7,366.32**

Refer note 15(i) for hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process

NOTE 9 - CURRENT FINANCIAL ASSETS

(i) TRADE RECEIVABLES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good	38,794.04	30,576.55	24,408.31
Doubtful	2,196.40	638.19	528.19
Allowance for doubtful debts	(2,196.40)	(638.19)	(528.19)
Total	**38,794.04**	**30,576.55**	**24,408.31**

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 ₹ 1,558.21 (2016 - ₹ 110.00) (Refer note 36) has been recorded. The movement in the expected credit losses is as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Opening balance	638.19	528.19	203.10
Amounts written off	-	-	-
Impairment loss	1,558.21	110.00	325.09
Impairment loss reversed	-	-	-
Closing balance	**2,196.40**	**638.19**	**528.19**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

(ii) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) Accounts	2,499.14	734.68	413.88
Cash on hand	9.68	7.75	6.30
Total	**2,508.82**	**742.43**	**420.18**

(iii) OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security deposits-unsecured, considered good (Refer note 1 below)	94.21	101.22	73.18
Dividend accounts (Refer note 2 below)	12.95	11.55	10.89
Other receivables (unsecured)	161.80	165.25	156.24
Total	**268.96**	**278.02**	**240.31**

Note 1 - Security deposit represent trade deposit given in the normal course of business realisable within twelve months from the reporting date.

Note 2 - 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.

NOTE 10 - OTHER CURRENT ASSETS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances recoverable in kind (unsecured)	1,069.34	913.01	1,392.25
Input taxes receivable	2,328.86	1,783.12	1,310.78
Advance to vendors	1,115.96	1,029.78	588.31
Prepaid expenses	84.39	73.63	104.05
Export incentive	1,580.15	978.90	52.13
Other current assets	307.23	223.86	82.47
Total	**6,485.93**	**5,002.30**	**3,529.99**

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 (2016 - ₹ 2/- per share)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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.

NOTE 12 - EQUITY SHARE CAPITAL

Share capital	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
(I) Authorised						
Equity Shares of ₹ 1 each	2,370,000,000	2,370.00	2,370,000,000	2,370.00	350,000,000	350.00
Cumulative redeemable non-convertible preference shares of ₹ 100 each	4,000,000	400.00	4,000,000	400.00	4,000,000	400.00
Issued, subscribed and fully paid-up equity shares of ₹ 1 each						
At the beginning of the year	282,158,156	282.16	271,294,553	271.29	271,223,653	271.22
Add: Issued during the year						
- Under the Employee Stock Option Scheme, 2003 (ESOS)	10,000	0.01	45,800	0.05	70,900	0.07
- Preferential issue	-	-	10,800,000	10.80	-	-
- Alloted on account of Amalgamation (for consideration other than cash)	-	-	17,803	0.02	-	-
At the end of the year	**282,168,156**	**282.17**	**282,158,156**	**282.16**	**271,294,553**	**271.29**

(II) Merger consideration, pending allotment	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
17,803 equity shares of the face value of ₹ 1 each fully paid up to be issued to the public shareholders of Glenmark Generics Limited (GGL) pursuant to the merger of GGL with the Company	-	-	0.02

(III) List of shareholders holding more than 5 % shares	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Saldanha Family Trust	45.45	128,241,936	45.45	128,241,936	47.27	128,241,936

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

(IV) As at 31 March 2017, pursuant to Employee Stock Option Scheme 2003, 47,000 options were outstanding, which upon exercise are convertible into equivalent number of equity shares . Pursuant to Employee Stock Options Scheme 2016, 619,757 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

(V) 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.

(VI) In the period of five years immediately preceding 31 March 2017, 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.

(VII)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 under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1 - 2 years and up to 4 - 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. As at 31 March 2017, pursuant to ESOS 2003, 47,000 options were outstanding, which upon exercise are convertible into equivalent number of equity shares . Pursuant to ESOS 2016, 619,757 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

The aggregate share options and weighted average exercise price under the above mentioned plan are as follows:

	2017		2016	
	Number*	weighted average price* (₹)	Number*	weighted average price* (₹)
Outstanding at the beginning of the year	84,500	279.99	164,800	296.03
Granted during the year	640,695	800.00	-	-
Forfeited during the year	(48,438)	515.79	(34,500)	405.79
Exercised during the year *	(10,000)	263.89	(45,800)	242.97
Outstanding at the end of the year	666,757	762.78	84,500	279.99

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 2017	31 March 2016
Share price (₹)*	215.85 – 800.00	215.85 – 480.40
Exercise price (₹)*	215.85 – 800.00	215.85 – 480.40
Weighted average volatility rate	30% - 60%	40% - 60%
Dividend payout	200%	200%
Risk free rate	7.70%-9.00%	7.75% - 9.00%
Average remaining life	1-52 months	1- 26 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 FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 13 - NON-CURRENT FINANCIAL LIABILITIES

(i) BORROWINGS

Long term borrowings comprise of :

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured loans			
Foreign currency convertible bonds (FCCB)	13,178.95	-	-
Senior notes	12,714.51	-	-
Total long-term borrowings	**25,893.46**	**-**	**-**

During the year , the Company 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 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.

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	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
2016	-	-	624.95*
2022	12,944.72	-	-
2023	13,514.74	-	-

* represents current maturity of long-term borrowings

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

(ii) OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security deposits	24.05	46.95	47.43
Total	24.05	46.95	47.43

NOTE 14 - OTHER NON CURRENT LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other liabilities	-	-	1,171.78
Total	-	-	1,171.78

NOTE 15 - CURRENT FINANCIAL LIABILITIES

(i) BORROWINGS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured loans			
Loans repayable on demand from banks	25.94	155.26	366.87
Unsecured loans			
From banks	1,845.95	7,718.92	3,109.12
Total	1,871.89	7,874.18	3,475.99

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 0.60 % to 9.70 % p.a.

(ii) TRADE PAYABLES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
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	13,801.93	16,027.90	12,980.14
Trade payables to related party (Refer note 28)	868.97	231.63	1,993.88
Acceptances	-	-	693.84
Total	14,670.90	16,259.53	15,667.86

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

(iii) OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long term debt	-	-	624.95
Interest accrued but not due	131.45	6.66	3.04
Unclaimed dividend	12.95	11.55	10.89
Employee dues	19.52	10.20	-
Total	**163.92**	**28.41**	**638.88**

NOTE 16 - OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income received in advance	-	-	339.29
Statutory dues	280.48	286.57	232.61
Payable to related parties (Refer note 28)	647.04	660.79	624.76
Liability for legal obligation	-	-	390.59
Accrued expenses	959.90	628.79	510.66
Other liabilities	547.98	811.52	1,050.20
Total	**2,435.40**	**2,387.67**	**3,148.11**

Other liabilities include advance from customers and other such adjustable balances

Income received in advance represents advance received from customer for future supply of materials. The Company has recognised an income of ₹ Nil (2016 - ₹ 430.43) in current year.

NOTE 17- PROVISIONS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provisions for employee benefits :			
Provision for gratuity (Refer note 27)	249.88	176.45	99.57
Provision for compensated absences (Refer note 27)	163.86	115.60	105.78
Total	**413.74**	**292.05**	**205.35**

NOTE 18 - CURRENT TAX LIABILITIES (NET)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for income tax (net of advance tax of ₹ 9,264.93 (31 March 2016 - ₹ 5,965.28, 1 April 2015- ₹ 2,149.56))	165.91	581.69	652.06
Provision for wealth tax	-	-	0.29
Total	**165.91**	**581.69**	**652.35**

NOTE 19- REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)	76,375.65	57,270.01
Sale of services	572.65	1,799.70
Other operating revenue	4,006.70	2,961.10
Total	**80,955.00**	**62,030.81**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 20 -OTHER INCOME

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Dividend income	8.77	8.81
Exchange gain (net)	-	463.96
Interest income	1,443.49	671.49
Miscellaneous receipts	30.13	28.57
Total	**1,482.39**	**1,172.83**

NOTE 21- COST OF MATERIAL CONSUMED

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Consumption of raw material and packing material	21,797.15	17,362.36
Consumption of stores and spares	622.98	560.07
Total	**22,420.13**	**17,922.43**

NOTE 22- PURCHASES OF STOCK-IN-TRADE

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Purchase of finished goods	2,669.96	2,199.75
Total	**2,669.96**	**2,199.75**

NOTE 23- CHANGES IN INVENTORIES OF WORK-IN-PROCESS, STOCK-IN-TRADE AND FINISHED GOODS

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(Increase)/Decrease in stock of finished goods, work-in-process and stock-in-trade	(835.17)	(735.51)
Total	**(835.17)**	**(735.51)**
(Increase)/Decrease in stocks		
At the year end		
Stock of finished goods	1,926.39	1,559.13
Work-in-process	2,796.84	2,233.18
Stock-in-trade	114.67	210.42
	4,837.90	**4,002.73**
At the beginning of the year		
Stock of finished goods	1,559.13	1,374.07
Work-in-process	2,233.18	1,812.78
Stock-in-trade	210.42	80.37
	4,002.73	**3,267.22**
Total	**(835.17)**	**(735.51)**

NOTE 24- EMPLOYEE BENEFIT EXPENSE

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	8,633.06	7,171.95
Contribution to provident and other funds and retirement benefits (Refer note 27)	441.87	346.55
Staff welfare expenses	69.78	144.04
Total	**9,144.71**	**7,662.54**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 25 - FINANCE COSTS

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Interest expenses on		
- Term loan	132.31	291.31
- Interest on foreign currency convertible bonds	834.83	-
- Interest on senior notes	440.91	-
- Others	117.97	70.93
Total	**1,526.02**	**362.24**

NOTE 26 - OTHER EXPENSES

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Labour charges	829.13	718.95
Excise duty expenses	1,062.67	879.12
Power, fuel and water charges	1,039.08	955.61
Repairs and maintenance - plant and machinery	105.99	118.83
Repairs and maintenance - building	94.99	73.84
Repairs and maintenance - others	676.58	527.23
Rent	313.85	322.77
Rates and taxes	108.08	123.17
Director meeting fees	7.00	6.42
Other manufacturing expenses	233.51	185.83
Consumable - Lab chemicals and reagents	559.72	587.68
Selling and Marketing exp.	1,144.85	1,108.63
Sales promotion expenses	3,456.61	2,522.80
Export commission	67.32	105.04
Commission on sales	83.92	124.21
Travelling expenses	1,477.99	1,396.47
Freight outward	1,495.34	1,583.05
Telephone expenses	52.96	50.07
Provision for doubtful debts	-	109.03
Insurance premium	78.49	65.15
Electricity charges	189.91	188.20
Exchange loss (net)	675.16	-
Loss on sale of fixed assets	11.63	8.02
Auditors remuneration*		
- Audit fees	15.50	12.00
- Out of pocket expenses	1.77	1.21
Corporate social responsibility expense (Refer note 35)	190.27	119.23
Legal and professional charges	962.03	1,100.09
Other operating expenses	3,634.60	4,336.16
Total	**18,568.95**	**17,328.81**

* does not include ₹ 16.50 (2016- ₹ Nil) on account of other matters.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 27 - 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.

The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2017	31 March 2016
Current service cost	66.90	51.18
Curtailment and past service cost	-	-
Personnel expenses	66.90	51.18
Net interest on defined benefit schemes	13.59	7.99
Administration cost (excluding cost for managing plan assets)	-	-
Net periodic expense	**80.49**	**59.17**

The remeasurement components recognised in other comprehensive income for the Company's defined benefit plans comprise the following:

Particulars	31 March 2017	31 March 2016
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	-	8.52
Based on adjustment of financial assumptions	-	(23.61)
Due to liability experience adjustment	50.66	58.53
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(16.26)	10.30
Total remeasurement recognised in the statement of other comprehensive income	**34.40**	**53.74**

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 2017	31 March 2016
Present value of funded obligations	535.22	417.00
Fair value of plan assets	(285.34)	(240.55)
Net defined benefit liability	**249.88**	**176.45**
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	249.88	176.45

The movements in the net defined benefit liability recognised within the balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	176.45	99.57
Cost recognised in statement of profit and loss	80.49	59.17
Remeasurement (gains) / losses recognised in other comprehensive income	34.40	53.74
Actual employer contributions	(10.01)	(0.09)
Benefits paid	(31.45)	(35.94)
Closing balance	**249.88**	**176.45**

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 2017	31 March 2016
Beginning balance	417.00	331.71
Current service cost	66.90	51.18
Interest cost on the defined benefit obligations	32.11	26.61
Actual employee contributions	-	-
Curtailment and past service cost	-	-
Actual benefit payments	(31.45)	(35.94)
Actuarial (gains)/losses - Demographic assumptions	-	8.52
Actuarial (gains)/losses - Financial assumptions	-	(23.61)
Actuarial (gains)/losses - Liability experience	50.66	58.53
Administration cost (excluding cost for managing plan assets)	-	-
Closing balance	**535.22**	**417.00**

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2017	31 March 2016
Beginning balance	240.55	232.14
Interest income on plan assets	18.52	18.62
Actual employer contributions	10.01	0.09
Actual employee contributions	-	-
Actual benefit payments	-	-
Actual return on assets (excluding interest income on plan assets)	16.26	(10.30)
Closing balance	**285.34**	**240.55**

The Company expects to contribute ₹ 317.54 to its defined benefit plans in 2017-18.

The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2017 are as follows:

Particulars	31 March 2017	31 March 2016
Discount Rate	7.70%	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 2017	31 March 2016
Average life expectancy (Years)	26.04	26.37

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2017	31 March 2016
Assets administered by respective insurance companies	100%	100%

A breakup of the defined benefit plan related balance sheet amounts as at 31 March 2017 and 2016, is shown below.

Particulars	31 March 2017	31 March 2016
Present value of funded obligations	535.22	417.00
Fair value of plan assets	(285.34)	(240.55)
Net defined benefit liability	249.88	176.45

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 2017 and 2016, is shown below:

Particulars	31 March 2017	31 March 2016
Active	11,661	10,693
Present value of funded obligations	535.22	417.00

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 2017	31 March 2016
Discount rate + 0.25% / +0.5 % p.a.	(17.91)	(28.02)
Discount rate - 0.25% / - 0.5 % p.a.	19.08	31.86
Rate of compensation increase + 0.25%- 0.5 % p.a.	18.74	30.46
Rate of compensation increase - 0.25% - 0.5 % p.a.	(17.74)	(27.40)

The experience adjustment relating to gratuity is summarised as follows:

Particulars	On plan liability (gain)/loss	On plan assets gain/(loss)
2016-17	50.66	16.26
2015-16	58.53	(10.30)
2014-15	21.70	13.13
2013-14	3.38	(0.90)
2012-13	19.24	2.16

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 2017	31 March 2016
Current service cost	58.14	50.18
Personnel expenses	**58.14**	**50.18**
Net interest on defined benefit schemes	8.90	8.49
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	-	7.35
Based on adjustment of financial assumptions	-	(17.33)
Due to liability experience adjustment	23.94	7.51
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(0.54)	3.05
Net periodic expense	**90.44**	**59.25**

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 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 2017	31 March 2016
Present value of funded obligations	294.88	236.75
Fair value of plan assets	(131.02)	(121.15)
Net defined benefit liability	**163.86**	**115.60**
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	**163.86**	**115.60**

The movements in the net defined benefit liability recognised within the balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	115.60	105.78
Cost recognised in the statement of profit and loss	90.44	59.25
Remeasurement (gains) / losses recognised in other comprehensive income	-	-
Actual employer contributions	-	0.10
Benefits paid	(42.18)	(49.53)
Closing balance	**163.86**	**115.60**

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	236.75	220.85
Current service cost	58.14	50.18
Interest cost on the defined benefit obligations	18.23	17.72
Actual benefit payments	(42.18)	(49.53)
Actuarial (gains)/losses - Demographic assumptions	-	7.35
Actuarial (gains)/losses - Financial assumptions	-	(17.33)
Actuarial (gains)/losses - Liability experience	23.94	7.51
Closing balance	**294.88**	**236.75**

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2017	31 March 2016
Beginning balance	121.15	115.07
Interest income on plan assets	9.33	10.39
Return on plan assets	0.54	(4.21)
Actual employer contributions	-	(0.10)
Closing balance	**131.02**	**121.15**

The Company expects to contribute ₹ 251.06 to its defined benefit plan in 2017-18.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2017 and the following year's are as follows:

Particulars	31 March 2017	31 March 2016
Discount rate (weighted average)	7.70%	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 2017	31 March 2016
Average life expectancy at 58 (Years)	26.04	26.37

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2017	31 March 2016
Insurance contracts	100%	100%

A breakup of the defined benefit plan related balance sheet amounts at 31 March 2017 and 2016, is shown below.

Particulars	31 March 2017	31 March 2016
Present value of obligations	294.88	236.75
Fair value of plan assets	(131.02)	(121.15)
Net defined benefit liability	163.86	115.60

The present value of defined benefit obligations by category of members at 31 March 2017 and 2016, is shown below:

Particulars	31 March 2017	31 March 2016
Active	11,661	10,693
Present value of obligations	294.88	236.75

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 2017
Discount rate + 0.5 % p.a.	(9.74)
Discount rate - 0.5 % p.a.	10.40
Rate of compensation increase + 0.5 % p.a.	10.22
Rate of compensation increase - 0.5 % p.a.	(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 ₹ 259.29 (2016 - ₹ 215.64) to the provident fund plan during the year ended 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 28 - RELATED PARTY DISCLOSURES

a) Parties where direct/indirect control exists

i) Subsidiary companies

Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.
(formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)
Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (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 (Formerly known as Glenmark Distributors SP z.o.o.)
Glenmark Pharmaceuticals SP z.o.o., Poland
(Merged into Glenmark Distributors SP z.o.o. with effect from 2 November 2016)
Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics 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
(Formerly known as Glenmark Pharmaceuticals Colombia Ltda., 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 (formerly known as Glenmark Generics B.V., Netherlands)
Glenmark Arzneimittel Gmbh., Germany
Glenmark Pharmaceuticals Canada Inc., Canada (formerly Known as Glenmark Generics Canada Inc., Canada)
Glenmark Pharmaceuticals Kenya Ltd, Kenya
Glenmark Therapeutics AG, Switzerland
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 (w.e.f. 1 April 2015)
Glenmark Pharmaceuticals Nordic AB, Sweden
Glenmark Ukraine LLC, Ukraine
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador

ii) Enterprise over which key managerial personnel excercise significant influence

Glenmark Foundation
Glenmark Aquatic Foundation
Trilegal

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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.
(formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)
Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)
Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics 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 (Merged into Glenmark Distributors SP z.o.o.)
Glenmark Pharmaceuticals SP z.o.o., Poland (Formerly known as Glenmark Distributors SP z.o.o.)
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
(Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico
Glenmark Specialty S A, Switzerland
Glenmark Pharmaceuticals Canada Inc., canada (formerly Known as Glenmark Generics 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 Foundation
Glenmark Aquatic Foundation

c) **Key Management Personnel**

Mr. Glenn Saldanha (Chairman & Managing Director)
Mrs. Cherylann Pinto (Executive Director)
Mr. Rajesh Desai (Executive Director)
Mr. P Ganesh (President & Global Chief Financial Officer with effect from 12 May 2016)
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

	2016-2017	2016-2017	2015-2016	2015-2016
Companies where direct/indirect control exists				
1. Sale of materials & services		**47,362.26**		**29,765.62**
Glenmark Pharmaceuticals S.A., Switzerland-(services)	552.03		746.41	
Glenmark Pharmaceuticals S.A., Switzerland	1,533.23		37.89	
Glenmark Farmaceutica Ltda., Brazil	86.36		166.40	
Glenmark Phillipines Inc., Philippines	234.91		193.81	
Glenmark Impex L.L.C., Russia	2,583.47		1,512.85	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	59.59		93.34	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	196.21		127.02	
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	2.17		553.60	
Glenmark Pharmaceuticals Peru SAC., Peru	79.16		74.34	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	3.59		4.80	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	288.84		215.34	
Glenmark Pharmaceuticals Colombia SAS, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	2.11		4.19	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	155.45		121.06	
Glenmark Pharmaceuticals Malaysia Sdn Bhd., Malaysia	310.60		306.36	
Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	39,245.04		22,043.77	
Glenmark Pharmaceuticals S.R.O., Czech Republic	465.33		273.92	
Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	1,484.74		2,255.80	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	2.64		1.73	
Glenmark Specialty S.A., Switzerland-(services)	-		1,032.99	
Glenmark Pharmaceuticals Canada Inc., Canada	76.79		-	
2. Other Operating Income				
Glenmark Pharmaceuticals S.A., Switzerland		1,850.75		1,044.50

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

		2016-2017	2016-2017	2015-2016	2015-2016
3.	**Purchase of materials & services**		**1,032.64**		**552.92**
	Glenmark Generics SA., Argentina	4.28		40.94	
	Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K. (formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)	262.38		269.24	
	Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	52.19		59.58	
	Glenmark Therapeutics Inc., USA	15.48		25.95	
	Glenmark Pharmaceuticals FZE., United Arab Emirates	134.30		104.05	
	Glenmark Farmaceutica Ltda., Brazil	492.54		-	
	Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	1.68		2.37	
	Glenmark Impex L.L.C., Russia	65.12		49.59	
	Trilegal	4.67		1.20	
4.	**Investment in share capital**		**812.87**		**1,988.31**
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	33.41		58.89	
	Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	127.48		-	
	Glenmark Pharmaceuticals Peru SAC., Peru	-		96.87	
	Glenmark Pharmaceuticals Colombia SAS, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	23.45		13.82	
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela (Refer note 36)	88.01		-	
	Glenmark Uruguay S.A., Uruguay	-		774.53	
	Glenmark South Africa (Pty) Ltd., South Africa	-		1,044.20	
	Glenmark Therapeutic A.G.Switzerland	6.86		-	
	Glenmark Impex L.L.C., Russia	533.66		-	
5.	**Share Application Money**		**398.41**		**223.86**
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela (Refer note 36)	91.18		57.05	
	Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	214.44		127.49	
	Glenmark Pharmaceuticals Peru SAC., Peru	59.61		39.30	
	Glenmark Pharmaceuticals Colombia SAS, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	20.36		-	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	12.78		-	

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

		2016-2017	2016-2017	2015-2016	2015-2016
	Glenmark Dominicana, SRL, Dominican Republic	0.04		0.02	
6.	**Sale of fixed assets to**		**-**		**32.74**
	Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	-		25.71	
	Glenmark Impex L.L.C., Russia	-		7.03	
7.	**Loan given to**		**33,307.29**		**13,952.71**
	Glenmark Holding S.A., Switzerland	33,307.29		13,907.35	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		45.36	
8.	**Loan repaid by**		**11,253.67**		**3,139.77**
	Glenmark Holding S.A., Switzerland	11,253.67		3,139.77	
9.	**Interest income**		**1,350.78**		**643.02**
	Glenmark Holding S.A., Switzerland	1,324.13		458.84	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	4.55		4.48	
	Glenmark Pharmaceuticals Kenya Ltd, Kenya	16.02		15.82	
	Glenmark Pharmaceuticals (Thailand) Co Ltd	0.54		0.54	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	5.54		3.34	
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	-		160.00	
10.	**Expenses paid on behalf of Glenmark Pharmaceuticals Ltd, India by**		**3,142.83**		**2,501.85**
	Glenmark Impex L.L.C., Russia	953.79		702.97	
	Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K. (formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)	38.08		115.59	
	Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	56.87		107.98	
	Glenmark Pharmaceuticals s.r.o., Czech Republic	18.25		2.06	
	Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	1,817.52		1,530.63	
	Glenmark Farmaceutica Ltda., Brazil	0.89		37.21	
	Glenmark Pharmaceuticals Kenya Ltd, Kenya	2.82		-	
	Glenmark Pharmaceuticals S.R.L., Romania	6.54		-	
	Glenmark Pharmaceuticals B.V., Netherlands	-		0.09	
	Glenmark Therapeutics Inc., USA	0.91		5.32	

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

		2016-2017	2016-2017	2015-2016	2015-2016
	Glenmark Pharmaceuticals Canada Inc., Canada	57.23		-	
	Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	189.93		-	
11.	**Expenses paid on behalf of**		**20.53**		**99.72**
	Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	1.33		1.32	
	Glenmark Pharmaceuticals s.r.o., Czech Republic	-		12.70	
	Glenmark Pharmaceuticals S. A., Switzerland	0.85		-	
	Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	15.60		85.05	
	Glenmark Farmaceutica Ltda., Brazil	0.01		0.65	
	Glenmark Holding S.A., Switzerland	1.39		-	
	Glenmark Pharmaceuticals SP z.o.o., Poland* (Merged into Glenmark Distributors SP z.o.o.)	0.01		-	
	Glenmark Pharmaceuticals Distributor S.R.O., Czech Republic	1.34		-	
12.	**Reimbursement of Representative office expenses to Glenmark Impex L.L.C., Russia**		**-**		**3.55**
13.	**Expenditure incurred for CSR activities to**		**112.56**		**45.52**
	Glenmark Foundation	49.12		23.82	
	Glenmark Aquatic Foundation	63.44		21.70	
Key Management Personnel			237.69		176.79
	Remuneration				
	Mr. Glenn Saldanha	141.00		108.46	
	Mrs. Cherylann Pinto	38.76		33.37	
	Mr. Rajesh Desai	31.74		25.91	
	Mr. Sanjay Kumar Chowdhary (Related party as per Companies Act, 2013 upto 31 October, 2016)	3.15		2.63	
	Mr. P Ganesh (Related party as per Companies Act, 2013 with effect from 12 May, 2016)	15.65		-	
	Mr. Harish Kuber (Related party as per Companies Act, 2013 with effect from 2 February, 2017)	0.39		-	
	Sitting fees paid to Non-executive Directors	7.00		6.42	

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 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016
Receivable/(Payable) from/ (to) subsidiary companies/enterprise		**64,792.08**		**34,023.98**
Glenmark Farmaceutica Ltda., Brazil	(275.42)		142.97	
Glenmark Philippines Inc., Philippines	129.17		114.37	
Glenmark Pharmaceuticals S.A., Switzerland	2,270.38		1,403.19	
Glenmark Holding S.A., Switzerland	36,162.40		14,224.64	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	385.03		330.39	
Glenmark Impex L.L.C., Russia	2,343.55		1,670.16	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	241.19		132.14	
Glenmark Pharmaceuticals FZE., United Arab Emirates	(76.22)		(85.62)	
Glenmark Generics SA., Argentina	0.41		0.22	
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela (Provided for (Refer Note 36))	1,558.20		1,648.61	
Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia	420.15		410.15	
Glenmark Pharmaceuticals Peru SAC., Peru	115.09		43.51	
Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	(320.04)		551.07	
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K. (formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)	(66.59)		(129.56)	
Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	21,785.83		13,459.04	
Glenmark Pharmaceuticals s.r.o., Czech Republic	233.90		135.49	
Glenmark Therapeutics Inc., USA	(25.66)		(16.08)	
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	(0.01)		(0.16)	
Glenmark Pharmaceuticals SP z.o.o., Poland (Formerly known as Glenmark Distributors SP z.o.o.)	(0.15)		(0.15)	
Glenmark Pharmaceuticals S.R.L., Romania	(6.58)		(0.04)	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	17.03		13.35	
Glenmark Uruguay S.A., Uruguay	(647.04)		(660.79)	
Glenmark Pharmaceuticals Colombia SAS, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	6.94		4.96	

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016
Glenmark Pharmaceuticals Kenya Ltd, Kenya	563.65		462.28	
Glenmark Pharmaceuticals SP z.o.o., Poland (Merged into Glenmark Distributors SP z.o.o.)	-		(0.01)	
Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	(98.30)		111.32	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	67.51		48.94	
Glenmark Pharmaceuticals Canada Inc., Canada	17.66		-	
Glenmark Foundation	(10.00)		(1.00)	
Glenmark Aquatic Foundation	-		10.59	

*** amount denotes less than Rupees ten thousand.**

NOTE 29- RESEARCH AND DEVELOPMENT EXPENSES

During the year, the Company's expenses on research and development is ₹ 4,623.41 (2016 - ₹ 4,349.70).

NOTE 30 - EARNINGS PER SHARE (EPS)

The basic earnings per share for the year ended 31 March 2017 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 2017	Year ended 31 March 2016
Profit attributable to equity shareholders, for basic and diluted	21,406.08	14,842.67
Weighted average number of shares outstanding during the year for basic EPS	282,166,682	280,727,485
Effect of dilutive potential ordinary shares:		
Employee stock options	85,294	58,991
Weighted average number of shares outstanding during the year for diluted EPS	282,251,976	280,786,476
Basic EPS, in ₹	**75.86**	**52.87**
Diluted EPS, in ₹	**75.84**	**52.86**

NOTE 31 - COMMITMENTS AND CONTINGENCIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(i) Contingent Liabilities			
Claims against the Company not acknowledged as debts			
Labour dispute	15.77	12.40	9.75
Disputed taxes and duties	**243.62**	**259.65**	**223.92**

(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 petition/s filed by other pharmaceutical companies as well, pending before Supreme 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 Supreme 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.

(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 company has revised the composition of the FDC's and market the revised product. The matter is now clubbed with other petition with other companies before the supreme court.

(ii) Commitments

(a) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2017 aggregate ₹ 727.02 (31 March 2016 - ₹ 710.42, 1 April 2015 - ₹ 485.18)

(b) Estimated amount of contracts remaining to be executed on other than capital account, net of advances, not provided for as at 31 March 2017 aggregate ₹ 5,236.30 (31 March 2016 - ₹ 2,745.76, 1 April 2015 - ₹ 2,260.74)

(iii) Others

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(a) Guarantees			
Bank guarantees	90.15	96.82	73.82
(b) Letter of comfort on behalf of subsidiaries:			
Glenmark Distributors SP z.o.o Poland	517.76	528.79	218.73
Glenmark Holding SA., Switzerland	25,305.52	32,285.37	34,684.73
Glenmark Impex L.L.C., Russia	1,488.56	1,454.18	2,608.59
Glenmark Farmaceutica Ltda Brazil	970.80	991.48	1,374.89
Glenmark Pharmaceuticals S.R.L Romania	323.60	330.49	68.27
Glenmark Pharmaceuticals S.R.O, Czech Republic	19.42	462.69	249.98
Glenmark Pharmaceuticals SK s.r.o, Slovakia	-	132.20	-
Glenmark Generics Finance S.A., Switzerland	-	-	12,925.98
Glenmark Generics SA., Argentina	129.44	132.20	-
Glenmark Pharmaceuticals Europe Ltd., UK	647.20	660.99	-
Glenmark Pharmaceuticals Inc, USA	7,442.80	8,592.86	-
Glenmark Pharmaceuticals FZE - UAE	12.94	-	-
(c) Open letters of credit	-	-	**827.87**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 32 - LEASES

The Company has taken on lease/leave and licence 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.

ii) The Leasing arrangements which 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 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 2017	31 March 2016
Due within one year	187.88	180.02
Due later than one year and not later than five years	353.94	501.03
Due later than five years	-	-
Total	**541.82**	**681.05**

Note 33 - 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	
		2016-2017	2015-2016	31 March 2017	31 March 2016
a)	**Loans and advances to subsidiaries/enterprise**				
	Glenmark Holding S.A., Switzerland	39,401.58	14,651.27	36,161.08	14,224.64
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	63.57	58.94	61.66	58.91
	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	8.93	8.55	8.89	8.55
	Glenmark Pharmaceuticals Kenya Ltd; Kenya	129.78	132.25	129.45	132.20
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	65.82	48.97	65.76	48.94
				36,426.84	14,473.24
b)	**Receivable from subsidiary companies**				
	Glenmark Pharmaceuticals S.A., Switzerland			2,270.38	1,403.19
	Glenmark Farmaceutica Ltda., Brazil			-	142.97
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria			323.37	271.49
	Glenmark Philippines Inc., Philippines			129.17	114.37
	Glenmark Impex L.L.C., Russia			2,343.55	1,670.16
	Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa			241.19	132.14
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela (Provided for Refer note 36)			1,558.20	1,648.61
	Glenmark Pharmaceuticals Peru SAC., Peru			115.09	43.51
	Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)			-	551.07

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(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars		As at	
		31 March 2017	31 March 2016
	Glenmark Pharmaceuticals s.r.o., Czech Republic	233.90	135.49
	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	8.14	4.80
	Glenmark Pharmaceuticals Kenya Ltd, Kenya	434.20	330.09
	Glenmark Pharmaceuticals Colombia SAS, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	6.94	4.96
	Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	-	111.32
	Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	420.15	410.15
	Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	21,785.83	13,459.04
	Glenmark Generics SA., Argentina	0.41	0.22
	Glenmark Pharmaceuticals Canada Inc., canada	17.66	-
	Glenmark Holding S.A., Switzerland	1.32	-
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	1.75	-
c)	**Payable to subsidiaries**		
	Glenmark Pharmaceuticals FZE., United Arab Emirates	76.22	85.62
	Glenmark Farmaceutica Ltda., Brazil	275.42	-
	Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K. (formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)	66.59	129.56
	Glenmark Therapeutics Inc., USA	25.66	16.08
	Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	0.01	0.16
	Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	320.04	-
	Glenmark Uruguay S.A., Uruguay	647.04	660.79
	Glenmark Pharmaceuticals SP z.o.o, Poland	-	0.01
	Glenmark Pharmaceuticals SP z.o.o. (Formerly known as Glenmark Distributors SP z.o.o.)	0.15	0.15
	Glenmark Pharmaceuticals S.R.L., Romania	6.58	0.04
	Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	98.30	-

d) **Movement of shares during the year**

Particulars	No. of Shares in Million			
	As at 1 April 2016	Invested during the Year	Sold during the Year	Balance as at 31 March 2017
Investments in Subsidiary Companies - Unquoted - non trade				
Glenmark Pharmaceuticals Colombia SAS, Colombia	0.06	0.03	-	0.09
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	42.14	4.39	-	46.53
Glenmark Therapeutics AG, Switzerland	0.10	0.10	-	0.20
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	61.87	108.09	-	169.96
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	309.49	31.60	-	341.09

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 34- FAIR VALUE MEASUREMENTS

Financial instruments by category

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Non current financial assets	-	-	344.70	-	-	284.66	-	-	301.69
Loans to related parties	-	-	36,426.84	-	-	14,473.24	-	-	3,931.72
Trade receivables, net	-	-	38,794.04	-	-	30,576.55	-	-	24,408.31
Cash and cash equivalents	-	-	2,508.82	-	-	742.43	-	-	420.18
Investments	46.92	-	110.02	46.91	-	125.03	46.15	-	125.03
Other receivable	-	-	268.96	-	-	278.02	-	-	240.31
Total	**46.92**	**-**	**78,453.38**	**46.91**	**-**	**46,479.93**	**46.15**	**-**	**29,427.24**
Financial Liabilities									
Long term borrowings	13,178.95	-	12,714.51	-	-	-	-	-	-
Non current financial liabilities	-	-	24.05	-	-	46.95	-	-	47.43
Trade payables	-	-	14,670.90	-	-	16,259.53	-	-	15,667.86
Short term borrowings	-	-	1,871.89	-	-	7,874.18	-	-	3,475.99
Short term financial liabilities	-	-	163.92	-	-	28.41	-	-	638.88
Total	**13,178.95**	**-**	**29,445.27**	**-**	**-**	**24,209.07**	**-**	**-**	**19,830.16**

Investment in Subsidiaries are carried at cost

Trade receivables comprise amounts receivable from the sale of goods and services.

The management consider 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 consider that the carrying amount of trade payables approximates to their fair value.

Fair value hierarchy :

Level 2 : All FVPL financial assets and liabilities are classified as level 2 inputs except certain investments amounting to ₹ 1.35 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified as level 3 inputs.

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 2017:

i Gross amount required to be spent by the Company during the year - ₹ 232.23 (2016 - ₹ 141.07)

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	70.55	-	70.55
Promoting health care including preventive health care	6.50	-	6.50
Reducing child mortality and improving maternal health	39.00	10.00	49.00
Training to promote Olympic sports	63.44	-	63.44
Vocational skill livelihood enhancement projects	0.50	-	0.50
Administrative expenses	0.28	-	0.28
Total	**180.27**	**10.00**	**190.27**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 36- 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 37 - SPECIFIED BANK NOTES (SBN)

Particulars	SBN	Other denomination	Total
Closing cash in hand as on 8 November 2016	1.25	6.58	7.83
(+) Permitted receipts	0.16	11.21	11.37
(-) Permitted payments	-	8.91	8.91
(-) Amount deposited in Banks	1.41	1.61	3.02
Closing cash in hand as on 30 December 2016	**-**	**7.27**	**7.27**

NOTE 38 - 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.

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 ₹ 66.20 at the beginning of the year and scaled to a high of ₹ 68.57 and to low of ₹ 64.72. The closing rate is ₹ 64.72. 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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

Particulars	31 March 2017		31 March 2016	
	USD (million)	INR	USD (million)	INR
Short-term exposure				
Financial assets	463.47	29,997.63	336.64	22,251.53
Financial liabilities	(65.71)	(4,253.05)	(126.35)	(8,351.60)
Short-term exposure	**397.76**	**25,744.58**	**210.29**	**13,899.93**
Long term exposure				
Financial assets	562.81	36,426.84	218.96	14,473.24
Financial liabilities	(408.81)	(26,459.49)	-	-
Long term exposure	**154.00**	**9,967.35**	**218.96**	**14,473.24**

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	(3,571.19)	(2,837.30)
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	3,571.19	2,837.30
Equity	-	-

EUR conversion rate was ₹ 75.37 at the beginning of the year and scaled to a high of ₹ 76.60 and to low of ₹ 69.13. The closing rate is ₹ 69.13. 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.

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate, are as follows.

Particulars	31 March 2017		31 March 2016	
	EUR (million)	INR	EUR (million)	INR
Short term exposure				
Financial assets	3.67	253.40	2.32	174.13
Financial liabilities	(3.63)	(250.77)	(4.00)	(300.46)
Short term exposure	**0.04**	**2.63**	**(1.68)**	**(126.33)**
Long term exposure				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Long term exposure	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	(0.26)	12.63
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	0.26	(12.63)
Equity	-	-

RUB conversion rate was ₹ 0.98 at the beginning of the year and scaled to a high of ₹ 1.17 and to low of ₹ 0.96. The closing rate is ₹ 1.15. 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 2017		31 March 2016	
	RUB (million)	INR	RUB (million)	INR
Short term exposure				
Financial assets	2,430.60	2,797.87	2,081.45	2,036.07
Financial liabilities	-	-	-	-
Short term exposure	**2,430.60**	**2,797.87**	**2,081.45**	**2,036.07**
Long term exposure				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Long term exposure	**-**	**-**	**-**	**-**

If the INR had strengthened against the RUB by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	(279.79)	(203.61)
Equity	-	-

If the INR had weakened against the RUB by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	279.79	203.61
Equity	-	-

Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term borrowing. The Company has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate cash outflow associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The Company has outstanding borrowings of USD 9 million (2016 USD 60 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 2017	31 March 2016
	INR	INR
Net results for the year	(1.46)	(9.91)
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 2017	31 March 2016
	INR	INR
Net results for the year	1.46	9.91
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 4% to 6.35%. 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 2017	As at 31 March 2016	As at 1 April 2015
Cash & cash equivalents	2,508.82	742.43	420.18
Trade receivables	38,794.04	30,576.55	24,408.31
Short term financial assets	268.96	278.02	240.31
Long term financial assets	55,438.53	33,342.15	20,828.59
Total	**97,010.35**	**64,939.15**	**45,897.39**

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.

Given below is ageing of accounts receivable spread by period of six months:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Outstanding for more than 6 months	1,528.63	2,914.69	2,755.86
Others	37,265.41	27,661.86	21,652.45
Total	**38,794.04**	**30,576.55**	**24,408.31**

The Company continuously monitors defaults of customers and other counter parties, 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 counter parties.

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 counter party or any group of counter parties 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 counter parties are reputable banks with high quality external credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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.

As at 31 March 2017, the Company's liabilities have contractual maturities which are summarised below:

	Current	Non-Current	
	Within 1 year	1to 5 years	more than 5 years
Trade payable	14,670.90	-	-
Financial liabilities	163.92	-	-
Short term borrowings	1,871.89	-	-
Long-term borrowings	-	12,714.51	13,178.95
Total	**16,706.71**	**12,714.51**	**13,178.95**

NOTE 39- CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods are summarised as follows:

The Company's goal in capital management is to maintain a capital-to-overall financing structure ratio as low as possible.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	31 March 2017	31 March 2016	1 April 2015
Total equity	94,366.19	73,659.62	50,176.65
Less: Cash & cash equivalents	2,508.82	742.43	420.18
Capital	**91,857.37**	**72,917.19**	**49,756.47**
Total equity	94,366.19	73,659.62	50,176.65
Add Borrowings	27,765.35	7,874.18	4,100.94
Overall financing	**122,131.54**	**81,533.80**	**54,277.59**
Capital to overall financing ratio	**0.75**	**0.89**	**0.92**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Dividends

		31 March 2017	31 March 2016
(i)	**Equity shares**		
	Final dividend paid during the year ended	679.45	679.18
(ii)	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 2 (2016 - ₹ 2) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

NOTE 40 - RECONCILIATIONS OF EQUITY REPORTED UNDER PREVIOUS GAAP TO EQUITY UNDER IND AS

Sr. no	Particulars	Note no	Equity as at 31 March 2016	Equity as at 1 April 2015
	Equity as per previous Indian GAAP		**72,857.51**	**49,520.53**
1	Amortisation of intangible assets	1	122.91	-
2	Proposed dividend and tax thereon	3	679.20	656.12
	Equity as per Ind AS		**73,659.62**	**50,176.65**

Reconciliation of profit reported under previous GAAP to profit under Ind AS

Sr. no	Particulars	Note no.	For the year ended 31 March 2016
	Net profit as per previous Indian GAAP		**14,684.31**
1	Amortisation of intangible assets		122.91
2	Deferred tax adjustments and others	**2**	(18.29)
3	Remeasurement benefits	**4**	53.74
	Net profit as per Ind AS		**14,842.67**

Notes:

1 **Intangible assets**
As at the date of transition, Company has elected to consider the previous GAAP carrying value of all the items of intangible assets as deemed cost. So, there is no impact on equity as at the date of transition. There are few items of intangible assets which has been amortised in previous GAAP considering the useful life of five years. Under Ind AS, these assets has been considered as having infinite useful life and amortisation charges is nil on these assets after the date of transition. Instead, these assets has been tested for impairment on an annual basis. The adjustment on account of change in useful life have a positive impact of ₹ 122.91 on equity reported under previous GAAP as at 31 March 2016.

2 **Deferred tax**
Deferred tax assets and liabilities under Indian GAAP were recorded only on timing differences. However, on transition to Ind AS, deferred tax assets and liabilities are recorded on temporary differences. On transition to Ind AS, the carrying values of assets and liabilities have undergone a change as a result of the adjustments indicated above, and accordingly, the deferred tax position has been recomputed after considering the new carrying amounts.

3 **Proposed dividend**
In preparation of the financial statements in accordance with Previous GAAP, the Company provided for proposed dividend and tax thereon to comply with the schedule III requirements of the Companies Act, 2013. On transition to Ind AS, proposed dividend is recognised based on the recognition principles of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. Considering that the dividend has been proposed after the date of financial

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

statements and becomes payable only after approval by the shareholders, there is no present obligation to pay this dividend as at the date of statement of balance sheet. Accordingly, the liability for proposed dividend and tax thereon has been reversed.

4 **Remeasurement benefits**
Under previous GAAP, remeasurement benefits on defined benefit obligation has been recognised in the statement of profit and loss. Ind AS 19 - Employee benefits required these remeasurement benefits to be recognised in other comprehensive income instead of statement of profit and loss.

5 **Presentation differences**
In the preparation of these Ind AS financial statements, the Company has made several presentation differences between Previous GAAP and Ind AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind AS at the date of transition. Further, in these financial statements, some line items are described differently (renamed) under Ind AS as compared to Previous GAAP, although the assets and liabilities included in these line items are unaffected.

NOTE 41 - AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2017 were approved by the Board of Directors on 11 May 2017.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

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 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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), 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 2017, and their consolidated profit (consolidated financial performance including other comprehensive income), 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 ₹ 146,293.24 million and net assets of ₹ 23,401.62 million as at 31 March 2017, total revenues of ₹ 73,060.81 million and net cash inflows amounting to ₹ 224.36 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.

   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.

10. The Group had prepared separate sets of consolidated financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with {Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended)} on which we issued auditor's reports dated 12 May 2016 and 29 May 2015 respectively. These separate sets of consolidated financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. 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:

    (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 of the aforesaid consolidated financial statements;

    (b) 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;

    (c) 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 2017 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2017;

        iv) These consolidated financial statements have made requisite disclosures as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 by the Holding Company. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these disclosures are in accordance with the books of account maintained by the Holding Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: Mumbai
Date: 11 May 2017

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 the 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 2017, 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 respective 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 issued by the Institute of Chartered Accountants of India. 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 Holding Company's business, including adherence to the Holding Company's policies, the safeguarding of the Holding 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 the IFCoFR of the Holding Company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (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 judgment, 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) pertains 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 the 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 internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 issued by the Institute of Chartered Accountants of India

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: Mumbai
Date: 11 May 2017

CONSOLIDATED BALANCE SHEET

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	3	17,836.97	16,437.27	13,006.98
Capital work-in-progress	3	6,295.50	4,978.29	4,438.13
Goodwill	4	478.92	574.80	579.70
Intangible assets	5	9,235.01	8,923.40	6,567.08
Intangible assets under development	5	785.62	449.66	333.12
Financial assets	6			
i. Investments		156.94	171.95	171.18
ii. Other non-current financial assets		362.84	285.88	304.35
Deferred tax assets (net)	7	13,112.69	10,648.84	8,490.82
Other non-current assets	8	627.79	415.63	339.23
Total non-current assets		**48,892.28**	**42,885.72**	**34,230.59**
Current assets				
Inventories	9	21,390.50	15,677.60	12,690.39
Financial Assets	10			
i. Trade receivable		24,043.20	24,926.46	25,117.65
ii. Cash and cash equivalents		10,563.64	8,571.21	7,637.35
iii. Other current financial assets		2,014.01	158.41	118.57
Other current assets	11	10,735.04	9,709.32	7,634.69
Total current assets		**68,746.39**	**59,043.00**	**53,198.65**
Total assets		**117,638.67**	**101,928.72**	**87,429.24**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	12 & 13	282.17	282.16	271.29
Merger consideration, pending allotment		-	-	0.02
Other equity				
Reserves and Surplus		44,643.08	36,014.22	23,085.78
Equity attributable to owners of Glenmark Pharmaceuticals Limited		**44,925.25**	**36,296.38**	**23,357.09**
Non-controlling interests		(4.23)	(3.01)	(1.87)
Total equity		**44,921.02**	**36,293.37**	**23,355.22**
LIABILITIES				
Non-current liabilities				
Financial liabilities	14			
i. Borrowings		45,363.39	24,872.97	25,743.80
ii. Other financial liabilities		24.05	46.95	47.44
Other non-current liabilities	15	303.38	722.95	1,171.78
Total non-current liabilities		**45,690.82**	**25,642.87**	**26,963.02**
Current liabilities				
Financial liabilities	16			
i. Borrowings		1,871.89	7,874.18	3,476.00
ii. Trade payables		19,035.22	19,407.93	19,480.37
iii. Other financial liabilities		402.63	7,449.64	9,109.13
Other current liabilities	17	4,690.61	3,920.46	3,533.82
Provisions	18	769.93	632.64	586.81
Current tax liabilities (net)		256.55	707.63	924.87
Total current liabilities		**27,026.83**	**39,992.48**	**37,111.00**
Total liabilities		**72,717.65**	**65,635.35**	**64,074.02**
Total equity and liabilities		**117,638.67**	**101,928.72**	**87,429.24**

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
INCOME			
Revenue from operations	19	91,856.81	76,495.83
Other income	20	373.65	200.00
Total income		**92,230.46**	**76,695.83**
EXPENSES			
Cost of materials consumed	21	23,548.13	19,287.47
Purchases of stock-in-trade	22	7,191.20	5,139.97
Changes in inventories of work-in-process, stock-in-trade and finished goods	23	(4,596.07)	(1,401.60)
Employee benefit expense	24	16,408.06	13,781.95
Finance costs	26	2,373.18	1,788.85
Depreciation, amortisation and impairment expense	3, 4 & 5	2,643.68	2,342.84
Other expenses	25	28,938.49	25,316.52
Total expenses		**76,506.67**	**66,256.00**
Profit before exceptional items and tax		**15,723.79**	**10,439.83**
Exceptional items	36	809.49	-
Profit before tax		**14,914.30**	**10,439.83**
Tax expense	7		
Current tax		6,190.43	5,114.42
Deferred tax		(2,363.66)	(2,105.04)
Total Tax expense		**3,826.77**	**3,009.38**
Profit for the year		**11,087.53**	**7,430.45**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
- Remeasurement of the net defined benefit plans		(47.01)	11.98
- Income tax relating to the above		13.29	(2.39)
Items that will be reclassified to profit or loss			
Exchange differences on translating foreign operations		(1,750.00)	(3,177.66)
Other comprehensive income / (loss) for the year		**(1,783.72)**	**(3,168.07)**
Total comprehensive income for the year		**9,303.81**	**4,262.38**
Total comprehensive income attributable to:			
Non-controlling interest		(0.46)	(1.93)
Equity shareholders of Glenmark Pharmaceuticals Limited		9,304.27	4,264.31
Earnings per equity share of ₹ 1 each			
Basic (in ₹)	30	39.29	26.47
Diluted (in ₹)	30	39.28	26.46

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in million of Indian Rupees, unless otherwise stated)

A. Equity Share Capital

Particulars	Note	Amount
Balance as at 1 April 2015	12 & 13	
Equity share capital		271.29
Merger consideration, pending allotment		0.02
Total		**271.31**
- Shares issued under Employee Stock Option ('ESOP') Scheme		0.05
- Preferential issue		10.80
Balance as at 31 March 2016		**282.16**
- Shares issued under Employee Stock Option ('ESOP') Scheme		0.01
Balance as at 31 March 2017		**282.17**

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			
Balance as at 1 April 2016	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 for the year	-	-	-	-	-	(679.45)	-	(679.45)	-	(679.45)
Shares issued under ESOP	2.63	-	-	-	-	-	-	2.63	-	2.63
Transactions with owners	2.63	-	-	-	-	(679.45)	-	(676.82)	-	(676.82)
Net income for the year	-	-	-		-	11,087.99	-	11,087.99	(0.46)	11,087.53
Other Comprehensive Income:										
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)	-	-	-	-	-	(33.72)	-	(33.72)	-	(33.72)
Total Comprehensive Income	-	-	-	-	-	11,055.68	(1,750.00)	9,305.68	(1.22)	9,304.46
Balance as at 31 March 2017	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

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			
Balance as at 1 April 2015	7,506.87	1.00	1,455.13	200.00	308.46	22,963.68	(9,349.36)	23,085.78	(1.87)	23,083.91
Dividends for the year	-	-	-	-	-	(679.18)	-	(679.18)	-	(679.18)
Shares issued under ESOP	11.08	-	-	-	-	-	-	11.08	-	11.08
Preferential issue of shares	9,439.20	-	-	-	-	-	-	9,439.20	-	9,439.20
Issue expenses related to preferential issue of shares	(106.18)	-	-	-	-	-	-	(106.18)	-	(106.18)
Employee share based compensation	-	-	-	-	(294.02)	294.02	-	-	-	-
Transactions with owners	9,344.10	-	-	-	(294.02)	(385.16)	-	8,664.92	-	8,664.92
Net income for the year	-	-	-	-	-	7,432.38	-	7,432.38	(1.93)	7,430.45
Other Comprehensive Income:										
Exchange difference on translation of foreign operations	-	-	-	-	-	(0.79)	(3,177.66)	(3,178.45)	0.79	(3,177.66)
Remeasurement of the net defined benefit plans (net of tax)	-	-	-	-	-	9.59	-	9.59	-	9.59
Total Comprehensive Income	-	-	-	-	-	7,441.18	(3,177.66)	4,263.52	(1.14)	4,262.38
Balance as at 31 March 2016	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

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in million of Indian Rupees, unless otherwise stated)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(A)	**Cash inflow/(outflow) from operating activities**		
	Profit before tax	14,914.30	10,439.83
	Adjustments to reconcile profit before tax to net cash provided by operating activities:		
	Depreciation and amortisation	3,453.17	2,342.84
	Finance costs	2,373.18	1,788.85
	Interest income	(180.69)	(75.80)
	Dividend income	(8.77)	(8.81)
	(Profit)/loss on sale of assets	(18.30)	6.77
	Employee benefit obligation	235.43	193.20
	Provision for doubtful debts	7.87	113.60
	Unrealised exchange (gain)/loss	1,403.72	(450.38)
	Operating profit before working capital changes	**22,179.91**	**14,350.10**
	Changes in operating assets and liabilities		
	- (Increase)/ Decrease in trade receivables	171.57	994.23
	- (Increase)/ Decrease in inventories	(6,143.15)	(4,338.97)
	- (Increase)/ Decrease in other assets	(2,928.08)	(2,523.44)
	- Increase/ (Decrease) in trade payable and other liabilities	284.53	(251.45)
	Net changes in operating assets and liabilities	**(8,615.13)**	**(6,119.63)**
	Income taxes paid	(6,990.46)	(4,781.99)
	Net cash generated from operating activities	**6,574.32**	**3,448.48**
(B)	**Cash inflow/(outflow) from investing activities**		
	Restricted cash	21.88	0.22
	Interest received	179.99	75.76
	Dividend received	8.77	8.81
	Payments for purchase of property, plant and equipment and intangible assets	(7,485.29)	(8,902.72)
	Proceeds from sale of property, plant and equipment	151.20	16.22
	Net cash used in investing activities	**(7,123.45)**	**(8,801.71)**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in million of Indian Rupees, unless otherwise stated)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(C)	**Cash inflow/(outflow) from financing activities**		
	Proceeds from long-term borrowings	34,957.42	8,981.95
	Repayments of long-term borrowings	(20,954.98)	(13,395.41)
	Proceed from short-term borrowings, net	(6,059.79)	4,523.22
	Interest paid	(1,835.73)	(1,800.22)
	Proceeds from issue of share capital (net of issue expenses)	2.64	9,354.95
	Dividend paid (including tax on dividend)	(678.05)	(678.53)
	Net cash generated from financing activities	**5,431.51**	**6,985.96**
	Effect of exchange rate changes on cash	(2,889.95)	(698.87)
	Net increase in cash and cash equivalents	**1,992.43**	**933.86**
	Cash and cash equivalents at the beginning of the year	**8,571.21**	**7,637.35**
	Cash and cash equivalents at the end of the year (refer note - 10 (ii))	**10,563.64**	**8,571.21**
	Cash and cash equivalents comprise of :		
	Cash on hand	11.33	10.52
	Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	10,552.31	8,560.69
		10,563.64	**8,571.21**

Note :

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.

2 Figures in bracket indicate cash outflow.

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

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. 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 also markets active pharmaceutical ingredients to regulated and semi-regulated markets. 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 Watford in Hertfordshire in the United Kingdom 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 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 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) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) which is considered as "Previous GAAP". The financial statements for the year ended 31 March 2017 are the first Ind AS Financial statements of the group. As per the principles of Ind AS 101, the transition date to Ind AS is 1 April 2015 and hence the comparatives for the previous year ended 31 March 2016 and balances as on 1 April 2015 have been restated as per the principles of Ind AS, wherever deemed necessary. Refer note 40 for understanding the transition from previous GAAP to Ind AS and its effect on the group's financial position and financial performance.

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.

3.1. Use of estimates

The preparation of 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 4 and 4.1.

These consolidated financial statements are prepared under the historical cost convention, as modified by certain derivative contracts which have been measured at their fair values, at the reporting date through profit or loss .

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 interest. A fair value measurement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 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 Company 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/(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, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably. Revenue from the sale of goods is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

measured at the fair value of the consideration received or receivable, net of returns, value added tax and applicable trade discounts and allowances, but inclusive of excise duty. Revenue includes shipping and handling costs billed to the customer.

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 statement of profit and loss when right to receive a non- refundable payment from out-licensing partner is established.

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 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 credit 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 (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the 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 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. 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 Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the 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 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. Land is not depreciated.

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The estimated useful lives are as follows:

Factory and other buildings	30 – 55 years
Plant and machinery	8 – 21 years
Furniture, fixtures and office equipment	4 – 21 years
Vehicles	5 – 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The cost of property, plant and equipment not put to use before such date are disclosed under capital work in progress.

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 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 Ind AS.

As part of its transition to Ind AS, the Company 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 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 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 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 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.

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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 the statement of profit and loss.

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.

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 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 indefinite 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.

The estimated useful lives of intangible assets are 5 - 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 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 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

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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 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 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 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:** 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 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 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 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.

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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. Derivatives and embedded derivatives
The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains / (losses).

3.12. 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 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 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.

3.13. Inventories
Inventories of finished goods, consumable stores and spares are valued at cost or net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a specific identification method. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production

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or import of goods, as applicable, is included in the valuation of inventories.

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.

3.14. 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 or substantively 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.

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 simultaneously.

3.15. Leasing Activities

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

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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 Group's balance sheet. Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease.

3.16. 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.

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 statement of profit and loss.

3.17.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 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 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

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- 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 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 redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group 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.

3.18. 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 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.

3.19. 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. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period,

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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 the 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) fulfilment 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 utilized 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. 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 utilized 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 Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

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.

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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.

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 FIRST TIME ADOPTION OF IND AS

First Ind AS Financial statements
These are the group's first consolidated financial statements prepared in accordance with Ind AS applicable as at 31 March 2017.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet as at 1 April 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is as follows:

5.1 Optional exemptions availed

Deemed cost
Ind AS 101 permits a first-time adopter to elect

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to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Properties.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Business combinations
The Group has availed the business combination exemption on first time adoption of Ind AS and accordingly the business combinations prior to date of transition have not been restated to the accounting prescribed under Ind AS 103 – Business combinations.

The Group applies the requirements of Ind AS 103 – Business combinations to business combinations occurring after the date of transition to Ind AS.

Arrangement containing a lease
The Group has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease. No such assessment was done under the previous GAAP.

5.2 Mandatory exceptions applied
Estimates
An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP except where Ind AS required a different basis for estimates as compared to the previous GAAP.

De-recognition of financial assets and liabilities
Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Group from 1 April 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Group.

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NOTE 2 - BASIS OF CONSOLIDATION

The subsidiaries which consolidate 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 2017	31 March 2017	31 March 2016
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K. (formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)	31 March	United Kingdom	GHSA	100%	100%
Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	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. (Merged into Glenmark Distributors SP z.o.o.) (refer note (i))	31 March	Poland	GHSA	-	100%
Glenmark Pharmaceuticals SP z.o.o.(Formerly known as Glenmark Distributors SP z.o.o.) (refer note (i))	31 March	Poland	GHSA	100%	100%
Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	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, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	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%

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Name of the Entity	Year End Date	Country of Incorporation	Holding Company as of	Effective Group Shareholding (%) as on	
			31 March 2017	31 March 2017	31 March 2016
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%
Glenmark Pharmaceuticals (Thailand) Co. Ltd	31 March	Thailand	GPL	49%	49%
Glenmark Pharmaceuticals B.V.(Formerly known as Glenmark Generics B.V., Netherland)	31 March	Netherland	GHSA	100%	100%
Glenmark Arzneimittel Gmbh	31 March	Germany	GHSA	100%	100%
Glenmark Pharmaceuticals Canada Inc.(formerly Known as Glenmark Generics 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., SPAIN	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%	-
Glenmark Ukraine LLC	31 March	Ukraine	GHSA	100%	-
Glenmark Pharmaceuticals Ecuador S.A.	31 March	Ecuador	GPL	100%	-

Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

Note

(i) Merger of Glenmark Pharmaceuticals SP Z.O.O. with Glenmark Distributors SP Z.O.O.

Glenmark Pharmaceuticals SP Z.O.O. was merged with Glenmark Distributors SP Z.O.O. on 2 November, 2016 and the name of Glenmark Distributors SP Z.O.O. was changed to Glenmark Pharmaceuticals SP Z.O.O.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & Equipment	Furniture and fixture	Office Equipment	Vehicles	Total	Capital work-in-progress
Cost										
Balance as at 1 April 2016	**108.85**	**406.26**	**5,848.10**	**1,399.54**	**12,269.66**	**1,043.37**	**1,559.98**	**371.50**	**23,007.26**	**4,978.29**
- 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)
Balance as at 31 March 2017	**107.25**	**405.88**	**6,574.48**	**1,536.19**	**13,823.53**	**1,171.52**	**1,668.04**	**320.79**	**25,607.68**	**6,295.50**
Accumulated Depreciation										
Balance as at 1 April 2016	-	46.31	768.27	490.73	3,235.88	635.72	1,232.64	160.44	6,569.99	-
- 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)	-
Balance as at 31 March 2017	-	**53.03**	**879.46**	**558.99**	**4,047.70**	**730.99**	**1,330.40**	**170.14**	**7,770.71**	-
Carrying value										
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**
As at 31 March 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**

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & Equipment	Furniture and fixture	Office Equipment	Vehicles	Total	Capital work-in-progress
Cost										
Balance as at 1 April 2015	**60.63**	**400.28**	**4,376.07**	**1,346.72**	**6,127.66**	**977.64**	**4,992.62**	**384.60**	**18,666.22**	**4,438.13**
- Other acquisitions	50.95	5.96	1,560.55	167.52	2,626.20	118.81	168.87	64.07	4,762.93	2,483.11
- Disposals/Transfers	(1.20)	-	-	(125.81)	3,472.31	(13.16)	(3,618.79)	(49.70)	(336.35)	(1,926.86)
- Translation adjustment	(1.53)	0.02	(88.52)	11.11	43.49	(39.92)	17.28	(27.47)	(85.54)	(16.09)
Balance as at 31 March 2016	**108.85**	**406.26**	**5,848.10**	**1,399.54**	**12,269.66**	**1,043.37**	**1,559.98**	**371.50**	**23,007.26**	**4,978.29**
Accumulated Depreciation										
Balance as at 1 April 2015	-	**39.22**	**668.73**	**538.37**	**1,615.51**	**559.25**	**2,096.34**	**141.82**	**5,659.24**	-
- Depreciation charge for the year	-	7.05	105.70	65.51	665.34	95.91	150.00	71.61	1,161.12	-
- Disposals/Transfers	-	-	-	(125.81)	950.03	(10.83)	(1,048.01)	(44.81)	(279.43)	-
- Translation adjustment	-	0.04	(6.16)	12.66	5.00	(8.61)	34.31	(8.18)	29.06	-
Balance as at 31 March 2016	-	**46.31**	**768.27**	**490.73**	**3,235.88**	**635.72**	**1,232.64**	**160.44**	**6,569.99**	-
Carrying value										
As at 1 April 2015	**60.63**	**361.06**	**3,707.34**	**808.35**	**4,512.15**	**418.39**	**2,896.28**	**242.78**	**13,006.98**	**4,438.13**
As at 31 March 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**

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 ₹ 209.98 (2016- ₹ 25.50, 2015- ₹ 23.47). The borrowing costs have been capitalised at a weighted average rate of 5.26 % .

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NOTE 4 - GOODWILL

The net carrying amount of goodwill can be analysed as follows:

Particulars	31 March 2017	31 March 2016	1 April 2015
Opening balance	574.80	579.70	602.04
Impairment loss recognised	-	(56.11)	-
Effect of translation adjustments	(95.88)	51.21	(22.34)
Closing balance	**478.92**	**574.80**	**579.70**

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Europe	468.91	564.79	511.03
ROW	10.01	10.01	10.01
Latin America	-	-	58.66
Goodwill at	**478.92**	**574.80**	**579.70**

At the year end, the goodwill was tested for impairment based on conditions at that date.

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-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 segment is determined by applying a suitable discount rate, reflective of underlying markets.

Particulars	Long term growth Rates		Discount Rates	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Europe & ROW	2.00%	2.00%	8.50%	9.80%
Latin America	2.00%	2.00%	7.50%	8.80%

Long term growth rates

The 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 for the foreseeable future.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment.

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 segments, 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.

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NOTE 5 - INTANGIBLE ASSETS

Intangible assets comprise of :

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
Cost				
Balance as at 1 April 2016	**1,297.04**	**18,126.28**	**19,423.32**	**449.66**
- 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)
Balance as at 31 March 2017	**1,779.16**	**19,833.41**	**21,612.57**	**785.62**
Amortisation and impairment				
Balance as at 1 April 2016	**594.35**	**9,905.57**	**10,499.92**	**-**
- for the year (Refer note 36)	222.84	1,864.50	2,087.34	-
- on disposals/transfers	(0.29)	-	(0.29)	-
- Translation adjustment	(14.99)	(194.42)	(209.41)	-
Balance as at 31 March 2017	**801.91**	**11,575.65**	**12,377.56**	**-**
Carrying value				
As at 1 April 2016	**702.69**	**8,220.71**	**8,923.40**	**449.66**
As at 31 March 2017	**977.25**	**8,257.76**	**9,235.01**	**785.62**

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
Cost				
Balance as at 1 April 2015	**608.72**	**15,100.05**	**15,708.77**	**333.12**
- Additions	733.22	2,354.96	3,088.18	143.16
- Disposals/transfers	(39.75)	-	(39.75)	(36.45)
- Translation adjustment	(5.15)	671.27	666.12	9.83
Balance as at 31 March 2016	**1,297.04**	**18,126.28**	**19,423.32**	**449.66**
Amortisation and impairment				
Balance as at 1 April 2015	**371.34**	**8,770.35**	**9,141.69**	**-**
- for the year	271.47	854.14	1,125.61	-
- on disposals/transfers	(39.75)	-	(39.75)	-
- Translation adjustment	(8.71)	281.08	272.37	-
Balance as at 31 March 2016	**594.35**	**9,905.57**	**10,499.92**	**-**
Carrying value				
As at 1 April 2015	**237.38**	**6,329.70**	**6,567.08**	**333.12**
As at 31 March 2016	**702.69**	**8,220.71**	**8,923.40**	**449.66**

At the year end, the intangibles with indefinite 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.

Discount 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 in the range of 7% to 8%.

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Segments to which Intangible assets with indefinite life are allocated as follows:

As at 31 March 2017	India	USA	Total
Intangible Assets	660.12	90.57	750.69
Total	**660.12**	**90.57**	**750.69**
As at 31 March 2016	**India**	**USA**	**Total**
Intangible Assets	656.63	-	656.63
Total	**656.63**	**-**	**656.63**
As at 1 April 2015	**India**	**USA**	**Total**
Intangible Assets	653.73	-	653.73
Total	**653.73**	**-**	**653.73**

NOTE 6 - NON-CURRENT FINANCIAL ASSETS

(i) Investments

The investment in equity and preference shares amounting to ₹ 156.92 (31 March 2016 - ₹ 171.92, 1 April 2015 - ₹ 171.15) 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 2017	As at 31 March 2016	As at 1 April 2015
Traded investments			
Unquoted			
(i) Equity Shares			
289,832 (31 March 2016 - 289,832, 1 April 2015 - 213,032) Equity Shares of Narmada Clean Tech Ltd. of ₹ 10 each.	2.90	2.90	2.13
(ii) Preference shares			
1,176,471 (31 March 2016 - 1,176,471 , 1 April 2015 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each	42.65	43.04	42.15
Total	**45.55**	**45.94**	**44.28**
Non-Trade Investments			
Quoted			
(i) Equity Shares			
9,000 (31 March 2016 - 9,000 , 1 April 2015 - 9,000) Bank of India of ₹ 10 each	1.26	0.88	1.76
1,209 (31 March 2016 - 1,209, 1 April 2015 - 1,209) IDBI Bank Limited of ₹ 10 each	0.09	0.08	0.09
	1.35	0.96	1.85
Unquoted			
(i) Equity Shares			
1 (31 March 2016 - 1, 1 April 2015 - 1) Time Share of Dalmia Resorts Limited	0.02	0.02	0.02
	0.02	0.02	0.02
Total	**1.37**	**0.98**	**1.87**
Investment at amortised cost			
(i) Preference shares			
1,100,000 (31 March 2016-1,250,000, 1 April 2015 - 1,250,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd	110.00	125.00	125.00

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Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(ii) Investments in Government securities			
National Savings Certificate -Sixth Issue	0.02	0.03	0.03
Total investments at amortised cost	**110.02**	**125.03**	**125.03**
Total investments	**156.94**	**171.95**	**171.18**
Aggregate book value of investments			
- Quoted	1.35	0.96	1.85
-Unquoted	155.59	170.99	169.33
Aggregate market value of quoted investments	1.35	0.96	1.85

(ii) Others non-current financial assets

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Security deposits, considered good*	276.45	176.20	193.79
Time deposits	86.39	109.68	110.56
Total	**362.84**	**285.88**	**304.35**

*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 2017	For the year ended 31 March 2016
Current income tax expense	6,190.43	5,114.42
Deferred income tax benefit	(578.00)	(674.05)
Minimum Alternate Tax (MAT) Credit (Entitlement)/ utilisation	(1,785.66)	(1,430.99)
Total	**3,826.77**	**3,009.38**

The relationship between the expected tax expense based on the applicable tax rate of the Group and the tax expense actually recognised in the statement of profit and loss can be reconciled as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Income tax expense at tax rates applicable to individual entities	7,377.06	6,064.39
Tax adjustment for tax-exempt income		
- Income exempt from tax	(3,619.81)	(1,956.66)
Other tax adjustments		
- Additional deduction for R & D Expenditure	(1,428.16)	(1,405.01)
- Unrecognised tax benefit on losses of subsidiaries (net)	1,530.44	651.96
- Disallowance under income tax	203.01	389.87
- Disallowed expenditure on share based payments	-	-
- Allowances under income tax and others	(235.77)	(735.17)
Actual tax expense net	**3,826.77**	**3,009.38**

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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 2016	Recognised in the statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2017
Deferred income tax assets - Non current				
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	1684.39	326.47	(45.71)	1965.15
Employee Benefits	2.37	(0.27)	(0.23)	1.87
Total	**12,749.58**	**2,740.26**	**43.64**	**15,533.48**
Deferred income tax liabilities - Non current				
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
Total	**2,100.74**	**376.60**	**(56.55)**	**2,420.79**
Net deferred income tax asset	**10,648.84**	**2,363.66**	**100.19**	**13,112.69**

Particulars	As at 1 April 2015	Recognised in the statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2016
Deferred income tax assets - Non current				
Provision for credit losses	229.38	(6.10)	-	223.28
Unused tax losses	5,122.95	242.09	(107.69)	5,257.35
MAT credit entitlement	4,151.20	1,430.99	-	5,582.19
Depreciation and Other Financial assets	1210.28	798.83	(324.72)	1684.39
Employee Benefits	2.19	0.18	-	2.37
Total	**10,716.00**	**2,465.99**	**(432.41)**	**12,749.58**
Deferred income tax liabilities - Non current				
Other current assets	593.15	23.28	(491.97)	124.46
Difference in depreciation on property, plant and equipment	1,632.03	337.67	6.58	1,976.28
Total	**2,225.18**	**360.95**	**(485.39)**	**2,100.74**
Net deferred income tax asset	**8,490.82**	**2,105.04**	**52.98**	**10,648.84**

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.

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(All amounts in million of Indian Rupees, unless otherwise stated)

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 assets is ₹ 1,199.69 (31 March 2016 - ₹ 732.43, 1 April 2015 - ₹ 151.12).

During the year ended 31 March 2017, the Company, based on probable future taxable profit, has recognized previously unrecognised deferred tax assets of ₹ 282.83 (31 March 2016 - ₹ 442.27, 1 April 2015 - ₹ 1,226.64).

NOTE 8 - OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Prepaid expenses	1.28	1.59	2.66
Capital advances	474.75	298.26	151.33
Advance tax (net of provision)	151.76	115.78	185.24
Total	**627.79**	**415.63**	**339.23**

NOTE 9 - INVENTORIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Raw materials	5,336.61	4,430.44	3,111.74
Packing material	1,240.64	1,131.79	1,020.23
Work-in-process	2,875.53	2,298.67	1,977.89
Stores and spares	556.22	454.41	299.06
Finished goods	9,544.98	6,907.46	6,105.10
Stock-in-trade	1,836.52	454.83	176.37
Total	**21,390.50**	**15,677.60**	**12,690.39**

Refer note 16(i) for hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process.

NOTE 10 - CURRENT FINANCIAL ASSETS

(i) TRADE RECEIVABLE

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Considered good	24,043.20	24,926.46	25,117.65
Doubtful	719.41	722.95	629.64
Allowance for doubtful debts	(719.41)	(722.95)	(629.64)
Total	**24,043.20**	**24,926.46**	**25,117.65**

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 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 ₹ 7.87 (2016 - ₹ 113.60) has been recorded. The movement in the expected credit losses can be reconciled as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Opening balance	722.95	629.64	267.69
Amounts written off	(11.41)	(20.29)	(22.89)
Impairment loss	7.87	113.60	384.84
Impairment loss reversed	-	-	-
Closing balance	**719.41**	**722.95**	**629.64**

(ii) CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balances with banks in current accounts and exchange earner's foreign currency (EEFC) accounts	10,552.31	8,560.69	7,628.75
Cash on hand	11.33	10.52	8.60
Total	**10,563.64**	**8,571.21**	**7,637.35**

(iii) OTHERS CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security deposits-unsecured, considered good (Refer note 1 below)	158.77	146.86	107.68
Dividend accounts (Refer note 2 below)	12.95	11.55	10.89
Other receivables (unsecured)	1,842.29	-	-
Total	**2,014.01**	**158.41**	**118.57**

Note 1 - Security deposits represent trade deposits given in the normal course of business realisable within twelve months from the reporting date.

Note 2 - 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.

NOTE 11 - OTHER CURRENT ASSETS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Advances recoverable in kind (unsecured)	2,946.55	3,474.98	3,291.10
Input taxes receivable	3,097.32	2,373.00	1,996.28
Advance to vendors	2,796.88	2,315.53	2,191.13
Prepaid expenses	314.14	566.91	104.05
Export incentive	1,580.15	978.90	52.13
Total	**10,735.04**	**9,709.32**	**7,634.69**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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.

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 (2016 - ₹ 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.

Currency translation reserve - Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of the balance sheet. Revenue and expenses are translated into INR at the average exchange rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve account.

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.

NOTE 13 - EQUITY SHARE CAPITAL

Share capital

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
(I)	**Authorised**						
	Equity Shares of ₹ 1 each	2,370,000,000	2,370.00	2,370,000,000	2,370.00	350,000,000	350.00
	Cumulative redeemable non-convertible preference shares of ₹ 100 each.	4,000,000	400.00	4,000,000	400.00	4,000,000	400.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Issued, subscribed and fully paid-up equity shares of ₹ 1 each						
At the beginning of the year	282,158,156	282.16	271,294,553	271.29	271,223,653	271.22
Add: Issued during the year						
- Under the Employee Stock Option Scheme, 2003 (ESOS)	10,000	0.01	45,800	0.05	70,900	0.07
- Preferential issue	-	-	10,800,000	10.80	-	-
- Alloted on account of amalgamation (for consideration other than cash)	-	-	17,803	0.02	-	-
At the end of the year	**282,168,156**	**282.17**	**282,158,156**	**282.16**	**271,294,553**	**271.29**

(II) Merger consideration, pending allotment	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
17,803 equity shares of the face value of ₹ 1 each fully paid up to be issued to the public shareholders of Glenmark Generics Limited (GGL) pursuant to the merger of GGL with the Company	-	-	0.02

(III) List of shareholders holding more than 5% shares	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Saldanha Family Trust	45.45	128,241,936	45.45	128,241,936	47.27	128,241,936

(IV) As at 31 March 2017, pursuant to Employee Stock Option Scheme 2003, 47,000 options were outstanding, which upon exercise are convertible into equivalent number of equity shares . Pursuant to Employee Stock Options Scheme 2016, 619,757 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

(V) 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.

(VI) In the period of five years immediately preceeding 31 March 2017, 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.

(VII) 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 under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1 - 2 years and up to 4 - 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. As at 31 March 2017, pursuant to ESOS 2003, 47,000 options were outstanding, which upon exercise are convertible into equivalent number of equity shares . Pursuant to ESOS 2016, 619,757 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

The aggregate share options and weighted average exercise price under the above mentioned plan are as follows:

	2017		2016	
	Number*	weighted average price* (₹)	Number*	weighted average price* (₹)
Outstanding at the beginning of the year	84,500	279.99	164,800	296.03
Granted during the year	640,695	800.00	-	-
Forfeited during the year	(48,438)	515.79	(34,500)	405.79
Exercised during the year *	(10,000)	263.89	(45,800)	242.97
Outstanding at the end of the year	666,757	762.78	84,500	279.99

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 2017	31 March 2016
Share price (₹)*	215.85 – 800.00	215.85 – 480.40
Exercise price (₹)*	215.85 – 800.00	215.85 – 480.40
Weighted average volatility rate	30% - 60%	40% - 60%
Dividend payout	200%	200%
Risk free rate	7.70%-9.00%	7.75% - 9.00%
Average remaining life	1-52 months	1- 26 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 14 - NON-CURRENT FINANCIAL LIABILITIES

(i) BORROWINGS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured			
Notes payable	1.30	1.57	6.59
Foreign currency convertible bonds (FCCB)	13,178.95	-	-
Senior notes	12,714.51	-	-
Term loan from banks	19,469.93	32,005.31	34,516.73
Total	**45,364.69**	**32,006.88**	**34,523.32**
Less: Current portion of long term borrowings	(1.30)	(7,133.91)	(8,779.52)
	45,363.39	**24,872.97**	**25,743.80**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

During the year, the Company 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 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 shares at an initial conversion price to be determined 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 1.18% - 5.95% p.a.

Maturity profile of non-current borrowings

Year ending 31 March	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
2016			8779.52*
2017	-	7133.91*	9,122.11
2018	1.30*	7,417.36	3,880.68
2019	6,067.50	8,442.02	7,969.70
2020	8,413.60	6,038.97	4,771.31
2021	4,988.83	2,974.62	-
2022	12,944.72	-	-
2023	13,514.74	-	-

* Represents current maturities of long term borrowings

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

(ii) OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Security deposits	24.05	46.95	47.44
Total	**24.05**	**46.95**	**47.44**

NOTE 15 - OTHER NON-CURRENT LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Other liabilities	303.38	722.95	1,171.78
Total	**303.38**	**722.95**	**1,171.78**

NOTE 16 - CURRENT FINANCIAL LIABILITIES

(i) BORROWINGS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured loans			
Loans repayable on demand from banks	25.94	155.26	366.88
Unsecured loans			
From banks	1,845.95	7,718.92	3,109.12
Total	**1,871.89**	**7,874.18**	**3,476.00**

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 0.60% - 9.70% p.a.

(ii) TRADE PAYABLES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
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	19,035.22	19,407.93	18,786.53
Acceptances	-	-	693.84
Total	**19,035.22**	**19,407.93**	**19,480.37**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

(iii) OTHER CURRENT FINANCIAL LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long term debt	1.30	7,133.91	8,779.52
Interest accrued but not due	232.72	168.50	170.30
Unclaimed dividend	12.95	11.55	10.89
Employee dues	155.66	135.68	148.42
Total	**402.63**	**7,449.64**	**9,109.13**

NOTE 17 - OTHER CURRENT LIABILITIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income received in advance	-	-	339.29
Statutory dues	1,003.54	594.21	770.13
Accrued expenses	1,916.43	1,679.27	1,137.03
Other liabilities	1,770.64	1,646.98	1,287.37
Total	**4,690.61**	**3,920.46**	**3,533.82**

Other liabilities includes advance from customers and other such adjustable balances.

Income received in advance represents advance received from customer for future supply of materials. The Group has recognised an income of ₹ Nil (2016- ₹ 430.43) in current year.

NOTE 18 - PROVISIONS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provisions for employee benefits :			
Provision for compensated absences (Refer note 27)	163.86	115.60	105.78
Provision for gratuity benefit plan (Refer note 27)	601.26	514.82	455.09
Other employee benefit obligation	4.81	2.22	25.94
Total	**769.93**	**632.64**	**586.81**

NOTE 19 - REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sale of products (including excise duty)	89,680.24	74,558.93
Sale of services	20.62	20.30
Other operating revenue	2,155.95	1,916.60
Total	**91,856.81**	**76,495.83**

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(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 20 - OTHER INCOME

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Dividend income	8.77	8.81
Interest income	180.69	75.80
Profit on sale of fixed assets	18.30	-
Miscellaneous receipts	165.89	115.39
Total	**373.65**	**200.00**

NOTE 21 - COST OF MATERIAL CONSUMED

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Consumption of raw material and packing material	22,925.15	18,727.40
Consumption of stores and spares	622.98	560.07
Total	**23,548.13**	**19,287.47**

NOTE 22 - PURCHASE OF STOCK-IN-TRADE

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Purchase of finished goods	7,191.20	5,139.97
Total	**7,191.20**	**5,139.97**

NOTE 23 - CHANGES IN INVENTORIES OF WORK-IN-PROCESS, STOCK-IN-TRADE AND FINISHED GOODS

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(Increase)/Decrease in stock of finished goods, work-in-process and stock-in-trade	(4,596.07)	(1,401.60)
Total	**(4,596.07)**	**(1,401.60)**
(Increase)/Decrease in stocks		
At the year end		
Stock of 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
	14,257.03	**9,660.96**
At the beginning of the year		
Stock of finished goods	6,907.46	6,105.10
Work-in-process	2,298.67	1,977.89
Stock-in-trade	454.83	176.37
	9,660.96	**8,259.36**
Total	**(4,596.07)**	**(1,401.60)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 24 - EMPLOYEE BENEFIT EXPENSE

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	14,853.10	12,423.74
Contribution to provident and other funds and Retirement benefits (Refer note 27)	1,355.34	1,084.98
Staff welfare expenses	199.62	273.23
Total	**16,408.06**	**13,781.95**

NOTE 25 - OTHER EXPENSES

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Labour charges	931.16	848.24
Excise duty expenses	1,062.67	879.12
Power, fuel and water charges	1,049.52	965.72
Repairs and maintenance - plant and machinery	105.99	146.35
Repairs and maintenance - building	94.99	73.84
Repairs and maintenance - others	909.71	713.62
Rent, rates and taxes	836.30	920.88
Other manufacturing expenses	455.68	357.92
Consumables	2,347.02	2,334.82
Selling and Marketing exp.	1,231.96	1,151.17
Sales promotion expenses	7,193.31	5,429.75
Travelling expenses	2,185.76	2,052.37
Freight outward	2,221.73	2,345.77
Telephone expenses	122.28	118.63
Provision for doubtful debts	7.87	113.60
Insurance	200.15	187.85
Electricity charges	220.72	238.99
Auditors remuneration*		
- Audit fees	72.49	50.19
- Out of pocket expenses	2.07	1.21
Corporate social responsibility expense (Refer Note 35)	190.27	119.23
Legal and professional charges	1,825.53	1,574.42
Exchange loss (net)	687.03	155.33
Director meeting fees	7.00	6.42
Other operating expenses	4977.28	4531.08
Total	**28,938.49**	**25,316.52**

* does not include ₹ 16.50 (2016- ₹ Nil) on account of other matters.

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(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 26 - FINANCE COST

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Interest expenses on		
- Term loan	972.37	1,455.19
- Interest on foreign currency convertible bonds	834.83	-
- Interest on senior notes	440.91	-
- Others	125.07	333.66
Total	**2,373.18**	**1,788.85**

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.

The Group recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2017	31 March 2016
Current service cost	129.31	122.20
Curtailment and past service cost	-	-
Personnel expenses	129.31	122.20
Net interest on defined benefit schemes	15.27	11.35
Administration cost (excluding cost for managing plan assets)	0.41	0.40
Net periodic expense	144.99	133.95

The remeasurement components recognised in other comprehensive income for the Group's defined benefit plans comprise the following:

Particulars	31 March 2017	31 March 2016
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	(13.17)	(48.24)
Based on adjustment of financial assumptions	(32.36)	17.39
Due to liability experience adjustment	78.81	4.86
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	13.73	14.01
Total remeasurement recognised in the other comprehensive income	47.01	(11.98)

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 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 2017	31 March 2016
Present value of funded obligations	1,351.40	1,257.52
Fair value of plan assets	(750.14)	(742.70)
Net defined benefit liability	**601.26**	**514.82**
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	601.26	514.82

The movements in the net defined benefit liability recognised within the balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	514.82	455.09
Cost recognised in the statement of profit and loss	144.99	133.95
Remeasurement (gains) / losses recognised in other comprehensive income	47.01	(11.98)
Actual employer contributions	(66.36)	(36.03)
Benefits paid	(31.45)	(35.94)
Exchange differences	(7.75)	9.73
Closing balance	**601.26**	**514.82**

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	1,257.52	1,131.51
Current service cost	129.31	122.20
Interest cost on the defined benefit obligations	36.31	34.18
Actual employee contributions	35.37	23.85
Curtailment and past service cost	-	-
Actual benefit payments	(104.54)	(49.23)
Actuarial (gains)/losses - Demographic assumptions	(13.17)	(48.24)
Actuarial (gains)/losses - Financial assumptions	(32.36)	17.39
Actuarial (gains)/losses - Liability experience	78.81	4.86
Administration cost (excluding cost for managing plan assets)	0.41	0.40
Exchange differences	(36.26)	20.60
Closing balance	**1,351.40**	**1,257.52**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2017	31 March 2016
Beginning balance	742.70	676.42
Interest income on plan assets	21.04	22.83
Actual employer contributions	66.36	36.03
Actual employee contributions	35.37	23.85
Actual benefit payments	(73.09)	(13.29)
Actual return on assets (excluding interest income on plan assets)	(13.73)	(14.01)
Exchange differences	(28.51)	10.87
Closing balance	**750.14**	**742.70**

The Group expects to contribute ₹ 369.01 to its defined benefit plans in 2017-18.

The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2017 are as follows:

Particulars	31 March 2017	31 March 2016
Discount rate (weighted average)	0.60%-7.07%	0.50%-7.07%
Rate of compensation increase (weighted average)	1.50%-3.00%	1.50%-3.00%
Inflation rate (weighted average)	0.00%-1.00%	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 2017	31 March 2016
Average life expectancy (Years)	26.04-54.07	26.37-53.08

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2017	31 March 2016
Assets administered by respective Insurance companies	100%	100%

A breakup of the defined benefit plan related balance sheet amounts at 31 March 2017 and 2016, is shown below.

Particulars	31 March 2017	31 March 2016
Present value of funded obligations	1,351.40	1,257.52
Fair value of plan assets	(750.14)	(742.70)
Net defined benefit liability	**601.26**	**514.82**

The present value of defined benefit obligations by category of members at 31 March 2017 and 2016, is shown below:

Particulars	31 March 2017	31 March 2016
Active	11,784	10,774
Present value of funded obligations	1,351.40	1,257.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 2017
Discount rate + 0.25% / +0.5% p.a.	(58.28)
Discount rate - 0.25% / - 0.5% p.a.	62.91
Rate of compensation increase + 0.25%- 0.5 % p.a.	35.57
Rate of compensation increase - 0.25% - 0.5 % p.a.	(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 2017	31 March 2016
Current service cost	58.14	50.18
Personnel expenses	**58.14**	**50.18**
Net interest on defined benefit schemes	8.90	8.49
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	-	7.35
Based on adjustment of financial assumptions	-	(17.33)
Due to liability experience adjustment	23.94	7.51
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(0.54)	3.05
Net periodic expense	**90.44**	**59.25**

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 2017	31 March 2016
Present value of funded obligations	294.88	236.75
Fair value of plan assets	(131.02)	(121.15)
Net defined benefit liability	163.86	115.60
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	163.86	115.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The movements in the net defined benefit liability recognised within the balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	115.60	105.78
Cost recognised in the statement of profit and loss	90.44	59.25
Remeasurement (gains) / losses recognised in other comprehensive income	-	-
Actual employer contributions	-	0.10
Benefits paid	(42.18)	(49.53)
Closing balance	**163.86**	**115.60**

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	236.75	220.85
Current service cost	58.14	50.18
Interest cost on the defined benefit obligations	18.23	17.72
Actual benefit payments	(42.18)	(49.53)
Actuarial (gains)/losses - Demographic assumptions	-	7.35
Actuarial (gains)/losses - Financial assumptions	-	(17.33)
Actuarial (gains)/losses - Liability experience	23.94	7.51
Closing balance	**294.88**	**236.75**

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2017	31 March 2016
Beginning balance	121.15	115.07
Interest income on plan assets	9.33	9.23
Return on plan assets	0.54	(3.05)
Actual employer contributions	-	(0.10)
Closing balance	**131.02**	**121.15**

The Group expects to contribute ₹ 251.06 to its defined benefit plan in 2017-18.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2017 and the following year's are as follows:

Particulars	31 March 2017	31 March 2016
Discount rate (weighted average)	7.70%	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 balance sheet date is as follows:

Particulars	31 March 2017	31 March 2016
Average life expectancy at 58 (Years)	26.04	26.37

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2017	31 March 2016
Insurance contracts	100%	100%

A breakup of the defined benefit plan related balance sheet amounts at 31 March 2017 and 2016, is shown below.

Particulars	31 March 2017	31 March 2016
Present value of obligations	294.88	236.75
Fair value of plan assets	(131.02)	(121.15)
Net defined benefit liability	**163.86**	**115.60**

The present value of defined benefit obligations by category of members at 31 March 2017 and 2016, is shown below:

Particulars	31 March 2017	31 March 2016
Active	11,661	10,693
Present value of obligations	294.88	236.75

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 2017
Discount rate + 0.5% p.a.	(9.74)
Discount rate - 0.5% p.a.	10.40
Rate of compensation increase + 0.5% p.a.	10.22
Rate of compensation increase - 0.5% p.a.	(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 ₹ 259.29 (2016 - ₹ 215.64) to the provident fund plan during the year ended 31 March 2017.

NOTE 28 - RESEARCH AND DEVELOPMENT EXPENDITURE

During the year, the Group expenditure on research and development is ₹ 12,622.33 (2016 - ₹ 8,175.90).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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. Rajesh Desai (Executive Director)
Mr. P Ganesh (President & Global Chief Financial Officer with effect from 12 May 2016)
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 2017	Year ended 31 March 2016
Purchase of services		
Trilegal	4.67	1.20
Expenditure incurred for CSR activities to		
Glenmark Foundation	49.12	23.82
Glenmark Aquatic Foundation	63.44	21.70
Transactions with key management personnel		
Remuneration		
- Mr. Glenn Saldanha	141.00	108.46
- Mrs. Cherylann Pinto	38.76	33.37
- Mr. Rajesh Desai	31.74	25.91
- Mr. Sanjay Kumar Chowdhary (Related party as per Companies Act, 2013 upto 31 October, 2016)	3.15	2.63
- Mr. P Ganesh (Related party as per Companies Act, 2013 with effect from 12 May, 2016)	15.65	-
- Mr. Harish Kuber (Related party as per companies Act, 2013 with effect from 2 February, 2017)	0.39	-
Sitting fees paid to Non-executive Directors	7.00	6.42

Related party balances	As at 31 March 2017	As at 31 March 2016
(Payable)/ Advance given		
Glenmark Foundation	(10.00)	(1.00)
Glenmark Aquatic Foundation	-	10.59

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 30 - EARNINGS PER SHARE (EPS)

The basic earnings per share for the year ended 31 March 2017 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 2017	Year ended 31 March 2016
Profit attributable to shareholders of Glenmark, for basic and diluted	11,087.99	7,432.38
Weighted average number of shares outstanding during the year for basic EPS	282,166,682	280,727,485
Effect of dilutive potential ordinary shares:		
Employee stock options	85,294	58,991
Weighted average number of shares outstanding during the year for diluted EPS	282,251,976	280,786,476
Basic EPS, in ₹	**39.29**	**26.47**
Diluted EPS, in ₹	**39.28**	**26.46**

NOTE 31 - COMMITMENTS AND CONTINGENCIES

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(i) Contingent Liabilities			
Claims against the Company not acknowledged as debts			
Disputed taxes and duties	243.62	259.65	223.92
Others	35.00	12.40	145.38

(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 31st 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 petition/s filed by other pharmaceutical companies as well, pending before Supreme 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 Supreme 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The Company has revised the composition of the FDC's and market the revised products. The matter is now clubbed with other petition of other companies before the Supreme court.

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2017 aggregate ₹ 788.39 (31 March 2016 - ₹ 1,066.32, 1 April 2015 ₹ 485.18)

(iii) Others

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Bank Guarantees	90.15	96.82	73.82
Letters of Credit issued by Bankers	-	-	837.85
Guarantees given to third party for Office rentals	-	-	12.68

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 statement of profit and loss as rent.

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 2017	31 March 2016
Due within one year	445.07	486.46
Due later than one year and not later than five years	1,133.42	1,433.39
Due later than five years	-	58.18
Total	**1,578.49**	**1,978.03**

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**
3. **Latin America**
4. **Europe**
5. **Rest of the World**

The reportable segments derive their revenues from the sale of pharmaceutical products (generics, speciality) and milestone payments. The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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.

Information about reportable segments

Segmental Revenue	Year ended 31 March 2017	Year ended 31 March 2016
India	32,679.75	28,594.37
USA	37,006.63	24,203.20
Latin America	5,181.22	7,495.06
Europe	7,101.35	7,170.66
Rest of the world (ROW)	9,887.86	9,032.54
Total	**91,856.81**	**76,495.83**

Analysis of assets by reportable segments

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
Total	**18,670.29**	**6,169.76**	**876.49**	**8,085.69**	**350.87**	**34,153.10**

As at 31 March 2016	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	15,828.56	4,052.66	747.55	679.15	107.64	21,415.56
Intangible Assets	1,312.11	411.53	79.52	7,514.39	55.51	9,373.06
Total	**17,140.67**	**4,464.19**	**827.07**	**8,193.54**	**163.15**	**30,788.62**

As at 1 April 2015	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	14,389.61	1,426.25	874.13	627.46	127.66	17,445.11
Intangible Assets	859.06	234.02	80.95	5,665.60	60.57	6,900.20
Total	**15,248.67**	**1,660.27**	**955.08**	**6,293.06**	**188.23**	**24,345.31**

NOTE 34 - FAIR VALUE MEASUREMENTS

Financial instruments by category

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Non-current financial assets	-	-	362.84	-	-	285.88	-	-	304.35
Investments	46.92	-	110.02	46.92	-	125.03	46.15	-	125.03
Trade receivables, net	-	-	24,043.20	-	-	24,926.46	-	-	25,117.65
Cash and cash equivalents	-	-	10,563.64	-	-	8,571.21	-	-	7,637.35
Others current financial assets	-	-	2,014.01	-	-	158.41			118.57
Total	**46.92**	**-**	**37,093.71**	**46.92**	**-**	**34,066.99**	**46.15**	**-**	**33,302.95**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Liabilities									
Long term borrowings	13,178.95	-	32,184.44	-	-	24,872.97	-	-	25,743.80
Non-current financial liabilities	-	-	24.05	-	-	46.95	-	-	47.44
Short term borrowings	-	-	1,871.89	-	-	7,874.18	-	-	3,476.00
Trade payables	-	-	19,035.22	-	-	19,407.93	-	-	19,480.37
Short term financial liabilities	-	-	402.63	-	-	7,449.64	-	-	9,109.13
Total	**13,178.95**	**-**	**53,518.23**	**-**	**-**	**59,651.67**	**-**	**-**	**57,856.74**

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.

Bank balances and cash 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.

Fair value hierarchy :

Level 2 : All FVPL financial assets and liabilities are classified as level 2 inputs except certain investments amounting to ₹ 1.35 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified as level 3 inputs.

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 2017:

i Gross amount required to be spent by the Company during the year - ₹ 232.23 (2016 - ₹ 141.07)

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	70.55	-	70.55
	Promoting health care including preventive health care	6.50	-	6.50
	Reducing child mortality and improving maternal health	39.00	10.00	49.00
	Training to promote Olympic sports	63.44	-	63.44
	Vocational skill livelihood enhancement projects	0.50	-	0.50
	Administrative expenses	0.28	-	0.28
Total		**180.27**	**10.00**	**190.27**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE 36 - EXCEPTIONAL ITEM

Exceptional items for the year ended 31 March 2017 represents impairment loss relating to certain intangible assets under development owing to the Company's future research and development strategy for such products.

NOTE 37 - SPECIFIED BANK NOTES (SBN)

Particulars	SBN	Other denomination	Total
Closing cash in hand as on 8 November 2016	1.25	6.58	7.83
(+) Permitted receipts	0.16	11.21	11.37
(-) Permitted payments	-	8.91	8.91
(-) Amount deposited in Banks	1.41	1.61	3.02
Closing cash in hand as on 30 December 2016	-	7.27	7.27

NOTE 38 - 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.

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 ₹ 66.20 at the beginning of the year and scaled to a high of ₹ 68.57 and to low of ₹ 64.72. The closing rate is ₹ 64.72. 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.

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 USD at the closing rate, are as follows.

Particulars	31 March 2017		31 March 2016	
	USD (million)	INR	USD (million)	INR
Short-term exposure				
Financial assets	74.50	4,821.68	73.13	4,834.08
Financial liabilities	(51.37)	(3,324.87)	(115.78)	(7,653.11)
Total	**23.13**	**1,496.81**	**(42.65)**	**(2,819.03)**
Long term exposure				
Financial assets	-	-	-	-
Financial liabilities	(408.81)	(26,459.49)	-	-
Total	**(408.81)**	**(26,459.49)**	**-**	**-**

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
Net results for the year	2,496.27	281.90
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
Net results for the year	(2,496.27)	(281.90)
Equity	-	-

EUR conversion rate was ₹ 75.37 at the beginning of the year and scaled to a high of ₹ 76.60 and to low of ₹ 69.13. The closing rate is ₹ 69.13. 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.

Foreign currency denominated financial assets and liabilities, translated into EUR at the closing rate, are as follows.

Particulars	31 March 2017		31 March 2016	
	EUR (million)	INR	EUR (million)	INR
Short term exposure				
Financial assets	6.00	414.76	5.48	411.09
Financial liabilities	(5.42)	(374.64)	(6.93)	(519.81)
Total	**0.58**	**40.12**	**(1.45)**	**(108.72)**
Long term exposure				
Financial assets	-	-	-	-
Financial liabilities	-	-	(18.00)	(1,351.03)
Total	**-**	**-**	**(18.00)**	**(1,351.03)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
Net results for the year	(4.01)	145.98
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
Net results for the year	4.01	(145.98)
Equity	-	-

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowing. The Group has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate cash outflow associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 309.83 million (2016 - USD 451.68 million) and EUR Nil million (2016 - EUR 18 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 2017	31 March 2016
Net results for the year	(50.13)	(78.02)
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 2017	31 March 2016
Net results for the year	50.13	78.02
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 4% to 6.35%. 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 date of the balance sheet is summarised below:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash & cash equivalents	10,563.64	8,571.21	7,637.35
Trade receivables	24,043.20	24,926.46	25,117.65
Other current financial assets	2,014.01	158.41	118.57
Other non-current financial assets	362.84	285.88	304.35
Total	**36,983.69**	**33,941.96**	**33,177.92**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Given below is ageing of trade receivable spread by period of six months:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Outstanding for more than 6 months	1,884.28	2,213.58	2,681.72
Others	22,158.92	22,712.88	22,435.93
Total	**24,043.20**	**24,926.46**	**25,117.65**

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.

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 2017, the Group's liabilities have contractual maturities which are summarised below:

	Current	Non-Current	
	Within 1 year	1 to 5 years	More than 5 years
Trade payable	19,035.22	-	-
Financial liabilities	402.63	24.05	-
Short term borrowings	1,871.89	-	-
Long-term borrowings	-	32,184.44	13,178.95
Total	**21,309.74**	**32,208.49**	**13,178.95**

NOTE 39 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods are summarised as follows:

The Group's goal in capital management is to maintain a capital-to-overall financing structure ratio as low as possible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total equity	44,921.02	36,293.37	23,355.22
Less: Cash & cash equivalents	10,563.64	8,571.21	7,637.35
Capital	**34,357.38**	**27,722.16**	**15,717.87**
Total equity	44,921.02	36,293.37	23,355.22
Add Borrowings	47,236.58	39,881.06	37,999.32
Overall financing	**92,157.60**	**76,174.43**	**61,354.54**
Capital to overall financing ratio	**0.37**	**0.36**	**0.26**

Dividends		31 March 2017	31 March 2016
(i)	**Equity shares**		
	Final dividend paid during the year ended	679.45	679.18
(ii)	**Dividends not recognised at the end of the reporting period**		
	In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 2 (31 March 2016 - ₹ 2) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

NOTE 40 - Reconciliations of equity reported under previous GAAP to equity under Ind AS

Sr. No.	Particulars	Note no	Equity as at 31 March 2016	Equity as at 1 April 2015
	Equity as per previous Indian GAAP		**30,564.41**	**17,834.94**
1	Amortisation of intangible assets	1	196.83	-
2	Deferred tax assets	2	4,813.01	4,867.47
3	Proposed dividend and tax thereon	3	679.20	656.10
4	Others		42.93	(1.42)
	Equity as per Ind AS		**36,296.38**	**23,357.09**

Reconciliation of profit reported under previous GAAP to profit under Ind AS

Sr. No.	Particulars	Note no.	For the year ended 31 March 2016
	Net profit as per previous Indian GAAP		**7,199.09**
1	Amortisation of intangible assets		174.79
2	Deferred tax adjustments	2	23.64
3	Remeasurement benefits	4	(9.59)
4	Others		42.52
	Net profit as per Ind AS		**7,430.45**

Notes:

1 Intangible assets

As at the date of transition, group has elected to consider the previous GAAP carrying value of all the items of intangible assets as deemed cost. So, there is no impact on equity as at the date of transition. There are few items of intangible assets which have been amortised in previous GAAP considering the useful life of five years. Under Ind AS, these assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

have been considered as having infinite useful life and amortisation charges are nil on these assets after the date of transition. Instead, these assets have been tested for impairment on an annual basis. The adjustment on account of change in useful life has a positive impact of ₹ 174.79 on equity reported under previous GAAP as at 31 March 2016.

2 **Deferred tax**
Deferred tax assets and liabilities under Indian GAAP were recorded only on timing differences. However, on transition to Ind AS, deferred tax assets and liabilities are recorded on temporary differences. On transition to Ind AS, the carrying values of assets and liabilities have undergone a change as a result of the adjustments indicated above, and accordingly, the deferred tax position has been recomputed after considering the new carrying amounts. Further, for some entities, deferred tax assets were not created on tax losses and other deductible temporary differences due to the fact that there was no virtual certainity of availability future taxable profits. In Ind AS, due to existence of reasonable certainity, these deferred tax assets have been recognised. These adjustments on account of deferred taxes have a positive impact of ₹ 4,813.01 and ₹ 4,867.47 on equity reported under previous GAAP as at 31 March 2016 and 1 April 2015 respectively.

3 **Proposed dividend**
In preparation of the financial statements in accordance with previous GAAP, the Company provided for proposed dividend and tax thereon to comply with the Schedule III requirements of the Companies Act, 2013. On transition to Ind AS, proposed dividend is recognised based on the recognition principles of Ind AS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. Considering that the dividend has been proposed after the date of financial statements and becomes payable only after approval by the shareholders, there is no present obligation to pay this dividend as at the date of statement of balance sheet. Accordingly, the liability for proposed dividend and tax thereon has been reversed.

4 **Remeasurement benefits**
Under previous GAAP, remeasurement benefits on defined benefit obligation has been recognised in the consolidated statement of profit and loss. Ind AS 19 - Employee benefits required these remeasurement benefits to be recognsied in other comprehensive income instead of statement of profit and loss.

5 **Presentation differences**
In the preparation of these Ind AS financial statements, the Group has made several presentation differences between Previous GAAP and Ind AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind AS at the date of transition. Further, in these financial statements, some line items are described differently (renamed) under Ind AS as compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.

NOTE 41 - Additional information required by Schedule III

Name of the entity in the group	Net assets (total assets minus total liablities)		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 or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Limited	210.05%	94,366.19	193.06%	21,406.08	1.27%	(22.70)	229.83%	21,383.38
Glenmark Therapeutics AG	0.01%	3.28	-0.03%	(3.27)	0.01%	(0.25)	-0.04%	(3.52)
Glenmark Pharmaceuticals (Kenya) Limited	0.35%	155.33	0.20%	22.66	-0.29%	5.25	0.30%	27.91
Glenmark Pharmaceuticals (Australia) Pty.Ltd.	0.00%	(0.51)	0.00%	(0.45)	0.00%	0.01	0.00%	(0.44)
Glenmark Impex L.L.C	6.13%	2,755.57	0.42%	47.01	-21.30%	380.02	4.59%	427.03
Glenmark Pharmaceuticals Malaysia Sdn Bhd	0.20%	89.81	-0.06%	(6.41)	0.84%	(15.02)	-0.23%	(21.43)

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 liablities)		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 or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals (Nigeria) Ltd	-0.15%	(68.62)	-1.31%	(144.90)	0.27%	(4.78)	-1.61%	(149.68)
Glenmark South Africa (pty) Ltd	1.18%	529.64	0.00%	(0.16)	8.12%	(144.91)	-1.56%	(145.07)
Glenmark Philippines Inc.	0.35%	156.89	0.09%	9.49	1.01%	(18.06)	-0.09%	(8.57)
Glenmark Pharmaceuticals FZE	0.34%	153.07	0.19%	21.13	0.21%	(3.67)	0.19%	17.46
Glenmark Pharmaceuticals Egypt S.A.E.	0.01%	4.89	-0.33%	(36.38)	0.81%	(14.41)	-0.55%	(50.79)
Glenmark Pharmaceuticals South Africa (pty) Ltd	-0.71%	(317.37)	0.27%	29.76	-5.77%	102.95	1.43%	132.71
Glenmark Pharmaceuticals S.R.L	-0.31%	(140.49)	-3.74%	(414.17)	-0.52%	9.33	-4.35%	(404.84)
Viso Farmaceutica S.L.U., SPAIN	0.00%	0.32	0.03%	3.87	-0.16%	2.82	0.07%	6.69
Glenmark Therapeutics Inc.	0.19%	87.27	0.02%	2.48	0.11%	(1.89)	0.01%	0.59
Glenmark Pharmaceuticals (Europe) R&D Ltd.	0.47%	213.26	0.27%	30.27	1.95%	(34.76)	-0.05%	(4.49)
Glenmark Uruguay S.A.	1.44%	648.95	-0.01%	(0.86)	0.77%	(13.81)	-0.16%	(14.67)
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	0.88%	393.61	-0.03%	(2.82)	2.05%	(36.61)	-0.42%	(39.43)
Glenmark Pharmaceuticals Venezuela, C.A	-0.40%	(178.28)	6.35%	703.86	162.58%	(2,900.05)	-23.61%	(2,196.19)
Glenmark Pharmaceuticals Peru SAC	0.39%	174.09	-0.19%	(20.98)	0.36%	(6.41)	-0.29%	(27.39)
Glenmark Farmaceutica Ltda	8.67%	3,896.44	-1.34%	(148.19)	-17.30%	308.61	1.72%	160.42
Glenmark Pharmaceuticals S. A.	-16.85%	(7,567.92)	-27.85%	(3,087.72)	-10.68%	190.54	-31.14%	(2,897.18)
Glenmark Holding S. A.	9.81%	4,405.93	-73.56%	(8,156.33)	-57.52%	1,026.05	-76.64%	(7,130.28)
Glenmark Pharmaceuticals Nordic AB	-0.07%	(32.42)	-0.32%	(35.27)	-0.14%	2.49	-0.35%	(32.78)
Glenmark Pharmaceuticals SP z.o.o.(Formerly known as Glenmark Distributors SP z.o.o.)	-0.01%	(6.07)	-2.94%	(326.40)	0.04%	(0.64)	-3.52%	(327.04)
Glenmark Pharmaceuticals SK, S.R.O.	-0.03%	(13.12)	-0.50%	(55.93)	-0.45%	7.99	-0.52%	(47.94)
Glenmark Pharmaceuticals S.R.O.	2.46%	1,104.86	0.21%	23.34	4.54%	(80.93)	-0.62%	(57.59)
Glenmark Pharmaceuticals Colombia SAS	0.02%	9.36	-0.19%	(21.01)	0.01%	(0.26)	-0.23%	(21.27)
Glenmark Pharmaceuticals (Thailand) Co. Ltd	-0.02%	(8.31)	-0.01%	(0.89)	0.08%	(1.51)	-0.03%	(2.40)
Glenmark Dominicana SRL	0.00%	(0.11)	0.00%	(0.02)	0.00%	(0.01)	0.00%	(0.03)
Glenmark Pharmaceuticals Inc.	20.37%	9,150.44	7.67%	850.26	13.88%	(247.66)	6.48%	602.60

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 liablities)		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 or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Europe Ltd.	1.47%	661.10	1.19%	131.70	-1.72%	30.66	1.75%	162.36
Glenmark Pharmaceuticals B.V.	0.03%	13.83	0.10%	10.71	0.05%	(0.96)	0.10%	9.75
Glenmark Arzneimittel Gmbh	0.25%	111.22	0.25%	27.72	-1.65%	29.42	0.61%	57.14
Glenmark Generics SA	2.96%	1,329.45	-4.46%	(494.65)	5.08%	(90.64)	-6.29%	(585.29)
Glenmark Pharmaceuticals Distribution S.R.O.	1.96%	881.82	-0.54%	(60.38)	2.11%	(37.55)	-1.05%	(97.93)
Glenmark Specialty SA	3.33%	1,496.27	-4.28%	(474.79)	2.11%	(37.61)	-5.51%	(512.40)
Glenmark Pharmaceuticals Canada Inc.	0.12%	55.20	-0.02%	(2.13)	-0.01%	0.17	-0.02%	(1.96)
Sub-total		**114,514.87**		**9,826.23**		**(1,618.79)**		**8,207.44**
Intercompany elimination and consolidation adjustments		(69,589.62)		1,261.30		(164.93)		1,096.37
Grand total		**44,925.25**		**11,087.53**		**(1,783.72)**		**9,303.81**
Minority interest in subsidiary		(4.23)		(0.46)		-		(0.46)

Interests in unconsolidated structured entities.
The Group has no interests in unconsolidated structured entities.

NOTE 42 - AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2017 were approved by the Board of Directors on 11 May 2017.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

INDEPENDENT AUDITOR'S 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 2017, 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 the 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 2017;

   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 ₹ 147,619.19 million as at 31 March 2017; total revenues of ₹ 73,060.81 million and net cash flows aggregating to ₹ 224.36 million for the year then ended. 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 qualified in respect of this matter.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Ashish Gupta**
Partner
Membership No.: 504662

Place: Mumbai
Date: 11 May 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in million of Indian Rupees, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
ASSETS			
Current assets			
Cash and cash equivalents	C	10,563.64	8,571.21
Trade receivable, net	E	24,043.20	24,926.46
Inventories	F	21,390.49	15,677.60
Short term financial assets	G	2,014.01	158.41
Other current assets	G	10,735.04	9,727.74
Total current assets		**68,746.38**	**59,061.42**
Non-current assets			
Property, plant and equipment, net	H	27,451.48	24,622.86
Intangible Assets	I	12,855.81	14,452.42
Goodwill	J	478.92	574.80
Deferred tax assets (net)	N	11,914.29	9,073.24
Investment	D	156.94	171.95
Long-term financial assets	D	362.84	285.88
Other non-current assets	D	153.05	117.38
Total non-current assets		**53,373.33**	**49,298.53**
Total assets		**122,119.71**	**108,359.95**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Trade payable	K	19,035.32	19,407.93
Current tax liabilities		268.46	732.78
Short term borrowings	M	1,871.89	7,874.18
Current portion of long term borrowings	L	1.30	7,133.91
Other liabilities	K	4,690.61	3,920.46
Short term financial liabilities	K	401.33	315.73
Provisions	K	769.93	632.64
Total current liabilities		**27,038.84**	**40,017.63**
Non-current liabilities			
Long-term borrowings	L	45,363.39	24,872.97
Other liabilities	K	303.38	722.95
Long-term financial liabilities	DD	24.05	46.95
Total non-current liabilities		**45,690.82**	**25,642.87**
Total liabilities		**72,729.66**	**65,660.50**
Stockholders' equity	O		
Share Capital		282.17	282.16
Share Premium		17,296.10	17,293.47
Stock compensation reserve		14.44	14.44
Statutory reserve		201.00	201.00
Currency translation reserve		(14,218.83)	(12,460.10)
Retained earnings		45,819.40	37,371.49
		49,394.28	**42,702.46**
Non-controlling interest		(4.23)	(3.01)
Total stockholders' equity		**49,390.05**	**42,699.45**
Total liabilities and stockholders' equity		**122,119.71**	**108,359.95**

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in million of Indian Rupees, unless otherwise stated)

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
REVENUES			
Operating Revenue	P	91,856.81	76,495.83
Other income	Q	192.21	124.20
Total Revenues		**92,049.02**	**76,620.03**
EXPENSES			
Materials consumed	R	23,548.13	19,287.47
Changes in inventories of finished goods and work-in-process		(4,596.07)	(1,401.60)
Purchase of products for sale		7,191.20	5,139.97
Employee costs	S	16,408.06	13,781.95
Other expenses	T	28,938.49	25,360.32
Depreciation, amortisation and impairment	H & I	5,765.20	2,691.42
Total Expenses		**77,255.01**	**64,859.53**
Operating profit		14,794.01	11,760.50
Finance income		180.69	75.80
Finance costs		2,373.18	1,788.85
Profit before tax		**12,601.52**	**10,047.45**
Tax expense	N		
Current tax expenses		6,177.97	5,145.96
Deferred tax benefit		(2,735.66)	(2,117.56)
Total Tax expenses		3,442.31	3,028.40
Profit for the year		**9,159.21**	**7,019.05**
Profit for the year attributable to:			
Non-controlling interest		(0.46)	(1.93)
Equity shareholders of Glenmark Pharmaceuticals Limited		9,159.67	7,020.98
Earnings per share			
Basic (in ₹)	Y	32.46	25.01
Diluted (in ₹)	Y	32.45	25.00

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

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 2017	Year ended 31 March 2016
Profit for the year		**9,159.21**	**7,019.05**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit plans (net of tax)		(33.72)	9.59
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	O	(1,758.73)	(3,006.45)
Other comprehensive income for the year		**(1,792.45)**	**(2,996.86)**
Total comprehensive income for the year		7,366.76	4,022.19
Total comprehensive income attributable to:			
Non-controlling interest		(0.46)	(1.93)
Equity shareholders of Glenmark Pharmaceuticals Limited		7,367.22	4,024.12

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
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Place: Mumbai
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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									
	Share capital – No. of shares	Share capital	Share premium	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Retained earnings	Total attributable to owners of the parent company	Non Controlling interest	Total Shareholders' equity
Balance as at 1 April 2016	**282,158,156**	**282.16**	**17,293.47**	**14.44**	**201.00**	**(12,460.10)**	**37,371.49**	**42,702.46**	**(3.01)**	**42,699.45**
Dividends for the year	-	-	-	-	-	-	(679.45)	(679.45)	-	(679.45)
Shares issued under Employee Stock Option ('ESOP') Scheme	10,000	0.01	2.63	-	-	-	-	2.64	-	2.64
Transactions with owners	**10,000**	**0.01**	**2.63**	**-**	**-**	**-**	**(679.45)**	**(676.81)**	**-**	**(676.81)**
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)	-	-	-	-	-	-	(33.72)	(33.72)	-	(33.72)
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(1,758.73)**	**9,127.36**	**7,368.63**	**(1.22)**	**7,367.41**
Balance as at 31 March 2017	**282,168,156**	**282.17**	**17,296.10**	**14.44**	**201.00**	**(14,218.83)**	**45,819.40**	**49,394.28**	**(4.23)**	**49,390.05**

	Equity attributable to shareholders of Glenmark Pharmaceuticals Limited									
	Share capital – No. of shares	Share capital - Amount and Merger consideration pending allotment	Share premium	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Retained earnings	Total attributable to owners of the parent company	Non Controlling interest	Total Shareholders' equity
Balance as at 1 April 2015	**271,294,553**	**271.31**	**7,949.37**	**308.46**	**201.00**	**(9,453.65)**	**30,726.87**	**30,003.36**	**(1.87)**	**30,001.49**
Dividends for the year	-	-	-	-	-	-	(679.18)	(679.18)	-	(679.18)
Shares issued under Employee Stock Option ('ESOP') Scheme	45,800	0.05	11.08	-	-	-	-	11.13	-	11.13
Preferential issue of shares	10,800,000	10.80	9,439.20	-	-	-	-	9,450.00	-	9,450.00
Issue expenses related to preferential issue of shares	-	-	(106.18)	-	-	-	-	(106.18)	-	(106.18)
Merger consideration shares allotment	17,803	-	-	-	-	-	-	-	-	-
Employee share based compensation	**-**	**-**	**-**	**(294.02)**	**-**	**-**	**294.02**	**-**	**-**	**-**
Transactions with owners	**10,863,603**	**10.85**	**9,344.10**	**(294.02)**	**-**	**-**	**(385.16)**	**8,675.77**	**-**	**8,675.77**
Net income for the year	-	-	-	-	-	-	7,020.98	7,020.98	(1.93)	7,019.05
Other Comprehensive Income:										
Exchange difference on translation of foreign operations	-	-	-	-	-	(3,006.45)	(0.79)	(3,007.24)	0.79	(3,006.45)
Remeasurement of the net defined benefit plans (net of tax)	-	-	-	-	-	-	9.59	9.59	-	9.59
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(3,006.45)**	**7,029.78**	**4,023.33**	**(1.14)**	**4,022.19**
Balance as at 31 March 2016	**282,158,156**	**282.16**	**17,293.47**	**14.44**	**201.00**	**(12,460.10)**	**37,371.49**	**42,702.46**	**(3.01)**	**42,699.45**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in million of Indian Rupees, unless otherwise stated)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(A)	**Cash inflow/(outflow) from operating activities**		
	Profit before tax	12,601.52	10,047.45
	Adjustments to reconcile profit before tax to net cash provided by operating activities:		
	Depreciation and amortisation	5,765.20	2,691.42
	Finance costs	2,373.18	1,788.85
	Interest income	(180.69)	(75.80)
	Dividend income	(8.77)	(8.81)
	(Profit)/loss on sale of assets	(17.55)	8.03
	Employee benefit obligation	235.43	193.20
	Provision for doubtful debts	7.87	113.60
	Unrealised exchange (gain)/loss	1,403.72	(450.38)
	Operating profit before changes in operating assets and liabilities	**22,179.91**	**14,307.56**
	Changes in operating assets and liabilities		
	- (Increase)/ Decrease in trade receivables	171.57	994.23
	-(Increase)/ Decrease in inventories	(6,143.15)	(4,338.97)
	- (Increase)/ Decrease in other assets	(2,928.08)	(2,480.90)
	- Increase/ (Decrease) in trade payable and other liabilities	284.53	(251.45)
	Net changes in operating assets and liabilities	**(8,615.13)**	**(6,077.09)**
	Income taxes paid	(6,990.46)	(4,781.99)
	Net cash generated from operating activities	**6,574.32**	**3,448.48**
(B)	**Cash inflow/(outflow) from investing activities**		
	Restricted cash	21.88	0.22
	Interest received	179.99	75.76
	Dividend received	8.77	8.81
	Payments for purchase of property, plant and equipment and intangible assets	(7,485.29)	(8,902.72)
	Proceeds from sale of property, plant and equipment	151.20	16.22
	Net cash used in investing activities	**(7,123.45)**	**(8,801.71)**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in million of Indian Rupees, unless otherwise stated)

	Particulars	Year ended 31 March 2017	Year ended 31 March 2016
(C)	**Cash inflow/(outflow) from financing activities**		
	Proceeds from long-term borrowings	34,957.42	8,981.95
	Repayments of long-term borrowings	(20,954.98)	(13,395.41)
	Proceed from short-term borrowings, net	(6,059.79)	4,523.22
	Interest paid	(1,835.73)	(1,800.22)
	Proceeds from issue of share capital	2.64	9,354.95
	Dividend paid (including tax on dividend)	(678.05)	(678.53)
	Net cash generated from financing activities	**5,431.51**	**6,985.96**
	Effect of exchange rate changes on cash	(2,889.95)	(698.87)
	Net increase / (Decrease) in cash and cash equivalents	**1,992.43**	**933.86**
	Cash and cash equivalents at the beginning of the year	**8,571.21**	**7,637.35**
	Cash and cash equivalents at the end of the year (refer note - C)	**10,563.64**	**8,571.21**
	Cash and cash equivalents comprise of :		
	Cash on hand	**11.33**	**10.52**
	Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) Accounts	**10,552.31**	**8,560.69**
		10,563.64	**8,571.21**

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

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

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. 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 also markets active pharmaceutical ingredients to regulated and semi-regulated markets. 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 Watford in Hertfordshire in the United Kingdom 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 and Monroe (USA).

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 millions 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 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 financial statements.

An overview of new standards and interpretations not yet effective is given in note A-5.

3.1. Use of Estimates

The preparation of 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 - 4 and 4.1.

These consolidated financial statements are prepared under the historical cost convention, as modified by certain derivative contracts which have been measured at their fair values, at the reporting date through profit or loss .

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the 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 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 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-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 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 Company 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 income statement in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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/(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 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, recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax and applicable trade discounts and allowances, but inclusive of excise duty. Revenue includes shipping and handling costs billed to the customer.

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 income statement when right to receive a non-refundable payment from out- licensing partner is established.

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 income statement over the period the underlying services are performed.

Export entitlements

Export entitlements from government authorities are recognised in income statement when the right to receive credit 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 (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in income statement, using the effective interest rate method. Dividend income is recognised in 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. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 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 and its cost can be measured reliably. The costs of repairs and maintenance are recognised in income statement as incurred.

Depreciation
Depreciation is recognised in 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. Land is not depreciated.

The estimated useful lives are as follows:

Factory and other buildings	30 –55 years
Plant and machinery	8 – 21 years
Furniture, fixtures and office equipment	4 – 21 years
Vehicles	5 –6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Advances paid towards the acquisition of property, plant and equipment outstanding at the reporting date and the cost of property, plant and equipment not put to use before such date are disclosed under assets under construction.

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 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 income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures 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 expenditures are recognised in 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 income statement as incurred. Where however, 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 lives are amortised on a straight-line basis over

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 are 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 life are indefinite 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 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 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.

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 income statement as incurred. The capitalised costs are amortised over the estimated useful life of the software.

Amortisation
Amortisation of intangible assets, other than for goodwill, intangible assets not available for use and intangible assets having indefinite life, is recognised in 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 5 - 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 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. Financial Instruments and Derivatives

Financial assets and financial liabilities are recognised when an entity in the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Derivatives are initially measured at fair value and are recognised in statement of financial positions as assets or liabilities. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in income statement. Transaction costs for derivatives are recognised in income statement as incurred.

3.11. Financial Assets

Non-derivative financial assets include investments in equity and debt securities, trade receivables, certain other assets and cash and cash equivalents.

Non-derivative financial assets are recognised initially at fair value plus, for assets not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured as described below.

Cash and cash equivalents

Cash and cash equivalents consist of current cash balances and time deposits with banks.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes thereafter, other than impairment losses, are recognised in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in Other Comprehensive Income is reclassified to income statement.
The fair value of the investment cannot be determined as there are no quoted market prices and cannot be reliably measured using fair valuation techniques at the reporting date for unlisted securities, and hence they have been valued at cost.

Others

Other non-derivative financial assets are measured at amortised cost using the effective interest rate method, less any impairment losses.

3.12. Impairment Testing of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss, in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is reclassified to income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-

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for-sale financial assets that are debt securities, the reversal is recognised in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

3.13. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

Borrowings are initially measured at fair value and subsequently measured at amortised cost using effective interest rate method.

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

3.14. Inventories

Inventories of finished goods, consumable store and spares are valued at cost or net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a specific identification method. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

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.

3.15. Accounting for Income Taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in 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 or substantively 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.

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 simultaneously.

3.16.Leasing Activities

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.

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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 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.

The Company 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, and the leased assets are not recognised on the Group's statement of financial position. Payments made under operating leases are recognised in income statement on a straight-line basis over the term of the lease.

3.17. 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.

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 income statement.

3.18.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 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 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

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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 statement of financial position.

Defined benefit costs are recognised as follows:

- Service cost in income statement
- Net interest on the net defined benefit liability / (asset) in 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 on a straight-line basis. Past service cost is recognised in 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 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 statement of financial position. Such measurement is based on actuarial valuation as at the date of statement of financial position 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 redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group 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.

3.19. 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 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.

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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.

3.20. 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 income statement with a corresponding credit to equity. 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 share premium.

4. CRITICAL ACCOUNITNG ESTIMATES AND SIGNIFICANT JUDGEMENT IN APPLYING ACCOUNTING POLICIES

When preparing the 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 Statement of Financial Position.

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 utilized 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. 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 utilized 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

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wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

4.1. Estimation Uncertainty

The preparation of these consolidated financial statements is in conformity with IFRS 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 carrying amounts 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 assumptions 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. Refer note I and J for Impairment testing assumptions for Intangibles and Goodwill.

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 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 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

IFRS 15 Revenue from Contract with Customers: In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract

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with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Cumulative catch-up approach - Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application

The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2018, though early adoption is permitted.

The Group does not plan to early adopt IFRS 15 and will adopt the same on April 1, 2018 by using the full retrospective transition method to restate each prior reporting period presented.

IFRS 16 Leases: On January 13, 2016, the International Accounting Standards Board issued the final version of 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 for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The Group is yet to evaluate the requirements of IFRS 16 and the impact on the consolidated financial statements.

IFRIC 22, Foreign currency transactions and Advance consideration: On December 8, 2016, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 22, Foreign currency transactions and Advance consideration which clarifies 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, when an entity has received or paid advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is currently evaluating the effect of IFRIC 22 on the consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments: In June 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 — Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach – Under this approach, IFRIC 23 will be applied retrospectively to each prior reporting period presented in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives

The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is yet to evaluate the effect of IFRIC 23 on the consolidated financial statements.

Amendments to IAS 7, Statement of cash flows: In January 2016, the International Accounting Standards Board (IASB) issued the amendments to IAS 7, requiring

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the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effective date for adoption of the amendments to IAS 7 is annual reporting periods beginning on or after January 1, 2017, though early adoption is permitted. The Group has evaluated the disclosure requirements of the amendment and the effect on the consolidated financial statements is not expected to be material.

Amendments to IFRS 2, Share-based payment: In June 2016, the International Accounting Standards Board (IASB) issued the amendments to IFRS 2, providing specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effective date for adoption of the amendments to IFRS 2 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements.

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NOTE B - BASIS OF CONSOLIDATION

The subsidiaries which consolidate 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 2017	31 March 2017	31 March 2016
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K. (formerly known as Glenmark Pharmaceuticals Europe Ltd., U.K.)	31 March	United Kingdom	GHSA	100%	100%
Glenmark Pharmaceuticals Europe Ltd., U.K. (formerly known as Glenmark Generics (Europe) Ltd., U.K.)	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. (Merged into Glenmark Distributors SP z.o.o.) (refer note (i))	31 March	Poland	GHSA	-	100%
Glenmark Pharmaceuticals SP z.o.o.(Formerly known as Glenmark Distributors SP z.o.o.) (refer note (i))	31 March	Poland	GHSA	100%	100%
Glenmark Pharmaceuticals Inc., USA (Formerly known as Glenmark Generics Inc., USA)	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, Colombia (Formerly known as Glenmark Pharmaceuticals Colombia Ltda., Colombia)	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%

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Name of the Entity	Year End Date	Country of Incorporation	Holding Company as of	Effective Group Shareholding (%) as on	
			31 March 2017	31 March 2017	31 March 2016
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%
Glenmark Pharmaceuticals (Thailand) Co. Ltd	31 March	Thailand	GPL	49%	49%
Glenmark Pharmaceuticals B.V. (Formerly known as Glenmark Generics B.V., Netherland)	31 March	Netherland	GHSA	100%	100%
Glenmark Arzneimittel Gmbh	31 March	Germany	GHSA	100%	100%
Glenmark Pharmaceuticals Canada Inc.(formerly Known as Glenmark Generics 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., SPAIN	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%	-
Glenmark Ukraine LLC	31 March	Ukraine	GHSA	100%	-
Glenmark-Pharmaceuticals Ecuador S.A.	31 March	Ecuador	GPL	100%	-

Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

Note

(i) Merger of Glenmark Pharmaceuticals SP Z.O.O. with Glenmark Distributors SP Z.O.O.

Glenmark Pharmaceuticals SP Z.O.O. was merged with Glenmark Distributors SP Z.O.O. on 2 November, 2016 and the name of Glenmark Distributors SP Z.O.O. was changed to Glenmark Pharmaceuticals SP Z.O.O.

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NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Cash in hand	11.33	10.52
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) Accounts	10,552.31	8,560.69
Total	**10,563.64**	**8,571.21**

NOTE D - INVESTMENT, LONG TERM FINANCIAL ASSETS AND OTHER NON CURRENT ASSETS

Investment comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Investment in government securities :		
National Savings Certificate -Sixth Issue	0.02	0.03
Preference shares :		
1,100,000 (2016-1,250,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd.	110.00	125.00
Other investments :		
1,176,471 (2016 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each	42.65	43.04
289,832 (2016 - 289,832) Equity Shares of Narmada Clean Tech Ltd. of ₹ 10 each.	2.90	2.90
9,000 (2016 - 9,000) Bank of India of ₹ 10 each	1.26	0.88
1,209 (2016 - 1,209) IDBI Bank Limited of ₹ 10 each	0.09	0.08
1 (2016 - 1) Time Share of Dalmia Resorts Limited	0.02	0.02
Total	**156.94**	**171.95**

Long term financial assets comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Security deposits*	276.45	176.20
Time deposits	86.39	109.68
Total	**362.84**	**285.88**

*Security deposits represent trade deposit given in the normal course of business realisable after twelve months from the reporting date.

Other non-current assets comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Advance tax and tax deducted at source (net of provision for current taxes)	151.77	115.78
Others	1.28	1.60
Total	**153.05**	**117.38**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE E - TRADE RECEIVABLE, NET

Particulars	As at 31 March 2017	As at 31 March 2016
Accounts receivables	24,762.61	25,649.41
Provision for doubtful debts	(719.41)	(722.95)
Total	**24,043.20**	**24,926.46**

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 statement of financial position. 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 ₹ 7.87 (2016 - ₹ 113.60) has been recorded. The movement in the allowance for credit losses can be reconciled as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	722.95	629.64
Amounts written off	(11.41)	(20.29)
Impairment loss	7.87	113.60
Impairment loss reversed	-	-
Closing balance	**719.41**	**722.95**

NOTE F - INVENTORIES

Inventories comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Raw materials	5,336.61	4,430.44
Packing material	1,240.64	1,131.79
Work-in-process	2,875.54	2,298.67
Stores and spares	556.20	454.41
Finished goods	11,381.50	7,362.29
Total	**21,390.49**	**15,677.60**

NOTE G - SHORT TERM FINANCIAL ASSETS AND OTHER CURRENT ASSETS

Short term financial assets comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Dividend accounts (Refer note 1 below)	12.95	11.55
Security deposits (Refer note 2 below)	158.77	146.86
Other receivables	1,842.29	-
Total	**2,014.01**	**158.41**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Note1 - 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.

Note 2 - Security deposit represents trade deposit given in the normal course of business realisable within twelve months from the reporting date.

Other current assets comprise the following:

Particulars	As at 31 March 2017	As at 31 March 2016
Input taxes receivables	3,097.32	2,442.34
Advance to vendors	2,796.88	2,315.53
Prepayments and other advances	3,260.69	3,990.97
Export incentive	1,580.15	978.90
Total	**10,735.04**	**9,727.74**

NOTE H - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & Machinery	Furniture and fixture	Equipment	Vehicles	Assets under construction	Total
Cost										
Balance as at 1 April 2016	**377.72**	**403.76**	**8,124.48**	**1,837.94**	**5,596.05**	**1,023.61**	**8,217.21**	**371.50**	**5,276.55**	**31,228.82**
- 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)
Balance as at 31 March 2017	**376.12**	**403.38**	**8,850.86**	**1,974.59**	**6,166.13**	**1,151.76**	**9,308.16**	**320.79**	**6,770.25**	**35,322.04**
Accumulated Depreciation										
Balance as at 1 April 2016	-	44.50	1,049.68	505.64	1,000.05	616.44	3,229.21	160.44	-	6,605.96
- 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)
Balance as at 31 March 2017	**-**	**51.22**	**1,206.99**	**583.61**	**1,374.73**	**711.71**	**3,772.16**	**170.14**	**-**	**7,870.56**
Carrying value										
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**
As at 31 March 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**

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & Machinery	Furniture and fixture	Equipment	Vehicles	Assets under construction	Total
Cost										
Balance as at 1 April 2015	**329.50**	**397.78**	**6,652.45**	**1,785.12**	**4,099.57**	**957.88**	**6,992.18**	**384.60**	**4,589.46**	**26,188.54**
- Other acquisitions	50.95	5.96	1,560.55	167.52	1,526.60	118.81	1,268.47	64.07	2,630.04	7,392.97
- Disposals/Transfers	(1.20)	-	-	(125.81)	(47.02)	(13.16)	(97.77)	(49.70)	(1,926.86)	(2,261.52)
- Translation adjustment	(1.53)	0.02	(88.52)	11.11	16.90	(39.92)	54.33	(27.47)	(16.09)	(91.17)
Balance as at 31 March 2016	**377.72**	**403.76**	**8,124.48**	**1,837.94**	**5,596.05**	**1,023.61**	**8,217.21**	**371.50**	**5,276.55**	**31,228.82**
Accumulated Depreciation										
Balance as at 1 April 2015	**-**	**37.44**	**894.21**	**555.19**	**704.88**	**539.42**	**2,746.09**	**141.82**	**-**	**5,619.05**
- Depreciation charge for the year	-	7.04	150.67	75.13	304.18	95.89	518.75	71.61	-	1,223.27
- Disposals/Transfers	-	-	-	(125.81)	(14.83)	(10.62)	(80.81)	(44.81)	-	(276.88)
- Translation adjustment	-	0.02	4.80	1.13	5.82	(8.25)	45.18	(8.18)	-	40.52
Balance as at 31 March 2016	**-**	**44.50**	**1,049.68**	**505.64**	**1,000.05**	**616.44**	**3,229.21**	**160.44**	**-**	**6,605.96**
Carrying value										
As at 1 April 2015	**329.50**	**360.34**	**5,758.24**	**1,229.93**	**3,394.69**	**418.46**	**4,246.09**	**242.78**	**4,589.46**	**20,569.49**
As at 31 March 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**

Note:

a. Additions include borrowing costs capitalised of ₹ 209.98 (2016 - ₹ 25.50). The borrowing costs have been capitalised at a weighted average rate of 5.26%.

b. All depreciation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment'.

c. 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 ASSETS

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
Cost				
Balance as at 1 April 2016	**1,297.04**	**17,909.98**	**449.66**	**19,656.68**
- 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)
Balance as at 31 March 2017	**1,779.16**	**19,619.18**	**785.62**	**22,183.96**
Amortisation and impairment				
Balance as at 1 April 2016	**594.35**	**4,609.91**	**-**	**5,204.26**
- 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)
Balance as at 31 March 2017	**801.91**	**8,526.24**	**-**	**9,328.15**
Carrying value				
As at 1 April 2016	**702.69**	**13,300.07**	**449.66**	**14,452.42**
As at 31 March 2017	**977.25**	**11,092.94**	**785.62**	**12,855.81**

Particulars	Computer software	Product development/ Brands	Intangibles under development	Total
Cost				
Balance as at 1 April 2015	**608.72**	**14,886.17**	**333.12**	**15,828.01**
- Additions	733.22	2,354.96	143.16	3,231.34
- Disposals/transfers	(39.75)	-	(36.45)	(76.20)
- Translation adjustment	(5.15)	668.85	9.83	673.53
Balance as at 31 March 2016	**1,297.04**	**17,909.98**	**449.66**	**19,656.68**
Amortisation and impairment				
Balance as at 1 April 2015	**371.34**	**3,321.74**	**-**	**3,693.08**
- for the year	271.47	1,140.57	-	1,412.04
- on disposals/transfers	(39.75)	-	-	(39.75)
- Translation adjustment	(8.71)	147.60	-	138.89
Balance as at 31 March 2016	**594.35**	**4,609.91**	**-**	**5,204.26**
Carrying value				
As at 1 April 2015	**237.38**	**11,564.43**	**333.12**	**12,134.93**
As at 31 March 2016	**702.69**	**13,300.07**	**449.66**	**14,452.42**

At the year end, the intangible with indefinite 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)

Discount 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 in the range of 7% to 8%.

Segments to which Intangible assets with indefinite life are allocated as follows:

As at 31 March 2017	India	USA	Latin America	Europe	Total
Intangible Assets	1,301.23	641.75	771.40	585.97	3,300.35
Total	**1,301.23**	**641.75**	**771.40**	**585.97**	**3,300.35**
As at 31 March 2016	**India**	**USA**	**Latin America**	**Europe**	**Total**
Intangible Assets	1,297.74	562.89	1,034.57	688.55	3,583.75
Total	**1,297.74**	**562.89**	**1,034.57**	**688.55**	**3,583.75**

NOTE J - GOODWILL

The net carrying amount of goodwill can be analysed as follows:

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	574.80	579.70
Acquired through business combination	-	-
Impairment loss recognised	-	(56.11)
Effect of translation adjustments	(95.88)	51.21
Closing balance	**478.92**	**574.80**

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows

Particulars	As at 31 March 2017	As at 31 March 2016
Europe	468.91	564.79
ROW	10.01	10.01
Goodwill at	**478.92**	**574.80**

At the year end, the goodwill was tested for impairment based on conditions at that date.

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed three-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 segment is determined by applying a suitable discount rate, reflective of underlying markets.

Particulars	Long term growth Rates		Discount Rates	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Europe & ROW	2.00%	2.00%	8.50%	9.80%
Latin America	2.00%	2.00%	7.50%	8.80%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Long term growth rates
The 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 for the foreseeable future.

Discount rates
The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment.

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 segments, 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, OTHER LIABILITIES, SHORT TERM FINANCIAL LIABILITY AND PROVISIONS

Trade payable

Particulars	As at 31 March 2017	As at 31 March 2016
Sundry creditors	19,035.32	19,407.93
Total	**19,035.32**	**19,407.93**

Other liabilities

Non - current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
Other liabilities	303.38	722.95
Total	**303.38**	**722.95**

Current liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
Statutory dues	1,003.54	594.21
Accrued expenses	1,916.43	1,679.27
Other liabilities	1,770.64	1,646.98
Total	**4,690.61**	**3,920.46**

Short term financial liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
Employee dues	155.66	135.68
Unclaimed dividend	12.95	11.55
Interest accrued but not due	232.72	168.50
Total	**401.33**	**315.73**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Provisions

Particulars	As at 31 March 2017	As at 31 March 2016
Provision for compensated absences	163.86	115.60
Provision for gratuity benefit plan	601.26	514.82
Other employee benefit obligation	4.81	2.22
Total	**769.93**	**632.64**

NOTE L - LONG TERM BORROWINGS

Long term borrowings are recorded at amortised cost comprise of :

Non-current portion of borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
Notes payable	1.30	1.57
Foreign currency convertible bonds (FCCB)	13,178.95	-
Senior notes	12,714.51	-
Term loan from banks	19,469.93	32,005.31
Total	**45,364.69**	**32,006.88**
Less: Current portion of long term borrowings	(1.30)	(7,133.91)
	45,363.39	**24,872.97**

During the year, the Company 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 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 shares at an initial conversion price to be determined 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 1.18% - 5.95% p.a.

Maturity profile of non-current borrowings

Year ending 31 March	As at 31 March 2017	As at 31 March 2016
2017	-	7133.91*
2018	1.30*	7,417.36
2019	6,067.50	8,442.02
2020	8,413.60	6,038.97
2021	4,988.83	2,974.62
2022	12,944.72	-
2023	13,514.74	-

* represents current maturity of long-term borrowings

NOTE M - SHORT TERM BORROWINGS

Short Term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
Short term borrowings	1,845.95	7,718.92
Working capital facilities	25.94	155.26
Total	**1,871.89**	**7,874.18**

Working Capital Facilities is 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 taken working capital facility/ term loans from banks at interest rates ranging between 0.60% - 9.70% p.a.

NOTE N - TAXES

Taxes for the year comprise the following:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current income tax expense	6,177.97	5,145.96
Deferred income tax benefit	(2,735.66)	(2,117.56)
Total	**3,442.31**	**3,028.40**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The relationship between the expected tax expense based on the applicable tax rate of the Group and the tax expense actually recognised in the income statement can be reconciled as follows:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Income tax expense at tax rates applicable to individual entities	7,007.26	5,958.65
Tax adjustment for tax-exempt income		
- Income exempt from tax	(3,619.81)	(1,956.66)
Other tax adjustments		
- Additional deduction for R & D Expenditure	(1,428.16)	(1,362.79)
- Unrecognised tax benefit on losses of subsidiaries (net)	1,530.44	652.56
- Disallowance under income tax	222.09	389.82
- Allowances under income tax and others	(269.51)	(653.18)
Actual tax expense net	**3,442.31**	**3,028.40**

No temporary differences resulting from investments in subsidiaries or associates qualified for recognition as deferred tax assets or liabilities.

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 2016	Recognised in income statement	Recognised in Other Comprehensive Income	As at 31 March 2017
Deferred income tax assets - Non current				
Provision for credit losses	223.28	-	-	223.28
Unused tax losses	4,561.06	965.16	89.57	5,615.78
Minimum Alternative Tax credit entitlement	5,589.53	1,800.99	-	7,390.52
Depreciation and Other financial assets	1363.42	317.76	2.04	1683.22
Employee Benefits	2.37	(0.27)	(0.23)	1.87
Total	**11,739.66**	**3,083.63**	**91.38**	**14,914.67**
Deferred income tax liabilities - Non current				
Other current assets	124.46	(0.80)	(12.33)	111.33
Difference in depreciation on Property, plant and equipment	2,541.96	348.77	(1.68)	2,889.05
Total	**2,666.42**	**347.97**	**(14.01)**	**3,000.38**
Net deferred income tax asset	**9,073.24**	**2,735.66**	**105.39**	**11,914.29**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 detail of unrecognized deferred tax assets ₹ 1199.69 in 2016-17 and ₹ 732.43 in 2015-16.

During the year ended 31 March 2017, the Company, based on probable future taxable profit, has recognized previously unrecognised deferred tax assets of ₹ 282.83 in 2016-17 and ₹ 442.27 in 2015-16.

NOTE O - 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 (2016- ₹ 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 Section 80 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 date of Statement of Financial Position. Revenue and expenses are translated into INR at the average rate prevailing during the period. The exchange difference arising at year-end due to translation is debited or credited to currency translation reserve account.

Retained earnings – Accumulated earnings include all current and prior period profits as disclosed in the 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 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

Operating revenue comprises the following:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Sale of goods and out licensing of intangible assets	89,680.24	74,558.93
Other operating revenue	2,155.95	1,916.60
Income from services	20.62	20.30
Total	**91,856.81**	**76,495.83**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE Q - OTHER INCOME

Other income comprises the following:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Dividend	8.77	8.81
Profit on sale of fixed assets	17.55	-
Miscellaneous receipts	165.89	115.39
Total	**192.21**	**124.20**

NOTE R - MATERIALS CONSUMED

Materials consumed for the year comprise the following:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Consumption of raw material and packing material	22,925.15	18,727.40
Consumption of stores and spares	622.98	560.07
Total	**23,548.13**	**19,287.47**

NOTE S - EMPLOYEE COSTS

Employee costs comprise the following:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	14,853.10	12,423.74
Contribution to provident and other funds and Retirement benefits	1,355.34	1,084.98
Welfare expenses	199.62	273.23
Total	**16,408.06**	**13,781.95**

NOTE T - OTHER EXPENSES

Other expenses comprise the following:

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Labour charges	931.16	848.24
Excise duty expenses	1,062.67	879.12
Power, fuel and water charges	1,049.52	965.73
Repairs and maintenance	1,110.69	933.81
Rent, rates and taxes	836.30	920.88
Other manufacturing expenses	455.68	357.92
Consumable	2,347.02	2,334.82
Selling and Marketing expenses	1,231.96	1,151.17
Sales promotion expenses	7,193.31	5,429.75
Travelling expenses	2,185.76	2,052.37
Freight outward	2,221.73	2,345.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Telephone expenses	122.28	118.63
Provision for doubtful debts	7.87	113.60
Insurance	200.15	187.85
Electricity charges	220.72	238.99
Auditors remuneration*	74.56	51.40
Legal and professional charges	1,825.53	1,574.42
Other operating expenses	5,861.58	4,855.85
Total	**28,938.49**	**25,360.32**

* does not include ₹ 16.50 (2016- ₹ Nil) on account of other matters.

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.

The Group recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2017	31 March 2016
Current service cost	129.31	122.20
Curtailment and past service cost	-	-
Personnel expenses	129.31	122.20
Net interest on defined benefit schemes	15.27	11.35
Administration cost (excluding cost for managing plan assets)	0.41	0.40
Net periodic expense	144.99	133.95

The remeasurement components recognised in the statement of other comprehensive income for the Group's defined benefit plans comprise the following:

Particulars	31 March 2017	31 March 2016
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	(13.17)	(48.24)
Based on adjustment of financial assumptions	(32.36)	17.39
Due to liability experience adjustment	78.81	4.86
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	13.73	14.01
Total remeasurements recognised in the statement of other comprehensive income	47.01	(11.98)

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 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 2017	31 March 2016
Present value of funded obligations	1,351.40	1,257.52
Fair value of plan assets	(750.14)	(742.70)
Net defined benefit liability	**601.26**	**514.82**
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	601.26	514.82

The movements in the net defined benefit liability recognised within the consolidated balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	514.82	455.09
Cost recognised in income statement	144.99	133.95
Remeasurement (gains) / losses recognised in other comprehensive income	47.01	(11.98)
Actual employer contributions	(66.36)	(36.03)
Benefits paid	(31.45)	(35.94)
Exchange differences	(7.75)	9.73
Closing balance	**601.26**	**514.82**

The change in the present value of defined benefit obligations is as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	1,257.52	1,131.51
Current service cost	129.31	122.20
Interest cost on the defined benefit obligations	36.31	34.18
Actual employee contributions	35.37	23.85
Curtailment and past service cost	-	-
Actual benefit payments	(104.54)	(49.23)
Actuarial (gains)/losses - Demographic assumptions	(13.17)	(48.24)
Actuarial (gains)/losses - Financial assumptions	(32.36)	17.39
Actuarial (gains)/losses - Liability experience	78.81	4.86
Administration cost (excluding cost for managing plan assets)	0.41	0.40
Exchange differences	(36.26)	20.60
Closing balance	**1,351.40**	**1,257.52**

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2017	31 March 2016
Beginning balance	742.70	676.42
Interest income on plan assets	21.04	22.83
Actual employer contributions	66.36	36.03
Actual employee contributions	35.37	23.85
Actual benefit payments	(73.09)	(13.29)
Actual return on assets (excluding interest income on plan assets)	(13.73)	(14.01)
Exchange differences	(28.51)	10.87
Closing balance	**750.14**	**742.70**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The Group expects to contribute ₹ 369.01 to its defined benefit plans in 2017-18.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2017 and the following year's are as follows:

Particulars	31 March 2017	31 March 2016
Discount rate (weighted average)	0.60%-7.07%	0.50%-7.07%
Rate of compensation increase (weighted average)	1.50%-3.00%	1.50%-3.00%
Inflation rate (weighted average)	0.00%-1.00%	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 2017	31 March 2016
Average life expectancy (Years)	26.04-54.07	26.37-53.08

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2017	31 March 2016
Assets administered by respective Insurance companies	100%	100%

A breakup of the defined benefit plan related balance sheet amounts at 31 March 2017 and 2016, is shown below.

Particulars	31 March 2017	31 March 2016
Present value of funded obligations	1,351.40	1,257.52
Fair value of plan assets	(750.14)	(742.70)
Net defined benefit liability	**601.26**	**514.82**

The present value of defined benefit obligations by category of members at 31 March 2017 and 2016, is shown below:

Particulars	31 March 2017	31 March 2016
Active	11,784	10,774
Present value of funded obligations	1,351.40	1,257.52

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 2017
Discount rate + 0.25% / +0.5 % p.a.	(58.28)
Discount rate - 0.25% / - 0.5 % p.a.	62.91
Rate of compensation increase + 0.25%- 0.5 % p.a.	35.57
Rate of compensation increase - 0.25% - 0.5 % p.a.	(33.63)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 date of the Statement of Financial Position.

The Group recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	31 March 2017	31 March 2016
Current service cost	58.14	50.18
Personnel expenses	**58.14**	**50.18**
Net interest on defined benefit schemes	8.90	8.49
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	-	7.35
Based on adjustment of financial assumptions	-	(17.33)
Due to liability experience adjustment	23.94	7.51
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(0.54)	3.05
Net periodic expense	**90.44**	**59.25**

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 2017	31 March 2016
Present value of funded obligations	294.88	236.75
Fair value of plan assets	(131.02)	(121.15)
Net defined benefit liability	163.86	115.60
Being:		
Retirement benefit assets	-	-
Retirement benefit liabilities	163.86	115.60

The movements in the net defined benefit liability recognised within the consolidated balance sheet are as follows:

Particulars	31 March 2017	31 March 2016
Beginning balance	115.60	105.78
Cost recognised in income statement	90.44	59.25
Remeasurement (gains) / losses recognised in other comprehensive income	-	-
Actual employer contributions	-	0.10
Benefits paid	(42.18)	(49.53)
Closing balance	**163.86**	**115.60**

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 2017	31 March 2016
Beginning balance	236.75	220.85
Current service cost	58.14	50.18
Interest cost on the defined benefit obligations	18.23	17.72
Actual benefit payments	(42.18)	(49.53)
Actuarial (gains)/losses - Demographic assumptions	-	7.35
Actuarial (gains)/losses - Financial assumptions	-	(17.33)
Actuarial (gains)/losses - Liability experience	23.94	7.51
Closing balance	**294.88**	**236.75**

The following table shows the change in the fair value of plan assets:

Particulars	31 March 2017	31 March 2016
Beginning balance	121.15	115.07
Interest income on plan assets	9.33	9.23
Return on plan assets	0.54	(3.05)
Actual employer contributions	-	(0.10)
Closing balance	**131.02**	**121.15**

The Group expects to contribute ₹ 251.06 to its defined benefit plan in 2017-18.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2017 and the following year's are as follows:

Particulars	31 March 2017	31 March 2016
Discount rate (weighted average)	7.70%	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 2017	31 March 2016
Average life expectancy at 58 (Years)	26.04	26.37

The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	31 March 2017	31 March 2016
Insurance contracts	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 balance sheet amounts at 31 March 2017 and 2016, is shown below.

Particulars	31 March 2017	31 March 2016
Present value of obligations	294.88	236.75
Fair value of plan assets	(131.02)	(121.15)
Net defined benefit liability	**163.86**	**115.60**

The present value of defined benefit obligations by category of members at 31 March 2017 and 2016, is shown below:

Particulars	31 March 2017	31 March 2016
Active	11,661	10,693
Present value of obligations	294.88	236.75

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 2017
Discount rate + 0.5 % p.a.	(9.74)
Discount rate - 0.5 % p.a.	10.40
Rate of compensation increase + 0.5 % p.a.	10.22
Rate of compensation increase - 0.5 % p.a.	(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 lumpsum benefit, which is paid directly to the concerned employee by the fund. The Group contributed approximately ₹ 259.29 (2016 - ₹ 215.64) to the provident fund plan during the year ended 31 March 2017.

NOTE V - RESEARCH AND DEVELOPMENT EXPENDITURE

During the year, the Group expenditure on research and development is ₹ 12,622.33 (2016 - ₹ 8,175.90).

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 under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1 - 2 years and up to 4 - 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. As at 31 March, 2017, pursuant to ESOS 2003, 47,000 options were outstanding, which upon exercise are convertible into equivalent number of equity shares . Pursuant to ESOS 2016, 619,757 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

The aggregate share options and weighted average exercise price under all the above mentioned plans are as follows:

	2017		2016	
	Number*	weighted average price* (₹)	Number*	weighted average price* (₹)
Outstanding at the beginning of the year	84,500	279.99	164,800	296.03
Granted during the year	640,695	800.00	-	-
Forfeited/cancelled during the year	(48,438)	515.79	(34,500)	405.79
Exercised during the year	(10,000)	263.89	(45,800)	242.97
Outstanding at the end of the year	666,757	762.78	84,500	279.99

All share based employee remuneration 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:

	31 March 2017	31 March 2016
Share price (₹)*	215.85 – 800.00	215.85 – 480.40
Exercise price (₹)*	215.85 – 800.00	215.85 – 480.40
Weighted average volatility rate	30% - 60%	40% - 60%
Dividend payout	200%	200%
Risk free rate	7.70%-9.00%	7.75% - 9.00%
Average remaining life	1-52 months	1- 26 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 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. Rajesh Desai (Executive Director)
Mr. P Ganesh (President & Global Chief Financial Officer with effect from 12 May 2016)
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 CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

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 2017	Year ended 31 March 2016
Purchase of services		
Trilegal	4.67	1.20
Expenditure incurred for CSR activities to		
Glenmark Foundation	49.12	23.82
Glenmark Aquatic Foundation	63.44	21.70
Transactions with key management personnel		
Remuneration		
- Mr. Glenn Saldanha	141.00	108.46
- Mrs. Cherylann Pinto	38.76	33.37
- Mr. Rajesh Desai	31.74	25.91
- Mr. Sanjay Kumar Chowdhary (Related party as per Companies Act, 2013 upto 31 October, 2016)	3.15	2.63
- Mr. P Ganesh (Related party as per Companies Act, 2013 with effect from 12 May, 2016)	15.65	-
- Mr. Harish Kuber (Related party as per companies Act,2013 with effect from 2 February, 2017)	0.39	-
Sitting fees paid to Non-executive Directors	7.00	6.42

Related party balances (Payable) / Advance given	As at 31 March 2017	As at 31 March 2016
Glenmark Foundation	(10.00)	(1.00)
Glenmark Aquatic Foundation	-	10.59

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 2017 has been calculated using the net profits attributable to the equity shareholders.

Calculation of basic and diluted EPS is as follows:

Particulars	31 March 2017	31 March 2016
Profit attributable to shareholders of Glenmark, for basic and diluted	9,159.67	7,020.98
Weighted average number of shares outstanding during the year for basic EPS	282,166,682	280,727,485
Effect of dilutive potential ordinary shares:		
Employee stock options	85,294	58,991
Weighted average number of shares outstanding during the year for diluted EPS	282,251,976	280,786,476
Basic EPS, in ₹	**32.46**	**25.01**
Diluted EPS, in ₹	**32.45**	**25.00**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE Z - COMMITMENTS AND CONTINGENCIES

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Contingent Liabilities		
Claims against the Company not acknowledged as debts		
Disputed taxes and duties	243.62	259.65
Others	35.00	12.40

(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 31st 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 petition/s filed by other pharmaceutical companies as well, pending before Supreme 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 Supreme 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.

(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 Company has revised the composition of the FDC's and market the revised products. The matter is now clubbed with other petition of other companies before the Supreme court.

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2017 aggregate ₹ 788.39 (2016 - ₹ 1,066.32)

(iii) Others

Particulars	31 March 2017	31 March 2016
Bank Guarantees	90.15	96.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

NOTE AA - 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 Consolidated Income Statement as Rent.

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 2017	31 March 2016
Due within one year	445.07	486.46
Due later than one year and not later than five years	1,133.42	1,433.39
Due later than five years	-	58.18
Total	**1,578.49**	**1,978.03**

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**
3. **Latin America**
4. **Europe**
5. **Rest of the World**

The reportable segments derives their revenues from the sale of pharmaceutical products (generics, speciality) and milestone payments. 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 2017	Year ended 31 March 2016
India	32,679.75	28,594.37
USA	37,006.63	24,203.20
Latin America	5,181.22	7,495.06
Europe	7,101.35	7,170.66
Rest of the world (ROW)	9,887.86	9,032.54
Total	**91,856.81**	**76,495.83**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

Analysis of assets by reportable segments

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
Total	**22,536.04**	**6,815.32**	**1,647.90**	**8,957.14**	**350.89**	**40,307.29**

As at 31 March 2016	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	19,035.87	4,052.66	747.55	679.15	107.63	24,622.86
Intangible Assets	1,953.01	974.45	1,114.13	10,355.33	55.50	14,452.42
Total	**20,988.88**	**5,027.11**	**1,861.68**	**11,034.48**	**163.13**	**39,075.28**

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 consider 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 group. The carrying amount of these assets approximates their fair value.

Available-for-Sale investments – Non-current 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 ₹ 156.92 (2016 - ₹ 171.92) 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 IAS 39 as on 31 March 2017 :

Particulars	Loans and receivables	Available for sale	Derivative financial instruments	Total carrying value	Total fair value
Long-term financial assets	362.84	-	-	362.84	362.84
Other investments (Investment)	-	156.94	-	156.94	156.94
Cash and cash equivalent	10,563.64	-	-	10,563.64	10,563.64
Trade receivables, net	24,043.20	-	-	24,043.20	24,043.20
Short term financial assets	2,014.01	-	-	2,014.01	2,014.01
Total	**36,983.69**	**156.94**	**-**	**37,140.63**	**37,140.63**

Given below is the summary of financial assets as categorised in IAS 39 as on 31 March 2016 :

Particulars	Loans and receivables	Available for sale	Derivative financial instruments	Total carrying value	Total fair value
Long-term financial assets	285.88	-	-	285.88	285.88
Other investments (Investment)	-	171.95	-	171.95	171.95
Cash and cash equivalent	8,571.21	-	-	8,571.21	8,571.21
Trade receivables, net	24,926.46	-	-	24,926.46	24,926.46
Short term financial assets	158.41	-	-	158.41	158.41
Total	**33,941.96**	**171.95**	**-**	**34,113.91**	**34,113.91**

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 consider that the carrying amount of trade payables approximates to their fair value.

Given below is the summary of financial liabilities as categorised in IAS 39 as on 31 March 2017:-

Particulars	Trade and other payables	Total carrying value	Total fair value
Security deposits (Long term financial liabilities)	24.05	24.05	24.05
Trade payables	19,035.32	19,035.32	19,035.32
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
Short term financial liabilities	401.33	401.33	401.33
Total	**66,697.28**	**66,697.28**	**66,697.28**

Given below is the summary of financial liabilities as categorised in IAS 39 as on 31 March 2016:-

Particulars	Trade and other payables	Total carrying value	Total fair value
Security deposits (Long term financial liabilities)	46.95	46.95	46.95
Trade payables	19,407.93	19,407.93	19,407.93
Long term borrowings	24,872.97	24,872.97	24,872.97
Short term borrowings	7,874.18	7,874.18	7,874.18
Current portion of long term borrowings	7,133.91	7,133.91	7,133.91
Short term financial liabilities	**315.73**	**315.73**	**315.73**
Total	**59,651.67**	**59,651.67**	**59,651.67**

Fair value hierarchy :

Level 2 : All FVPL financial assets and liabilities are classified as level 2 inputs except certain investments amounting to ₹ 1.35 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified as level 3 inputs.

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 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 ₹ 66.20 at the beginning of the year and scaled to a high of ₹ 68.57 and to low of ₹ 64.72. The closing rate is ₹ 64.72. 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 2017		31 March 2016	
	USD (million)	INR	USD (million)	INR
Short-term exposure				
Financial assets	74.50	4,821.68	73.13	4,834.08
Financial liabilities	(51.37)	(3,324.87)	(115.78)	(7,653.11)
Total	**23.13**	**1,496.81**	**(42.65)**	**(2,819.03)**
Long term exposure				
Financial assets	-	-	-	-
Financial liabilities	(408.81)	(26,459.49)	-	-
Total	**(408.81)**	**(26,459.49)**	**-**	**-**

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	2,496.27	281.90
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	(2,496.27)	(281.90)
Equity	-	-

EUR conversion rate was ₹ 75.37 at the beginning of the year and scaled to a high of ₹ 76.60 and to low of ₹ 69.13. The closing rate is ₹ 69.13. 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 2017		31 March 2016	
	EUR (million)	INR	EUR (million)	INR
Short term exposure				
Financial assets	6.00	414.76	5.48	411.09
Financial liabilities	(5.42)	(374.64)	(6.93)	(519.81)
Total	**0.58**	**40.12**	**(1.45)**	**(108.72)**
Long term exposure				
Financial assets	-	-	-	-
Financial liabilities	-	-	(18.00)	(1,351.03)
Total	**-**	**-**	**(18.00)**	**(1,351.03)**

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	(4.01)	145.98
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2017	31 March 2016
	INR	INR
Net results for the year	4.01	(145.98)
Equity	-	-

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowing. The Group has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate cash outflow associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 309.83 million (2016 - USD 451.68 million) and EUR Nil million (2016 - EUR 18 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 2017	31 March 2016
	INR	INR
Net results for the year	(50.13)	(78.02)
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 2017	31 March 2016
	INR	INR
Net results for the year	50.13	78.02
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 4% to 6.35%. 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 at the date of statement of financial position, as summarised below:

Particulars	As at 31 March 2017	As at 31 March 2016
Cash & cash equivalents	10,563.64	8,571.21
Trade receivables	24,043.20	24,926.46
Short term financial assets	2,014.01	158.41
Long term financial assets	362.84	285.88
Total	**36,983.69**	**33,941.96**

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.

Given below is ageing of accounts receivable spread by period of six months:

Particulars	As at 31 March 2017	As at 31 March 2016
Outstanding for more than 6 months	1,884.28	2,213.58
Others	22,158.92	22,712.88
Total	**24,043.20**	**24,926.46**

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 for each of the reporting dates under review 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in million of Indian Rupees, unless otherwise stated)

As at 31 March 2017, the Group's liabilities have contractual maturities which are summarised below:

	Current	Non-Current	
	Within 1 year	1 to 5 years	More than 5 years
Trade payable	19,035.32	-	-
Financial liabilities	401.33	24.05	-
Short term borrowings	1,871.89	-	-
Current portion of long term borrowings	1.30	-	-
Long-term borrowings	-	32,184.44	13,178.95
Total	**21,309.84**	**32,208.49**	**13,178.95**

NOTE FF - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. Capital for the reporting periods under review is summarised as follows:

The Group's goal in capital management is to maintain a capital-to-overall financing structure ratio as low as possible.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	As at 31 March 2017	As at 31 March 2016
Total equity	49,390.05	42,699.45
Less: Cash & cash equivalents	10,563.64	8,571.21
Capital	**38,826.41**	**34,128.24**
Total equity	49,390.05	42,699.45
Add: Borrowings	47,236.58	39,881.06
Overall financing	**96,626.63**	**82,580.51**
Capital to overall financing ratio	**0.40**	**0.41**

NOTE GG - AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2017 were approved by the Board of Directors on 11 May 2017.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration Number : 001076N/N500013

per **Ashish Gupta**
Partner
Membership Number - 504662

Place: Mumbai
Date : 11 May 2017

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director
DIN : 00050607

Cherylann Pinto
Executive Director
DIN : 00111844

P Ganesh
President & Global Chief Financial Officer

Harish Kuber
Company Secretary & Compliance Officer

Place: Mumbai
Date : 11 May 2017

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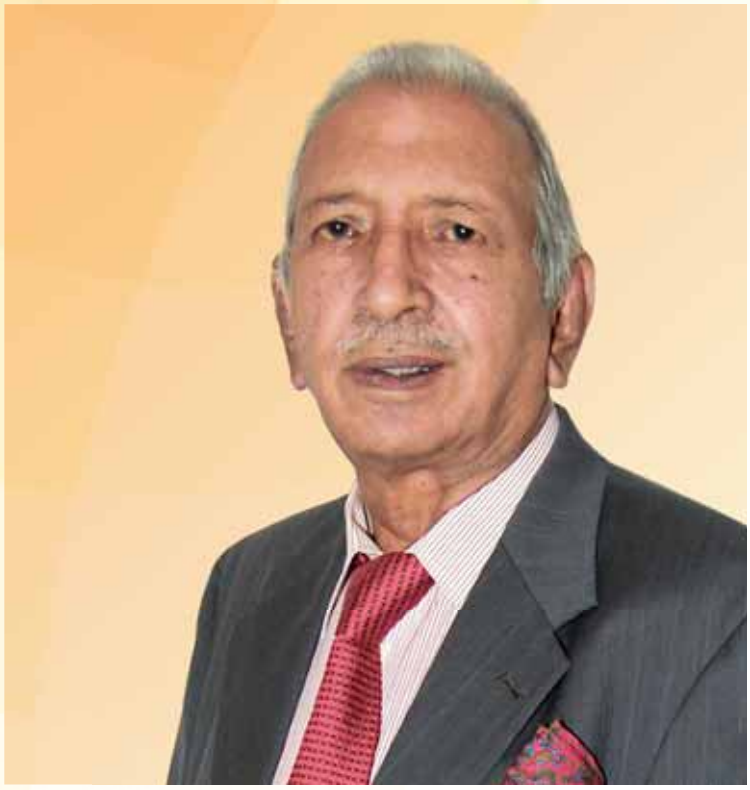
A TRIBUTE TO THE FOUNDER



Founder: Late Mr. Gracias Saldanha

Achievement, Respect and Knowledge are the values on which he built Glenmark. The seed of our phenomenal growth story lies in the values instilled by our founder. And, it is these values, which continue to guide the Company achieve greater heights going ahead.

A new way for a new world

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