

September 3, 2019,

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

Ref: Scrip Code: 532296

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

Ref: Scrip Name: GLENMARK

Dear Sirs,

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

Enclosed please find herewith the Annual Report for the Financial Year 2018–2019 under Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Request you to kindly take the same on record.

Thanking You

Yours Faithfully,  
For Glenmark Pharmaceuticals Limited



Harish Kuber  
Company Secretary & Compliance Officer

Encl: As above



# Transformation for Accelerated Growth

ANNUAL REPORT 2018-19

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# Transforming for a Stronger Tomorrow

This year marked the beginning of a new era at Glenmark. With the strategic roadmap as our guide, we have been marking milestones and achievements, facing setbacks yet moving ahead. As in the previous years, we grew in the home market of India, continued to notch up product approvals in the world's biggest generics markets, pushed our specialty portfolio closer to commercialization and steadily invested in developing our pipeline of innovative products for unmet medical needs.

But we also did much more. To accelerate our move to the next level, we initiated the process of reorganizing into three different entities for generics, branded and specialty products, Active Pharmaceutical Ingredients (API) and innovation. These will together make up the Glenmark group of companies.



  
**glenmark**  
A new way for a new world

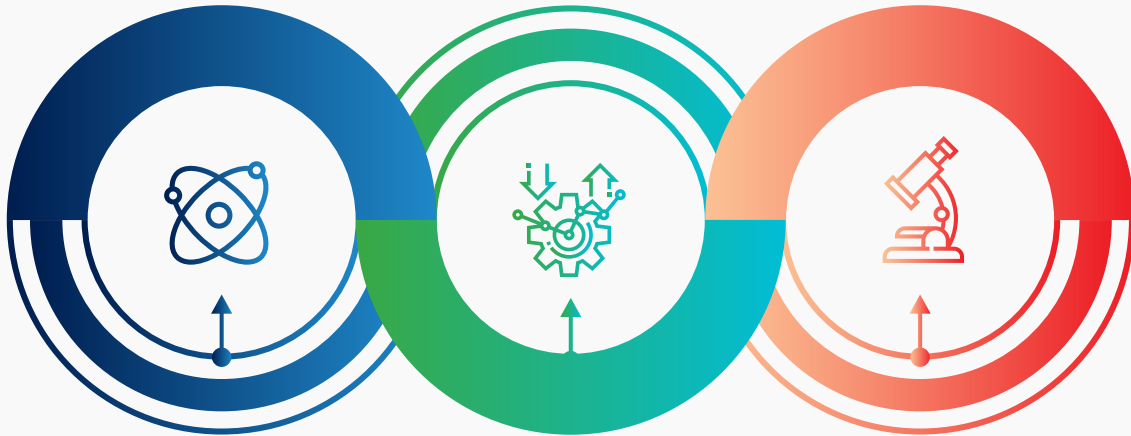
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**WE INITIATED THE PROCESS  
OF REORGANIZING FOR  
ACCELERATED GROWTH**

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# Each Business Segment Has Different Characteristics and Strategic Priorities



## API Business

- B2B business: Strong relationship with major generics players across the globe
- Cost leadership and scale of operations critical for profitability
- Driven by efficient procurement and manufacturing processes

## Formulations Business

- Strong global brands, sales and distribution network
- Large customer base and robust medical affairs and PV capabilities
- Focus on prescription generation to drive growth
- Differentiated products to command premium pricing

## Innovative R&D Business

- Long time to market and significantly higher level of attrition (High Risk-High Reward)
- Need to work on cutting edge technology as drug landscape is constantly evolving
- Direct competition with Big Pharma and leading biotech organizations

The business of generics, branded and specialty products will remain with the group flagship Glenmark Pharmaceuticals (GPL). The API business has been spun off into an independent subsidiary, Glenmark Life Sciences (GLS). The innovation business

is being spun off into an as-yet unnamed New Company (NewCo). This will also be a subsidiary of GPL. The spin-off will give each subsidiary unit the wings to scale new horizons.

The Glenmark group will continue to forge ahead

as an integrated, innovation-led, global pharmaceutical company that straddles the value chain from API to formulations, harnesses technologies from complex chemistry to biologics, and makes products from affordable generics to value-added



Among the  
**Top 80**  
Pharma and Biotech  
companies in the world\*



**6**  
R&D  
centres



Offices in  
**50**  
countries  
worldwide

\*Source: SCRIIP 100-2019 Rankings

# Business Segments

GLENMARK PHARMACEUTICALS						
Contribution to Glenmark	API Mfg and Marketing (GLS)	Formulations - Generics, Branded Generics, Specialty and OTC				Innovative R&D (NewCo)
		North America	India and MEA	Europe and LATAM	ARCIS	
	10%	32%	29%	16%	13%	1-2%
Key Geographies	US, Europe, India	US, Canada	India, Kenya, Republic of South Africa, Kingdom of Saudi Arabia	United Kingdom, Germany, Poland, Brazil, Mexico	Russia, Malaysia, Philippines	US, India, Switzerland
Current Focus	Small molecules in Reg. markets	Respiratory	Dermatology	Oncology	Autoimmune Disease, Oncology and Pain	
Key Strategy	Expand offering, new technologies	Expand specialty	Expand share Rx and OTC	Expand core therapies	Expand core therapies	Develop pipeline, selective out-licensing

**Note:** MEA – Middle East and Africa, LATAM – Latin America, ARCIS-Asia, Russia and other Commonwealth of Independent States

specialty and soon, cutting-edge innovation.

We rank among the Top 80 Pharma and Biotech companies (Scrip 100 – 2019 rankings) in the world with over 14,000 employees of 60 different nationalities. Approximately 70% of our revenues are from international markets. After careful

consideration, the current reorganization has emerged as the most efficient and sustainable way to move to the next level and stay true to Glenmark's mission of Enriching Lives.

With this move, we reaffirm our commitment to provide affordable, generic medicine to patients

all over the world while also breaking new ground in therapies for unmet medical needs through the development of either first-in-class or best-in-class compounds in our chosen therapy areas. The future, as we want it, is within our reach.



**16**  
Manufacturing facilities



**14,000+**  
Employees from 60 different nationalities



**~70%**  
of our revenues from international markets

# Chairman's MESSAGE



**Glenn Saldanha**  
Chairman and Managing Director

## Dear Shareholders,

In the year gone by, the global pharmaceutical industry continued to battle the forces of stiff competition and pricing pressures in major markets. Glenmark was no exception, with our business in key geographies such as the US feeling the impact. In the US, annual revenues were under pressure on account of price-led competition driven by supply chain consolidation and relatively more competitors per product. On the positive side, FY 2018-19 marked a milestone in our journey to transform into an innovation-led global, pharmaceutical company with an optimal mix of generics, specialty and research-driven products.

Glenmark Pharmaceuticals initiated the process of reorganizing into three different entities that will together make up the Glenmark group of companies. This reorganization is designed to place us on an accelerated trajectory to attain our objectives in each of these verticals, as detailed in our strategic roadmap.

The three verticals comprise generics, branded and specialty products, Active Pharmaceutical Ingredients (API) and breakthrough, innovative drugs. We have consistently identified these as the main pillars of our strategic vision and to that extent, there is no departure from the past.

Generics,  
Branded  
and Specialty  
Products

Active  
Pharmaceutical  
Ingredients  
(API)

Innovative  
Drugs

This reorganization is designed to place Glenmark on an accelerated trajectory.

# The Innovation Company

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will begin the exercise to raise capital to fund its future.

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Where the future looks different is that with the separation - completed partially in FY 2018-19 and to be concluded in FY 2019-20 - each business will maximize its potential by sharpening its focus, unlocking value and leveraging resources and partnerships to achieve goals faster than before.

The group's flagship Glenmark Pharmaceuticals will focus on generics, branded and specialty products. The API and innovation units will reside in two separate subsidiaries spun out of the flagship. With the spin-off, each company improves its strategic focus and is free to raise capital at valuations that reflect the potential of its business. Each can enter into alliances or partnerships to further its business interests and recruit global talent that has the passion, requisite skills and capabilities to deliver on the firm's goals and objectives.

While we have always known that each business stands uniquely apart in its thinking, objectives and resources, we believe the timing is opportune to run them independently. The formulations and API businesses have achieved scale. Investments in innovation have brought two novel molecules, GBR 830 for Atopic Dermatitis and GRC 27864 for Pain management into Phase 2b of human trials, with results expected in the next year.

In spite of the headwinds of greater regulatory rigor and pricing pressure, the global generics market will continue to offer a significant opportunity to bring value to patients and medical professionals who are looking for affordable, high-quality substitutes for expensive innovator brands. With operations that straddle five continents, state-of-the-art Indian and overseas manufacturing and an accent on consistent quality compliance across the organization, Glenmark Pharmaceuticals is well-placed to fulfil this demand.

On the API front, an unprecedented opportunity is being created by the curtailing of API manufacturing in China, the world's largest API manufacturing location, owing to tighter pollution control norms. With India as the development and manufacturing base and Glenmark's substantial investments in quality infrastructure, the API subsidiary Glenmark Life Sciences is ideally placed to leverage this opportunity in a cost-effective and quality-conscious manner. Moreover, we expect the API business to grow at a good pace.

The innovation business, in the process of being transferred to an as-yet-unnamed new company or NewCo, is at an inflection point. With two candidates completing proof-of-concept in humans, it is our belief that the separation will accord this unit the independence and focus that are needed to expedite the development of its pipeline.

Even as we move speedily ahead to complete the process of reorganization, Glenmark Pharmaceuticals is tuned in to the dynamics of key global pharmaceutical markets and is responding accordingly. In India - an intensely competitive branded generics market with a number of 'me-toos' - we are differentiating ourselves with affordable innovation that makes a tangible difference to the lives of patients and their families.

Glenmark Life Sciences is ideally placed to leverage the API opportunity in a cost-effective and quality-conscious manner.





In spite of headwinds, the global pharmaceutical market will continue to offer a significant opportunity to bring value to patients and medical professionals.



In the current year, we launched the novel patent-protected and globally researched SGLT2 inhibitor remogliflozin etabonate 100 mg for Type 2 diabetes in adults. Glenmark is the first company in the world to launch remogliflozin and India is the first country to get access to this innovative drug. Globally, this class of drugs is emerging as a preferred treatment for Type 2 diabetes management. By bringing it to Indian patients, we aim to provide them with an effective, high-quality and world-class treatment option. Spurred by launches such as this one, the Indian business is expected to grow at 12 to 15% over the next two years.

In the US, an unbranded generics market with constant cost pressures, we continue to seek approvals for new products while improving cost efficiency and defending our market share. On the specialty side, we are in favour of partnering with other firms for commercialization. For our allergic rhinitis brand Ryaltris™, the first specialty pharmaceutical product developed entirely by us and currently awaiting approval in the US, as well as for future specialty products, we will partner in exchange for upfront fees, milestones and royalty.

In Europe, we are among the fastest-growing mid-to-large sized companies. To carry forward this growth momentum, we will launch more high-potential respiratory products in this market. We intend to partner for our specialty portfolio. We expect our European business to grow moderately at 10 to

# Glenmark's First

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**Global Reporting Initiative aligned Sustainability Report was published this year.**

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15%. Rest of World (ROW) markets such as Russia and Africa remain a good opportunity and we expect them to continue to grow at 15 to 20% in the foreseeable future.

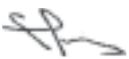
At Glenmark, we believe that enriching lives should not come at the cost of impoverishing the environment. We are among a few global drug companies that publish a Sustainability Report aligned with the Global Reporting Initiative. Glenmark's first such report was published this year. It highlights the key initiatives that we have undertaken towards conducting operations productively while preserving the environment. These include efforts to use energy efficiently, conserve water, protect water sources from contamination and to manage waste effectively. To cite some examples, we have reduced specific energy consumption by 6% in FY 2018-19 and co-processed 119 MT of hazardous waste. Four factories have achieved zero liquid discharge. Going forward, we will step up our efforts in this direction.

As a responsible corporate citizen, Glenmark strives to give back to the community through our Corporate Social Responsibility initiatives. Our major programs focus on improving child health and promoting swimming as a sport. Our initiatives have touched over 1.4 Mn lives. Glenmark Joy of Giving, our annual festival of philanthropy is a matter of pride for the organization. It is a crucial element of our holistic corporate culture that encourages employees to support different social causes with enthusiasm and a sense of meaningful purpose.

The year gone by is proof of our long-term approach to doing business whether from the point of view of strategy, operations or sustainability. After considerable thought, we believe that reorganizing our businesses as explained earlier is the most efficient and sustainable way to move to the next level and stay true to Glenmark's mission of Enriching Lives.

I would like to acknowledge the hard work, dedication and ingenuity of our employees that have helped us reach where we are today. I look forward to their continuing commitment as we unfetter each business from the priorities and obligations of the others and let it forge its own path while staying true to the ethos of the larger Glenmark group. I also thank you, our investors, for your patience and guidance thus far and look forward to your continued support.

Yours Sincerely,



**Glenn Saldanha**

Chairman and Managing Director

Reorganizing our business is the most efficient and sustainable way to stay true to our mission of Enriching Lives.



# Board of Directors



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

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



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

Dr. Tempest has been working with the pharmaceutical industry for the last four decades. He has managed healthcare businesses in North America, South America, Europe, Africa, the Middle East, Australia, 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. Cherylann Pinto**  
Director – Corporate Affairs

Mrs. Pinto has been the Director of Corporate Affairs at Glenmark since October 1999 and is an executive member of the Board. With over 30 years of experience in the pharmaceutical field, she currently heads the Company's Corporate Communications, Corporate Affairs, IT, Admin, HR and CSR functions. She had set up a pharmaceutical company where she served as the Managing Director from 1989 to 1999 before joining Glenmark.



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

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



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

Mr. Mani leads the organization's worldwide finance operations and secretarial function, including global accounting, financial reporting, tax and treasury. He has over 26 years of rich industry experience across treasury, taxation, accounting, financial planning and analysis, secretarial, legal, audits, risk management and investor relations. Prior to joining Glenmark in 2017, he was the President Finance at the Bhartiya Group. He has also held the position of the Chief Financial Officer at Cipla.



**Mr. Sridhar Gorthi**  
Non-Executive Director - Independent

Mr. Gorthi is a partner in the Mumbai office of Trilegal. 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, the US, South Africa, Argentina, Indonesia and Sri Lanka.



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

Mr. Desai is a Non-Executive Director at Glenmark Pharmaceuticals Ltd. He has over 35 years of work experience and was the Executive Director and Chief Financial Officer of Glenmark until 2016. He led the Finance, Legal and IT functions and with his strong Finance background, he contributed significantly to the growth story of Glenmark.



**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 organization, she was responsible for developing and growing the Company's export business.





**Mr. Julio Ribeiro**  
Non-Executive Director - Independent

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



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

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



**Mr. Milind Sarwate**  
Non-Executive Director - Independent

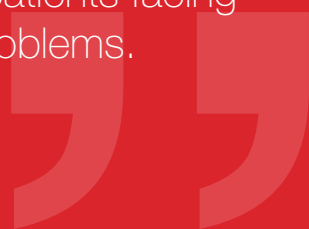
Mr. Sarwate is the Founder and CEO of Increate Value Advisors LLP, a firm that facilitates organizations and individuals to discover, develop and deliver business and social value. He has over 33 years of experience in Finance, HR and Strategy in groups such as Marico and Godrej.



**Ms. Saira Ramasastry**  
Non-Executive Director - Independent

Ms. Ramasastry has over 20 years of experience in the life sciences industry, successfully building companies as an advisor, board member and operational executive. She is the Founder and Managing Partner of Life Sciences Advisory, LLC and is also associated with the European Prevention of Alzheimer's Dementia (EPAD) as head of Business and Sustainability. Ms. Ramasastry's accomplishments include being named as "Top life sciences advisor" by Acquisition International and CorporateLiveWire.

In the last decade, we have proactively invested in proprietary innovation to expand our product basket and provide novel solutions to patients facing intractable problems.







# Delivering HIGH-QUALITY HEALTHCARE



Over the last four decades, Glenmark has made huge strides in delivering high-quality medicines to patients in need, all over the world. Starting with our flagship product forty years ago, we have always put the patient at the centre of our strategy. Satisfying unmet patient needs is the core principle guiding our over two-decade old foray into researching novel therapies for challenging health conditions in our focus therapy areas of Dermatology, Respiratory and Oncology.

## Our growth is being enabled by four major drivers.



Therapeutic areas



Partnerships



Global brands



Commercial infrastructure

The first is to focus on select therapeutic areas. From research and development to manufacturing and commercialization, our organization's resources are concentrated on the core therapy areas of Dermatology, Respiratory and Oncology globally, and Cardio-metabolic in select markets, to allow us to maximise our offerings to patients. These therapy areas have been chosen not only for the high demand for treatments but also for the opportunity to make a positive difference to the patient's quality of life. In these therapy areas, we don't just offer a range of affordable generics but are also developing value-added specialty drugs and promising new molecules.

Secondly, we build strong partnerships. At Glenmark, we have the humility to acknowledge that we can't do it all. We have forged meaningful alliances with companies across markets for technology, products and commercialization. This has helped us to improve our offerings to patients and/or enhance our reach across geographies.

The third driver is the launch of global brands. As we make our offerings more innovative, we see the world as our oyster. We develop products bearing in mind the requirements of multiple markets

across the globe. A case in point is Ryaltris™, our innovative product for seasonal allergic rhinitis, which was developed to meet the requirements of the most stringent health regulators and is being primed for launch in key global markets.

Finally, we continuously strengthen our commercial infrastructure. We believe that more feet on the ground will help cement our position in the largest pharma markets. We are in the process of increasing our presence in Asia, Africa and the Middle East and are expanding our field force in India and certain Latin American countries.

# Our Portfolio

covers a range of treatments for both acute and chronic diseases ranging from allergies to cancer.

Our success is a validation of our approach. We have grown exponentially to where we are today, an over USD 1.4 Bn global, integrated, innovation-led pharmaceutical company, with presence in the world's major pharmaceutical markets. Each of the regions that we have a presence in has contributed to this growth journey.

## India

In India, we have established ourselves as a leading company as well as a recognized and respected brand. We have outpaced the Indian pharmaceutical market with the launch of innovative and differentiated products plus successful brand-building efforts. Our products are stocked in over 50,000 pharmacies across the country. With this reach and the breadth of our portfolio in both products and dosage forms, we have achieved strong market positions in our key focus areas. According to IQVIA data, we are ranked 2<sup>nd</sup> in Dermatology, 4<sup>th</sup> in Respiratory and 6<sup>th</sup> in the Cardiac segments.

Glenmark continues to be among the fastest growing companies of our home market for pharmaceuticals with nine brands in the Top 300 and one in the Top 50. According to IQVIA MAT March 2019, Glenmark's India formulation business is ranked 14<sup>th</sup> among its peers. We attribute our success to our commitment to patients. Wherever possible, our goal is to transform treatment in our core focus areas by effectively utilizing our product selection, development and manufacturing skills.

In April 2019, we became the first company globally to launch the novel patent-protected and globally researched SGLT2 inhibitor remogliflozin etabonate 100 mg for Type 2 diabetes. This isn't the first such instance. In 2015, with our launch of an affordable version of teneligliptin we had helped bring this Type 2 diabetes drug within reach of millions of patients. Going forward too, we intend to keep scouting for ways to make drugs more accessible and affordable in the country.

For consumers who want direct access to



Remo® in India\*



Ziten® in India\*

solutions for everyday healthcare problems, we continue to build a strong over-the-counter (OTC) franchise with product selection as our strength. 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+. Candid DP 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. We are on our way to building scale in this business.

Going forward, we will continue to work towards establishing leadership in our key focus areas by leveraging existing brands, innovative product launches, strategic deployment of manpower and the expansion of our geographical coverage. We will use a combination of internal research and development and in-licensing to ensure a rich product pipeline for future launches. Our goal is to offer the widest offerings in these high-growth areas from gold standard molecules such as metformin to novel, innovative drugs such as remogliflozin.



**50,000+**  
pharmacies in India stock our products



**2<sup>nd</sup>**  
in Dermatology, 4<sup>th</sup> in Respiratory and 6<sup>th</sup> in the Cardiac segments



**14<sup>th</sup>**  
in Indian pharmaceutical market

Source: IQVIA data



OTC portfolio in India

\*Available by prescription only

# Every Second

in the US, nearly 3 prescriptions are filled by Glenmark products.

As an early entrant into the US generics market, we have established ourselves as a leading generics player. We are now the 14<sup>th</sup> largest generics manufacturer by prescription and our products are used to fill about 83 Mn scripts each year in the US.

By making generics for a range of high-priced branded drugs available, we are contributing daily to lowering healthcare costs for consumers and payers. In spite of the relatively lower average realization for generics compared with branded prescription drugs, Glenmark's generics business has grown strongly since inception, backed by a robust and efficient manufacturing and supply chain.

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.

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 skin treatments 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.

To overcome pricing pressures caused by buyer consolidation and greater competition in the US generics market, we have successfully identified various newer therapy areas and dosage forms in segments such as oncology.

Our endeavour is to enter one or two dosage forms with limited competition such as nebulizers and complex oral solids every year. In addition, we are also leveraging internal and external R&D capabilities to bring more complex generics to market. We expect to file 18-20 new products annually and make it our priority to enter segments with relatively less competition such that we can grow at a moderate pace even in tough market conditions while maintaining our operating margins.

Among the notable launches of the year were Hydrocortisone Valerate Ointment USP 0.2%, the Company's first ever product designated as a Competitive Generic Therapy [CGT] for which we secured 180 days of exclusivity at commercialization. Ours was also the first generic available for Colesevelam Hydrochloride for Oral Suspension.



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



**14<sup>th</sup>**

Largest generics manufacturer by prescriptions in the US



**#1**

in more than half of the product families Glenmark distributes in the US



**83 Mn**

scripts filled each year in the US with Glenmark products

We strive to provide value to customers and patients through innovative offerings with our move into specialty being a step in this direction. We marked a foray into the branded dermatology segment acquiring rights to seven products from Exeltis, USA, Inc.

In FY 2018-19, the Monroe, North Carolina facility received its first approval for the anti-malarial drugs

atovaquone and proguanil hydrochloride tablets. This event marked the factory's commercialization. Glenmark has invested over USD 100 Mn in the facility expecting it to play a significant role in ensuring continuous and reliable supply of high-quality formulations in a variety of dosage forms to the US market. At peak capacity, the site is anticipated to produce 300-400 Mn tablets and capsules, 20-25 Mn vials and prefilled syringes

and 25-30 Mn ampoules for inhaled formulations.

Going forward, we intend to stay the course on our strategy of launching a combination of vanilla and complex generics in this market, seeking opportunities of limited competition and/or the first-mover advantage wherever possible, while also pushing ahead with our goal of emerging as a value-added specialty pharmaceutical company.

## Europe

Glenmark is one of the fastest-growing mid-size/large players in Europe. This has been achieved through a combination of portfolio expansion and geographical spread. The business has leveraged not just its in-house pipeline, but also added a significant component of in-licensing partnerships to develop a robust portfolio, delivering strong growth over the last decade. Our geographical footprint covers all major markets in Western Europe (WEU) and Central and Eastern Europe (CEE). As a result, we are strongly positioned to successfully commercialize generics as well as select specialty therapies in our focus areas. In WEU, we also have a third party outlicensing business commercializing key molecules developed in-house via partners across several markets. In CEE, along with prescription drugs,

over-the-counter (OTC) medicines are a key growth driver for Glenmark with almost 40% of the CEE business being brought in by the OTC franchise.

We will continue to prise open the opportunity in generic respiratory inhalers that we had unlocked in FY 2017-18 with the launch of a generic of GlaxoSmithKline's Seretide Accuhaler in some European countries. In the year under review, we in-licensed tiotropium bromide dry powder inhaler, a generic version of Boehringer Ingelheim's Spiriva Handihaler used in the treatment of chronic obstructive pulmonary disease (COPD). This is the second inhalation product in-licensed by Glenmark for the European market after generic Seretide. We

believe this deal will give impetus to our growth in the region.

Our long term strategic goal is to position Glenmark in Europe as a preferred partner for providing access to high-quality medicines across the region while being able to offer differentiated/complex treatments in specialized areas such as the respiratory segment. We have demonstrated the ability to successfully develop and obtain approval for respiratory products in DPI and MDI forms and have an extensive pipeline of products through a mix of in-house and partnered products. We are making progress in the filing and eventual launch of Ryaltris™ and in introducing branded therapies into the European market.

One of the fastest-growing mid-size/large players in Europe.



# Strategic Goal

in Russia, is to strengthen our hold on the respiratory and dermatology segments, and enter the specialty and hospital channels through a diversified, innovative portfolio.

In Russia, we have a portfolio with unique innovative combinations that provide added value to patients at affordable prices. We switched Momate Rhino, our brand of respiratory drug mometasone furoate 50 mcg for allergic rhinitis, from Rx to OTC even before the originator, strengthening our respiratory franchise.

We also launched a handheld nebulizer Nebzmart as our springboard into the COPD segment. With Nourkrin® for hair loss, we entered the food supplements category. Our target is to grow faster than the market in Russia through a diversified, innovative portfolio, strengthen our hold on the respiratory and dermatology segments and enter the specialty and hospital channels.



Nebzmart in Russia

In the near term, Glenmark will foray into the OTC business across markets in CIS and tap into the tender business. The goal for CIS is to continue to grow faster than the market in the focus segments with new products being launched every year. We will build a strong OTC portfolio and strengthen our positions in respiratory and dermatology.



Momate Rhino in Russia

We have built strong brands in dermatology and respiratory in key Asian markets with a leading position by prescription share in dermatology. In FY 2018-19, we successfully launched mometasone nasal spray as the respiratory flagship in key markets, followed by the nebulizer Nebzmart.

With a rich pipeline of foam-based products in dermatology, a range of device-based respiratory products such as MDIs, DPIs and respules, and key oncology products, we expect to accelerate the dermatology and respiratory business and make a quantum leap in oncology in Asia.

In the coming years, Glenmark intends to maintain its leadership in dermatology and continue building brands. We aim to provide patients affordable access to high-quality and innovative

respiratory products. The next few years will see the launch of Ryaltris™ under a global brand name in several Asian markets. We will also build a strong institutional network and reach for our oncology business. Our geographical footprint is currently concentrated on the South-East Asian and South Asian markets where growth is being driven by healthcare reforms. In future, we will foray into the large, untapped markets of Asia that offer significant growth opportunities.

We expect to consolidate our position in key markets in the Middle East and African regions. An important growth lever will be the in-licensing of complex generics that provide first-to-file opportunities.

As part of our attempts to boost growth in the Latin America region, Glenmark's Brazilian subsidiary entered into an exclusive partnership in June 2019 with Novartis to promote and distribute three of its respiratory brands in that market.

In Latin America, we launched unique offerings such as Nebzmart handheld nebulizer, nasal sprays and MDI devices in the respiratory segment and a microsphere formulation of adapalene + clindamycin in dermatology which offer benefits and more choice for prescribers and patients. Our size allows us to be nimbler than established competition with faster decision-making on market opportunities. With our focus on quality, Glenmark is well-placed to cater to more stringent regulatory requirements and to build a robust, high-quality portfolio over time.

Our long-term strategic goal is to position Glenmark in Latin America as a leader in select therapy segments such as respiratory and continue to be a trustworthy partner for channel partners, prescribers and patients.

# Global Presence and Manufacturing Base



**5**

Continents we operate in, with direct presence in major markets including India, the US, the EU, Brazil and Russia



**6**

R&D centres across India, Switzerland and the US



**16**

state-of-the-art manufacturing facilities for Formulations and APIs



**~70%**

of our revenues from international markets

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



# Transforming SCIENCE AND INNOVATION



Member of Glenmark's R&D team

At Glenmark, our goal is to provide transformative, curative therapies that address unmet medical needs and help healthcare providers improve the lives of patients. With this in mind, we have been steadily investing in new drug discovery and development for over two decades. Today, we have a rich pipeline of novel molecules at various stages of development in the focus areas of Autoimmune Disease, Pain and Oncology. Their development is taking place in our laboratories across India and Switzerland and in clinical trials at global locations.

Our focus on these therapeutic areas is based on their significant market size, rapid rates of growth, and our cumulative experience and track record in brand-building and patient-focused innovation in these areas. We also see a vast unmet need across these therapeutic areas for better treatment options.

In a positive development, two of these novel molecules, GBR 830 for Atopic Dermatitis and GRC 27864 for Pain management are in Phase 2b with results expected in the next fiscal year. This puts the innovation efforts at an inflection point with two candidates reaching clinical proof-of-concept. Therefore, it is an opportune time to provide this unit with the independence and focus that we believe is needed to expedite the development of its pipeline.

In 2018-19, Glenmark took the significant step of spinning out this innovative R&D business into a wholly-owned subsidiary. Glenmark believes that this newly created company or NewCo (naming process in progress) will have the size, speed and agility matched by a passion for innovation to achieve the vision envisaged by the parent firm more than 20 years ago. Setting up NewCo as an independent company will enhance focus and help accelerate development of the pipeline assets towards commercialization.

NewCo, to be headquartered in the US, will be a leading research-based pharmaceutical company, with cutting-edge technology. It will be positioned to attract talent that has the passion and capability to help achieve its goals. As an entrepreneurial enterprise with ambitious

goals, NewCo is poised to make a big impact with holistic, patient-centric innovation that seeks to transform therapies in each of its core focus areas.

All clinical and preclinical innovative molecules in the pipeline, including those using the BEAT<sup>®</sup> (Bispecific Engagement by Antibodies based on the T cell receptor) technology platform, the two R&D and process sciences centres in Switzerland, headquarters in the US and an R&D centre in Navi Mumbai, India will be transferred to NewCo. This includes an established workforce of more than 360 employees. This transfer is expected to be completed over the course of FY 2019-20. All clinical assets are being developed in-house and without any third party commitments.

# In 2018-19

We took the significant step of spinning out this innovative R&D into a wholly-owned subsidiary company.

I am confident that we can build this new organization in a way that best supports our ability to fast-track the development of promising molecules in our pipeline. This is an exciting time for all of us at NewCo and the Glenmark group as we are closer than ever to our goal of bringing innovative solutions to patients all over the world in areas of high unmet medical need.



**Dr. Alessandro Riva**  
CEO, NewCo

NewCo will initiate the process to raise capital in the US starting Q4 FY 2019-20 to fund the development of its pipeline and for future growth plans.

Among the promising assets transferred to NewCo, the BEAT<sup>®</sup> technology stands out. A next generation approach to immuno-oncology, BEAT<sup>®</sup> is designed to enable faster, more efficient discovery and production of multi-specific antibodies that can engage multiple targets simultaneously to enhance clinical efficacy and safety by leveraging the power of the immune system to fight disease. Glenmark's scientists have developed a promising immuno-oncology pipeline of bispecific monoclonal antibodies (bsAbs) from the BEAT<sup>®</sup> platform. Given their dual specificity, these bispecifics simultaneously bind to immune cells (e.g. T cells) and to tumor cells. This enables the T cells - essentially, soldiers of the immune system - to destroy tumor cells more efficiently and faster than conventional monoclonal antibodies.

Dr. Alessandro Riva, MD, joined as the Chief Executive Officer of NewCo in April 2019. He has over 25 years of experience across leading global

pharmaceutical organizations, and was most recently the Executive Vice President, Oncology Therapeutics and Cell Therapy for Gilead Sciences. Glenmark is also in the process of putting an Independent Board of Directors in place to spearhead NewCo's growth plans. Additionally, NewCo will put in place its leadership team over the next two quarters, including a Chief Financial Officer (CFO).

## Our Pipeline

NewCo's current innovative pipeline consists of six assets, including New Chemical Entities (NCEs) and New Biological Entities (NBEs), in various stages of clinical development in the areas of Autoimmune Disease, Pain and Oncology. Each of these assets holds the potential to make a difference to patient outcomes either by proving to be safer and/or more effective than existing therapies in the market.





## Autoimmune Disease

### GBR 830

Clinical Asset	Therapy	MoA/ Class	Potential Indication	Current Stage
GBR 830	Auto-immune Disease	OX40 Antagonist	Atopic Dermatitis	Phase 2b ongoing

This is a novel, potential first-in-class investigational OX40 antagonist designed to selectively target the OX40 receptor to inhibit the immune system including auto-reactive responses, reducing symptoms of Autoimmune Disease. Currently in Phase 2b clinical trials for Atopic Dermatitis (AD), GBR 830 offers an entirely new mechanism of action to treat this Autoimmune Disease and has the potential to address a range of other Autoimmune Diseases.

AD is a chronic, immune-mediated inflammation of the skin with involvement of activated T cells. It is a chronic, relapsing condition with itchy skin 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.

OX40 is a protein found on activated immune cells. The OX40 pathway controls the key drivers of autoimmunity and chronic inflammation including AD pathology. As an established, druggable target, the role of OX40 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 selective antibodies that inhibit OX40 without having agonistic properties that would lead to unwanted side effects.

GBR 830 has been shown to selectively block OX40-mediated pathological T cell responses and memory T Helper cell responses without any agonistic activity. GBR 830 offers an entirely new mechanism of action to treat Autoimmune Disease and has the potential to address a range of conditions.

An exploratory Phase 2a study provided proof-of-concept in moderate-to-severe AD patients by investigating the safety, efficacy and tissue effects of GBR 830. Two doses of GBR 830, 4 weeks apart, were well-tolerated and induced significant, progressive tissue and clinical improvement.

In this first in-patient study, GBR 830 was also observed to be safe and well-tolerated. The most common treatment-emergent adverse event was headache, with no meaningful differences observed between GBR 830 (13%) and placebo (25%) treated patients.

Moderate-to-severe AD inflicts a high burden on society in the form of direct costs and loss of productivity.

New post-hoc analysis of data from the Phase 2a, proof-of-concept study of GBR 830 in AD was presented at the American Academy of Dermatology Annual Meeting in March 2019.

The analysis demonstrated consistent effect of GBR 830 across AD subtypes. Not all AD therapies are effective or appropriate for all patients, thus increasing the need for precision in diagnosis and treatment.

A Phase 2b study of GBR 830 has been initiated and will enrol 312 adult patients with the disease condition.



## Pain Management

### GRC 27864

Clinical Asset	Therapy	MoA/ Class	Potential Indication	Current Stage
GRC 27864	Pain	mPGES-1 Inhibitor	Osteoarthritis Pain	Phase 2b ongoing

This is a first-in-class, non-opioid, selective, and orally bioavailable inhibitor of microsomal prostaglandin E synthase-1 (mPGES-1) being studied for osteoarthritic (OA) pain of the knee and hip. OA is a debilitating disease involving joint inflammation caused by degenerating cartilage. Those suffering from OA experience considerable levels of chronic pain which impacts their quality of life. Pain in OA is managed using anti-inflammatory drugs (tNSAIDs and COXIBs) which could cause serious side-effects with chronic use or at higher doses.

GRC 27864 belongs to the mPGES-1 class of drugs that has a novel mechanism of action (MoA), showing promise in relieving pain while mitigating the dose-limiting gastro-intestinal, renal and cardiovascular side effects of tNSAIDs and COXIBs. The MoA selectively inhibits inflammatory

PGE2 without affecting cardio-protective PGI2 and TXA2. Nor does it inhibit COX-1 or COX-2 enzyme activity or multiple, constitutively-produced prostanoids (lipid mediators).

The safety, tolerability and pharmacokinetics/pharmacodynamics of GRC 27864 have been evaluated in three Phase 1 studies in healthy volunteers in the UK and France. Single dose tolerability was studied up to 1000 mg while multiple dose (28 days) tolerability was studied up to 130 mg. Most common AEs observed were nausea, diarrhea and abdominal pain. No dose-limiting toxicities were observed in these studies.

Enrolment for a Phase 2b study in 624 patients with this disease condition is progressing as planned with 47 active sites and 519 patients recruited for the study as of July 2019. Top-line results of the Phase 2b study are expected to be available in Q1 CY 2020.



OA is a debilitating disease with chronic pain impacting patients' quality of life.

**GRC 17536**

Clinical Asset	Therapy	MoA/ Class	Potential Indication	Current Stage
GRC 17536	Pain	TRPA1 Antagonist	Painful Diabetic Neuropathy	Phase 2a completed

This is a TRPA1 antagonist currently being studied for the treatment of neuropathic pain in diabetes. Uncontrolled diabetes can damage nerves, most often in the feet and legs, causing chronic pain. GRC 17536 has a novel, non-cannabinoid, non-opioid, non-steroidal TRPA1 antagonist analgesic mechanism with a potential identifiable responder population based on its MoA.

It has demonstrated dose-dependent modulation of inflammatory and neuropathic pain conditions in rats. In Phase 1 studies, it was observed to be safe and well-tolerated after both single and multiple dose administration.

A positive Phase 2a proof-of-concept study of GRC 17536 in Europe and India in patients with painful diabetic peripheral neuropathy (DPN) has been completed. This provided proof of concept by providing pain relief in moderate to severe diabetic neuropathy pain patients with preserved small fiber function. A Phase 2b dose range finding study in neuropathic pain is expected to be initiated in CY 2020.

GRC 17536 is currently on clinical hold from the US FDA to address preclinical (nonclinical) questions. Clinical studies are expected to resume in early 2020.



Member of Glenmark's R&D team

Uncontrolled diabetes can damage nerves in the feet and legs, causing chronic pain.



## Oncology

### GBR 1302 (HER2xCD3 bsAb)

Clinical Asset	Therapy	MoA/ Class	Potential Indication	Current Stage
GBR 1302	Oncology	HER2xCD3	Breast Cancer	Phase 1a/1b ongoing

GBR 1302 is a potential first-in-class treatment developed from the BEAT<sup>®</sup> platform, a HER2 X CD3 bsAb, being studied in breast cancer. GBR 1302 uses a novel mechanism to attack tumor cells; it is a bispecific antibody that targets both HER2 and CD3, a receptor that activates T cells. Published studies on resistant metastatic HER2 positive breast cancer suggest that roughly 70% of patients acquired resistance to the gold standard breast cancer drug trastuzumab within a year of treatment. Besides, trastuzumab is most effective in patients with the highest level of HER2 expression - seen in only a portion of all patients with HER2 overexpression.

In preclinical studies, GBR 1302 showed faster and more complete killing of tumor cells compared with trastuzumab. Results of in-vitro studies suggest a potentially large therapeutic window in destroying HER2+ cancer cells compared with normal cells. GBR 1302 kills tumor cells at concentrations one thousand-fold lower than the concentration found to kill cells expressing normal levels of HER2.

The GBR 1302 Phase 1, first-in-human study with bi-weekly dosing to determine the maximum tolerated dose (MTD) in patients with HER2-positive cancers has completed enrolment as of May 2019. The company plans to initiate a GBR 1302 Phase 1 study to evaluate a weekly dosing regimen in H2 CY 2019.

Glenmark entered into an exclusive licensing agreement with Harbour BioMed for the development, manufacturing and commercialization of GBR 1302 in the Greater China territory. The deal is valued at >USD 120 Mn in addition to payments for achieving pre-specified development, regulatory and commercialization milestones, as well as tiered royalties on net sales for any approved products from Harbour BioMed.

Roughly 70% of patients acquired resistance to trastuzumab within a year of treatment.



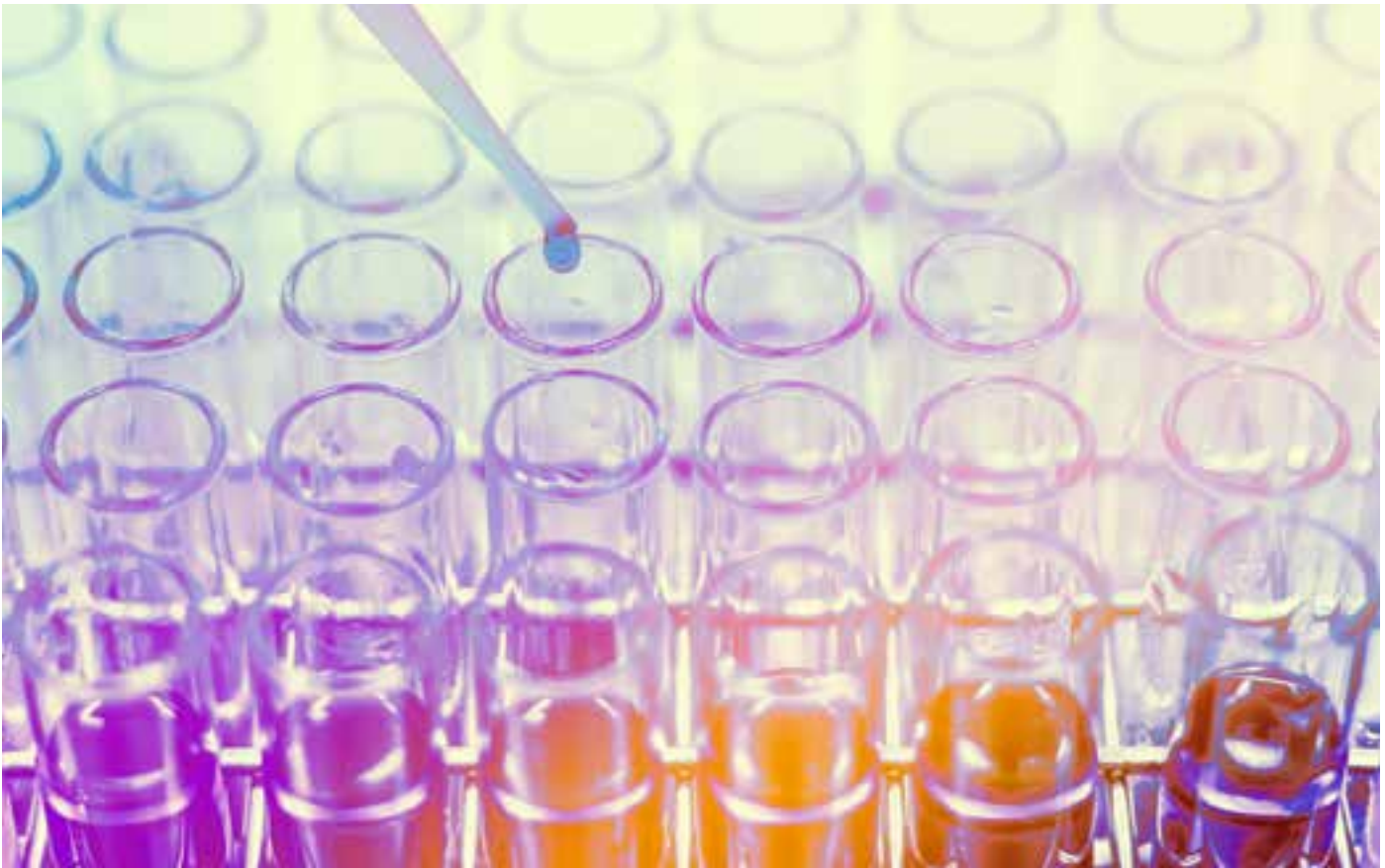
Member of Glenmark's R&D team

In spite of therapies having been introduced, Multiple Myeloma is still not curable.

### GBR 1342 (CD38xCD3 bsAb)

Clinical Asset	Therapy	MoA/ Class	Potential Indication	Current Stage
GBR 1342	Oncology	CD38xCD3	Multiple Myeloma	Phase 1a/1b ongoing

GBR 1342 is a humanized bsAb being studied for the treatment of Multiple Myeloma (MM) in patients who have received prior therapies. This is our second BEAT<sup>®</sup>-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. 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 therapies as the rest. Also, there is an acute need for less toxic therapy since most patients are elderly and cannot withstand the side-effects. In pre-clinical studies, GBR 1342 showed higher potency and ability to kill tumor cells against leading molecules targeting CD38. In pre-clinical studies GBR 1342 showed strong potency and ability to tumor cells expressing CD38. GBR 1342 may have the potential to be effective in other B-cell malignancies. A Phase 1, first-in-human study to determine the MTD in a bi-weekly dosing regimen in patients with refractory Multiple Myeloma is ongoing. The Company has amended the current protocol to include a weekly dosing regimen in the current study and enrolment into the weekly dosing regimen is expected to begin in H2 CY 2019.



### GRC 5xxxx

Pre-clinical Asset	Therapy	MoA/ Class	Potential Indication	Current Stage
GRC 5xxxx	Oncology	MAP4K1 Inhibitor	TBD	Initiate Phase 1 in H1 CY 2021

The Company is developing GRC 5xxxx, a MAP4K1 inhibitor compound which has the potential to be used as a monotherapy or in combination with approved therapies to address unmet needs in cancer treatment. The compound is currently progressing through pre-clinical studies. The Company expects to initiate Phase 1 studies in H1 CY 2021.

GRC 5xxxx is a MAP4K1 inhibitor compound for cancer treatment currently in pre-clinical studies.



# Innovation ASSETS

NewCo's current innovation pipeline consists of 6 assets, including New Chemical Entities (NCEs) and New Biological Entities (NBEs), in various stages of development in the areas of Autoimmune Disease, Oncology and Pain Management.



## Autoimmune Disease

### GBR 830

OX40 Antagonist

#### Atopic Dermatitis

Phase 2b ongoing

Expected data readout: H1 CY 2020



## Pain Management

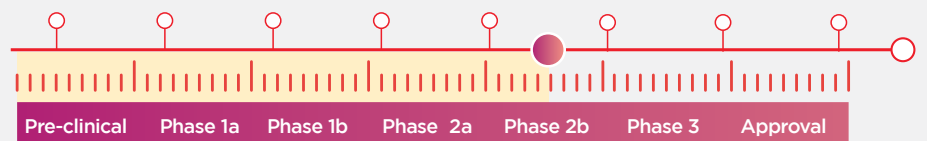
### GRC 27864

mPGES-1 Inhibitor

#### Osteoarthritic Pain

Phase 2b ongoing

Expected data readout: Q1 CY 2020



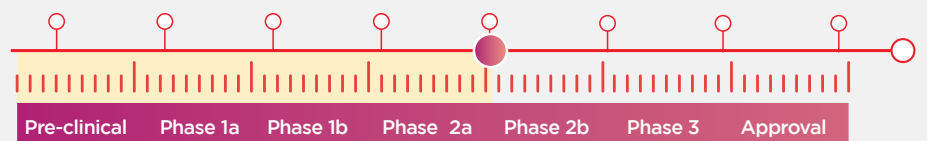
### GRC 17536

TRPA1 Antagonist

#### Painful Diabetic Neuropathy

Phase 2a completed

Initiating Phase 2b in CY 2020





**Oncology**

**GBR 1302**

HER2xCD3

**Breast Cancer**

Phase 1a/1b ongoing

Expected data readout: H1 CY 2021



**GBR 1342**

CD38xCD3

**Multiple Myeloma**

Phase 1a/1b ongoing

Expected data readout: H2 CY 2022

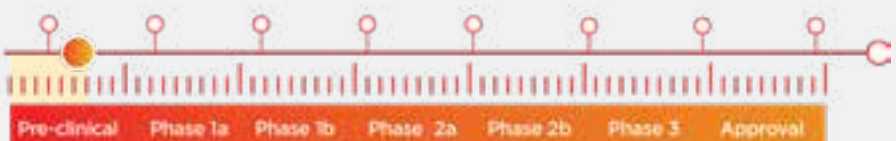


**GRC 5xxxx**

MAP4K1 Inhibitor

**TBD**

Initiate Phase 1 in H1 CY 2021



Note: GBR-biologics; GRC-chemical entities

NewCo will continue to leverage its capabilities in NCEs and NBEs, particularly through the BEAT<sup>®</sup> (Bispecific Engagement by Antibodies based on the T cell receptor) platform, and is planning to develop additional biological and small molecule clinical candidates in CY 2021 and CY 2022.



# Transforming PARTNERSHIPS

## Robust Growth

The API business has grown at ~14% CAGR over the last 3 years

Over the last two decades, Glenmark has built a robust and reliable Active Pharmaceutical Ingredients (API) business that caters to the world's leading pharmaceutical companies. Starting with two APIs in 2003, this division has scaled up to manufacture nearly 135 APIs for over 200 customers in more than 80 countries.

This has been achieved by building expertise in process chemistry, product selection, efficient manufacturing, and by creating a culture of cGMP and safety compliance in order to service diverse regulated markets.

The API business has grown at ~14% CAGR over the last three years while maintaining a consistently high EBITDA margin. We comply with the requirements of 35 health authorities from all over the world. The business has a strong commitment to sustainability through various initiatives that include reducing our carbon footprint, environmental protection and the health and safety of our employees. All four API manufacturing facilities have state-of-the-art capabilities to achieve zero-liquid discharge for their aqueous streams and have additional facilities to recover solvents and effectively treat waste from both liquid and gaseous streams.

Manufacturing Facilities	Ankleshwar (API)	Dahej (API)	Mohol (API + Intermediates)	Kurkumbh (API + Intermediates)
Regulatory Certifications	US FDA, MHRA, UK, KFDA, PMDA, WHO-GMP, EDQM, COFEPRIS	US FDA, KFDA, PMDA, WHO-GMP, EDQM	US FDA, WHO-GMP	Local FDA

After two decades of investment and capability-building, Glenmark's API business has emerged as a reliable and high-quality supplier. Three of our four manufacturing units have been inspected by major global regulatory bodies including the US FDA. The business has filed around 260 Drug Master Files across key markets.



Supports the world's **Top 20** generic companies



**135+** Molecules



**200+** Customers in **80+** Countries



**>75%** of revenue from Europe, the US and Japan



**60%** of overall revenue from Top 10 molecules



**Dr. Yasir Rawjee**  
CEO, Glenmark Life Sciences

With the spin-off process completed, we step forth confidently into a promising future, reaffirming our commitment to all our stakeholders. We will strive to scale new heights as a reliable and a quality supplier of affordable APIs to markets all over the world.

Each of our APIs is the outcome of a judicious combination of science, technology and economics. Our APIs have powered several first-to-file offerings by our customers in regulated markets. Over 75% of the API revenues are drawn from Europe, the US and Japan. Our top ten molecules contribute ~60% of the overall revenues.

The business now stands at the cusp of a never-before opportunity created by the curtailing of API manufacture in China, the world's largest API manufacturing location, owing to tighter pollution control norms. With India as the development and manufacturing base, we are ideally positioned to cater to the unfulfilled demand created by this development in a cost-effective and quality-conscious manner.

Given the able steering, focus and direction of the past two decades, Glenmark's API unit is now prepared to chart its own course by focusing on new areas of growth and to emerge larger and stronger. With this in mind,

in FY 2018-19, Glenmark spun-off the API business into an independent wholly-owned subsidiary called Glenmark Life Sciences Ltd. (GLS), which now owns all the API-related assets including R&D and manufacturing. In the future, GLS will be in a position to attract capital to fund and accelerate its growth.

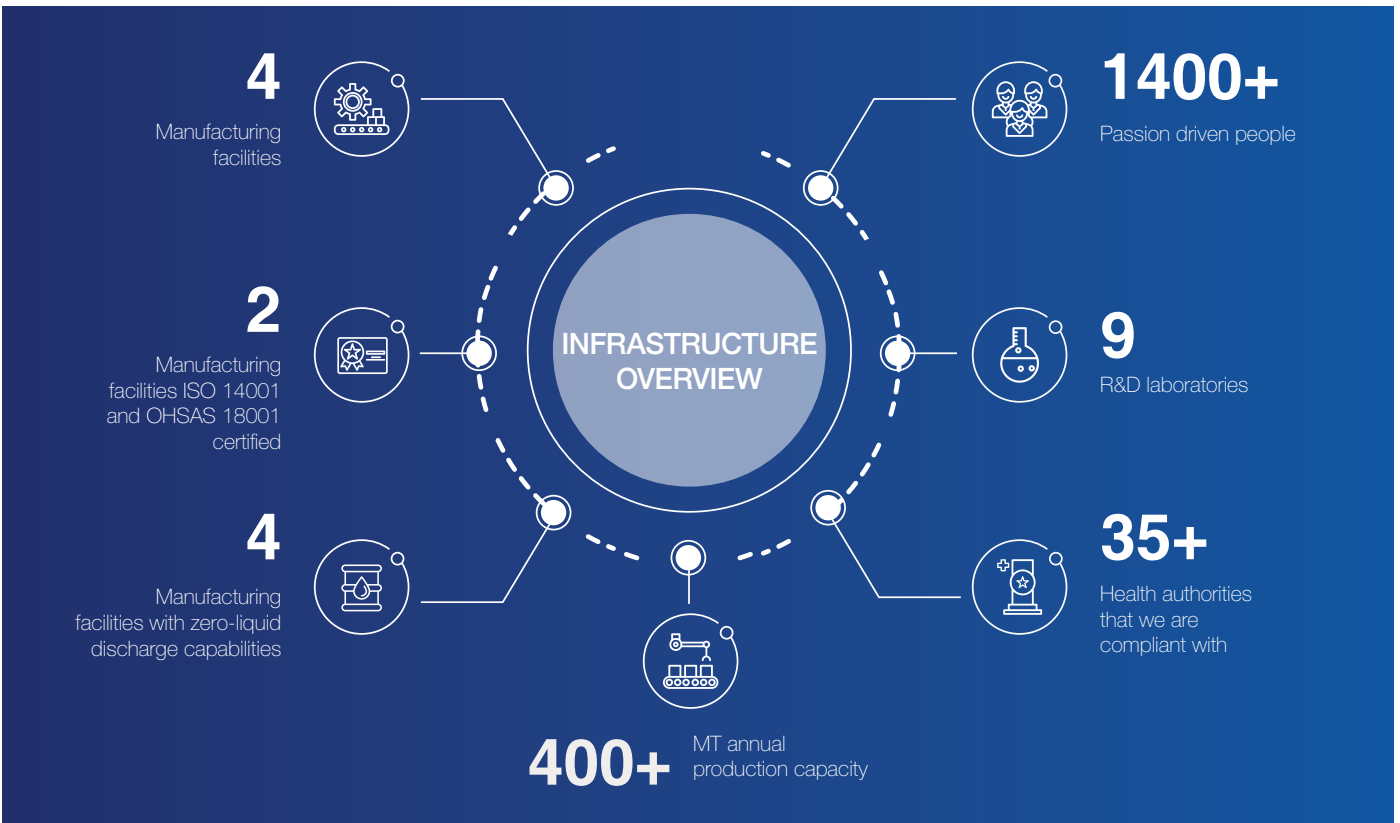
The API business has always been one of the pillars supporting our strategic vision and through GLS a sharper focus will be applied with an able and experienced leadership team whose sole charge will be to take the business to greater heights.

In line with this objective, GLS recently appointed Dr. Yasir Rawjee as CEO. Yasir, who has more than 25 years of experience in API development, business and operations, joins GLS from Mylan Inc. where most recently, he was the Head of Global API Operations.





Glenmark Life Sciences manufacturing facility at Ankleshwar, Gujarat, India







GLS is in a position to drive our vision with renewed vigor and focus. A key strategic target is to grow revenue by 12-15% (YoY) while maintaining profitability. We are in the process of ramping up business with existing customers and adding more clients through an expansion of our geographic footprint in key global markets such as China and Japan apart from the US and EU where a significant presence has been established.

GLS will also unlock other large markets in the Middle East, Southeast Asia, Africa, Russia, CIS countries and LATAM. To support this expansion, we will build additional capabilities and manufacturing infrastructure. GLS will leverage the India advantage to provide affordable and quality solutions to our customers.

We are in the process of inviting minority investment into GLS. We are confident that with this reorganization, GLS will unlock value while continuing to be a solid, dependable and quality supplier to its customers and help them to deliver on their goals.



Glenmark Life Sciences team



# Working Towards A SUSTAINABLE FUTURE



At Glenmark, we believe that success is measured not only in hard numbers but also in the positive difference we make to human lives and the environment. This is achievable through appropriate technologies and by creating a culture of respect for the environment across the organization. Our first GRI-aligned externally assured sustainability report is an important milestone in our journey of enriching lives.

## Environment, Health and Safety

Using technology, we conserve natural resources while maximizing productivity. In FY 2018-19, we strived to increase the share of renewable energy, reduce our greenhouse gas (GHG) emissions, encourage energy efficiency, minimize the release of waste and to co-process waste.

### Climate Strategy

The goal of our climate strategy is to prepare for and mitigate the impact of climate change on health.

Our approach to managing carbon emissions encompasses:

- Shifting to renewable energy: We use Hydropower from open access sources in our Talaja and Mahape operations. We have

installed a 100 kWp rooftop solar system at Mahape and solar LED lights in our Kurkumbh and Mohol operations, which successfully generated 1,18,550 kWh power in FY 2018-19.

- Creating carbon sinks: We have planted 26,000 trees so far.
- Enhancing energy efficiency: We have reduced specific energy consumption by 5.8% this year. We also rolled out over 30 energy-efficient clean technology initiatives across our Indian manufacturing facilities.

### Water Management

As part of our water conservation strategy, we abide by the 3R (Reduce, Reuse, Recycle) principle. We are working towards a planned reduction of 20% in our specific water consumption by 2020-21 (baseline year 2012-13). During FY 2018-19, our factory at Kurkumbh joined those at Ankleshwar, Dahej, Aurangabad and Mohol that have ensured zero discharge of liquid effluents.

### Waste Management

Our waste management strategy comprises at-source waste minimization, categorization, segregation, handling and safe disposal and also monitoring, regulation and control of the processes therein. A part of the hazardous waste that we generate is co-processed in cement factories. In FY 2018-19, we co-processed 119 MT of hazardous waste and propose to increase this to 25% of the total hazardous waste disposed off by 2020-21.



Tree plantation at R&D centre in Talaja, Navi Mumbai, India



## Employee Health and Safety

We have adopted ISO 14001:2015 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) standards and aligned our safety management system to that of the British Safety Council. Our global organization has implemented the Globally Harmonised System (GHS) of the International Labour Organization. Our records show that no occupational illness cases have been reported till FY 2018-19 and zero cases of fatalities for the last four financial years.



## EHS certifications

We have 13 ISO certified plants which account for 75% of our facilities while 12 plants, or 69% of our facilities, are OHSAS certified.

## EHS training

Our EHS team conducts regular safety trainings so that employees can handle activities linked to health and safety from hazard identification and pre-emptive strategies, to preserving good health and administering first aid in the event of an accident.



Glenmark Sikkim receives the Greentech Environment Award 2019



Glenmark Nalagarh receives Growcare award for Environment Management 2019



Glenmark's Indore facility receiving the CII Safety, Health and Environmental Excellence and Innovation award 2018



## Global safety programs

We have rolled out eight safety programs so far touching many identified risk avenues with a target of 16 safety programs by 2023.

## Engaging employees with the safety dialogue

We use innovative means such as safety quizzes, activity-based and case study-based learning to engage our employees in a safety dialogue. 'Toolbox Talks' is one such initiative that encourages employees to have formal and informal exchanges on safety. Mock drills conducted on-site ensure emergency preparedness.

## Tracking and monitoring of our safety procedures

To encourage our employees to report near misses we have rolled out a campaign called 'Report the Almost,' leading to an increased number of near misses being reported year-on-year.

## Steps Towards a Culture of Safety



Joy of Giving at Mahape, Navi Mumbai, India



## Corporate Social Responsibility (CSR)

We are a socially responsible business. Through our CSR activities, we actively contribute to 9 key Sustainable Development Goals of the United Nations. Our CSR activities enhance the value created by our core operations and bestow a sense of fulfilment upon us.

### Sustainable Development Goals in focus for our CSR interventions



**2. Zero**  
Hunger



**3. Good Health**  
and Well Being



**4. Quality**  
Education



**5. Gender**  
Equality



**6. Clean Water**  
and Sanitation



**8. Decent Work**  
and Economic  
Growth



**10. Reduced**  
Inequalities



**11. Sustainable**  
Cities and Communities



**15. Life**  
on Land



Awareness session conducted as a part of Newborn Care Week celebrations in Sikkim, India



**14,30,000+** Lives  
Touched through child health interventions



**34,500+**  
Malnourished children reached



**1,23,600+**  
Pregnant and lactating women served through various interventions



**2,46,000+**  
Children reached out to through nutrition, immunization and sanitation interventions

## Child Health

Glenmark Foundation, the CSR arm of Glenmark Pharmaceuticals, works towards improving maternal and child health. Under the theme of 'Healthy Children, Healthier World,' our initiatives address malnutrition, immunization, sanitation and positive health-seeking behaviors in communities. All our programs have activities related to access to healthcare facilities and drive awareness about various healthcare themes spread across Madhya Pradesh, Maharashtra,

Himachal Pradesh, Sikkim and Gujarat in India and Nairobi in Kenya.

In Gujarat, we are creating model Anganwadis under Project Kavach. In Mumbai, we have established health libraries with the Niramaya Health Foundation.

Glenmark Foundation has also partnered with NGOs to provide mobile diagnostic kits (such as the Care Mother app) and door-to-door services to identify and prevent high-risk pregnancies.

Our mMitra project uses voice message delivery systems to educate pregnant women on gestational and neonatal health.

Our Health on Wheels (HoW) initiative in Himachal Pradesh and Sikkim enhances access to basic diagnostic and referral services for children and mothers in remote areas. In Madhya Pradesh, we have anchored community-led interventions such as backyard nutrition garden and poultry farms and engaged community opinion leaders to address malnutrition.



The project was launched by Shri. O.P. Kohli, Hon. Governor of Gujarat in the presence of Mr. Ishwarsinh Patel, Minister of State and Mr. Dushyant Patel, MLA Bharuch

Toxic smoke from burning solid fuel can cause diseases such as lung cancer, childhood pneumonia and chronic obstructive pulmonary disease especially among women and children. With NGO partner Spandan Samaj Seva Samiti and training partner Smokeless Cookstove Foundation (SCF), we provided training to villagers to install smokeless mud stoves (chulhas) to create 'smoke free' villages.

## Sustainable Livelihoods

Through our 'Learn and Earn' initiative we have been able to train over 1,500 young individuals in the communities around our facilities to enhance skill competency and employability. Our association with Bhagvan Mahaveer



Viklang Sahayata Samiti (Jaipur Foot) facilitates rehabilitation of livelihood opportunities for differently-abled individuals by providing artificial limbs, fitments and calipers, touching over 20,000 differently-abled lives over the years.

pivotal to the well-being of communities. We have partnered with Americares and other NGOs to provide medicines at no cost to those in need. In addition, we also conduct health camps for the detection and prevention of illnesses.

In the 21st century, education is the ticket to a better life. With the objective of supporting access to quality education, we have helped to develop better infrastructure.

## Access to Healthcare and Education

Access to quality healthcare is one of the cornerstones of sustainable development and

In July 2018, when unprecedented rain caused the worst flooding in Kerala in nearly a century, we donated medicines, nebulizers and nutrition kits in the affected areas in partnership with Americares.

## Healthy Mothers, Healthy Babies

With regular calls from mMitra, 27 year-old Divya Kevat, pregnant with her second child, supplemented her diet with iron and folic acid and underwent ante-natal health check-ups and periodic sonography. Within four months of signing up with mMitra, Divya's weight and haemoglobin levels improved notably. Her baby girl weighed 2.96 kg at birth and receives post-natal care. The mMitra initiative has created positive health-seeking behavior among expectant mothers from underprivileged backgrounds.



## A New Lease on Life

Two year-old Pravesh from the Korku tribe in the foothills of the Satpura range was severely malnourished and weakened by diarrhea. His family had chosen the local quack over the government's Nutrition Rehab Centre (NRC). Our Ambulatory Care Team convinced the family to let Pravesh seek treatment at the NRC, supporting the child and his mother during their 14-day stay. Since then, the team has encouraged the family to grow a Backyard Nutrition Garden and include vegetables in their diet. Glenmark Foundation is working to alleviate India's burden of childhood malnutrition.



Glenmark Philippines team participating in the Joy of Giving festival



## Glenmark Joy of Giving

Through the years, 40 Glenmark locations across 25 countries have been celebrating this annual festival of philanthropy. This year, over 990 employees in India have volunteered more than 7,920 hours for community service.

## Promotion of Swimming

The Glenmark Aquatic Foundation (GAF) promotes swimming as a sport in India and aims to improve the ecosystem around it.

Our mission is to help India gain global recognition in the field of swimming. The three ingredients to success in any sport are stellar infrastructure and ancillary facilities, skilled coaches and avenues to showcase progress and accomplishments. We contribute to each of these through the initiatives of GAF.



GAF team from Mumbai, Delhi and Bangalore at the Thailand Age Group National Championships 2019



Prize distribution during Glenmark 36th Sub-Junior and 46th Junior National Aquatic Championship 2019 at Rajkot, Gujarat, India





## Awards and Accolades

Featured  
**4<sup>th</sup> Annual  
Inclusive Business List 2018**

Featured  
**2<sup>nd</sup> Edition of  
ETChallenger2Good**

**CII Safety Health and  
Environmental  
Excellence and Innovation  
Award 2018**  
For the Indore facility

**Greentech Safety  
Award 2018**  
Won by 4 of Glenmark's  
manufacturing facilities

**Gold Safety Award**  
For the  
Nalagarh facility

**18<sup>th</sup> Annual  
Greentech Environment  
Award**  
For the Indore  
facility

# 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, Chandok & Co. LLP  
Chartered Accountants, Mumbai

## Cost Auditors

Sevekari, Khare and Associates,  
Cost Accountants, Mumbai

## Solicitor

Trilegal, Mumbai

## Registrar and Transfer Agents

Karvy Fintech 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 and 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

## GLENMARK LIFE SCIENCES

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

## R&D Centres

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

## Clinical Research Centre

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

## Global Clinical Development Centre

461 From Road, Paramus, NJ 07652, USA

# Key Financials OVERVIEW

<b>Consolidated Financial Highlights (IFRS ) (in ₹ Mn, unless otherwise stated)</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
Total Revenue	104,160.65	91,855.34	92,049.02	76,620.03	66,502.16
Earning before Depreciation, Finance Cost and Tax expenses (EBDIT)	21,363.97	16,974.93	20,559.21	14,451.92	10,429.82
Depreciation and Amortisation	5,465.30	3,540.67	5,765.20	2,691.42	2,599.80
Profit for the year	8,916.70	7,742.83	9,159.21	7,019.05	4,752.40
Equity Dividend	200%	200%	200%	200%	200%
Equity Share Capital	282.17	282.17	282.17	282.16	271.29
Reserves and Surplus	59,670.14	55,608.37	49,112.11	42,420.30	29,732.07
Net Worth	59,952.31	55,890.54	49,394.28	42,702.46	30,003.36
Total Debt	44,486.68	46,393.85	47,236.58	39,881.06	37,999.32
Gross Tangible and Intangible Assets	81,812.16	67,521.86	57,506.00	50,885.49	42,016.55
Net Tangible and Intangible Assets	55,332.89	46,662.68	40,307.29	39,075.27	32,704.42
<b>Total Assets</b>	<b>136,788.38</b>	<b>130,209.55</b>	<b>122,119.71</b>	<b>111,026.36</b>	<b>96,875.06</b>
<b>Key Indicators</b>					
Basic Earnings Per Share (₹)	31.60	27.44	32.46	25.01	17.52
Debt: Equity ratio	0.74	0.83	0.96	0.93	1.27
<b>Return on Capital employed (EBIT/ Net Worth)</b>	<b>26.52%</b>	<b>24.04%</b>	<b>29.95%</b>	<b>27.54%</b>	<b>26.10%</b>

# Management DISCUSSION AND ANALYSIS

## Global Environment

The global economy is slowing down with world GDP growth projected at 2.8% in 2019 and 2020 compared with 3.2% in 2018. Across advanced and emerging economies, governments are being forced to take measures to stem the deceleration and where possible, reverse it. In advanced markets, central banks have postponed policy normalization while the Chinese economy is being primed with a government-sponsored fiscal and monetary stimulus. However, the trade war between China and the US blights the outlook and adds to uncertainty. Among the world's major economies, US GDP growth is expected to slacken to 2.6% in 2019 and 1.7% in 2020. Japan will grow at 0.5% and 0.4% respectively. The Eurozone economy, plagued by Brexit-related uncertainty in the UK and Italy's fiscal issues and trade risks, is projected to grow 1.3% in 2019 and 1.5% in 2020. Emerging markets are expected to grow at a relatively healthy though lower 4.3% in 2019 and projected to bounce back to 4.7% in 2020.

## Global Pharma Scenario

Global sales of prescription drugs are forecast to grow 6.4% CAGR to touch USD 1.2 Tn by 2024 compared with 1.2% CAGR between 2011-2018, spurred by new launches and cutting-edge technologies such as gene therapy and greater access to medicines, according to Evaluate Pharma.

There are multiple factors fueling the significantly improved outlook in the next five years.

Many research-based pharmaceutical companies are turning the tide with growth in revenue and profits, although such growth is still lower than historical levels witnessed by these companies. Consolidation amongst the larger players in the generics markets and greater focus on developing novel, cutting-edge therapies which can ultimately garner a premium in the market will be two key factors that will support the ongoing recovery in investments in the sector. While some companies may still face challenges in

the near future, the industry is also expected to expand its reach further, particularly in emerging markets. Due to proliferating economies and strong growth rates, many emerging market countries are now ranked amongst the Top 20 pharmaceutical markets in the world. However, some of these markets could come under some pricing pressures due to various government interventions to bring down overall healthcare expenses.

According to the World Industry Report by IBISWorld, global generic drug sales are expected to make up 29.2% of the total pharmaceutical sales worldwide in 2022,

Across advanced and emerging markets, governments are taking policy measures to stimulate the slowing economy.

compared to approximately 28% in 2017. Generic medicines already account for more than 80% (by volume) of all drugs dispensed across the world and increased focus on bringing down healthcare expenditures will continue to help drive growth in generics markets.

Innovation is expected to be a key driver for growth in worldwide pharmaceutical markets. However, in a sign that companies will be growing more efficient in running R&D operations and/or be making lower allocations towards replenishing the pipeline, Evaluate Pharma

projects the growth in R&D spending at a CAGR of 3.1% to 2024 compared with 3.6% between 2010 and 2017.

Unlike the past, smaller niche companies focused on development of new drugs in areas of high unmet medical need are driving significant innovation. However, bringing a drug to the market remains an expensive proposition, and this remains a major industry challenge. To counter this, large pharmaceutical companies and small niche R&D-focused organizations are partnering to overcome these challenges.

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

Of the USD 251 Bn of sales at risk from patent expiry between 2018 and 2024, more than 25% of these are in 2023, when key patents of several biologics including Humira and Stelara may expire.

Over the next few years, emerging new technologies are expected to create a transformative opportunity for the global pharmaceutical industry. Companies will look to build an organization capable of adapting to imbibe such technologies and create greater competitive advantage for themselves while also ensuring patients continue to get access to high-quality treatment options. The industry will also continue to work towards developing value-based pricing and reimbursement approaches in collaboration with payers to deal with the increased pricing pressure on healthcare budgets.





Members of Glenmark team

## Financial Summary (IND AS)

### Material Consumed and Purchase of Traded Goods

Cost of material consumed including finished goods purchased were at ₹33,623.42 Mn in FY 2018-19 as against ₹30,385.67 Mn in FY 2017-18 and as a percentage to sale of products was at 34.66% in FY 2018-19 as against 33.87% in FY 2017-18.

### Employee Cost

Employee cost was at ₹20,560.70 Mn in FY 2018-19 as against ₹18,718.41 Mn in FY 2017-18.

### Other Expenses

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

Other expenses increased to ₹28,612.56 Mn in FY 2018-19 as against ₹25,772.89 Mn in FY 2017-18.

### Finance Costs

Interest expenses increased to ₹3,345.85 Mn in FY 2018-19 as against ₹2,855.67 Mn in FY 2017-18.

### Profit After Tax

Profit after tax for FY 2018-19 was at ₹9,249.93 Mn as against FY 2017-18 was at ₹8,038.70 Mn.

### Dividend

The Board has recommended a final dividend of 200% (₹2 per equity share of ₹1 each) on the equity share capital as at 31 March 2019 subject to the approval of shareholders.

### Equity Capital

There is no movement in equity share capital during the FY 2018-19.

### Trade Payables

Trade payables increased to ₹22,207.51 Mn in FY 2018-19 from ₹18,697.84 Mn in FY 2017-18.

### Current Tax Liabilities

Current tax liabilities increased to ₹457.56 Mn in FY 2018-19 from ₹284.26 Mn in FY 2017-18.

### Short Term Borrowings

Short term borrowings increased to ₹3,030.24 Mn in FY 2018-19 from ₹2,950.44 Mn in FY 2017-18.

### Other Current Liabilities

Other current liabilities decreased to ₹1,119.44 Mn in FY 2018-19 from ₹1,248.12 Mn in FY 2017-18.

### Trade Receivables (Net)

Trade receivables decreased to ₹21,945.90 Mn in FY 2018-19 from ₹23,318.07 Mn in FY 2017-18.

### Inventory

Inventory increased to ₹22,520.74 Mn in FY 2018-19 from ₹20,305.85 Mn in FY 2017-18 mainly to support the increase in sale of formulation and API business.

### Other Current Assets

Other current assets increased to ₹10,321.30 Mn in FY 2018-19 from ₹10,059.67 Mn in FY 2017-18.

### Property, Plant and Equipment (Excluding CWIP)

The gross block of property, plant and equipment increased to ₹31,961.29 Mn in FY 2018-19 from ₹28,167.58 Mn in FY 2017-18.

### Other Intangible Assets (Excluding Intangible Assets Under Development and Goodwill)

The gross block of other intangible assets increased to ₹32,764.04 Mn in FY 2018-19 from ₹24,990.85 Mn in FY 2017-18.

## India Formulations

During the year under review, the India Formulations (IF) business performed well, registering a revenue of ₹27,769.71 Mn (USD 398.07 Mn) as against ₹25,142.52 Mn (USD 390.47 Mn) in the previous year, thereby recording a growth of 10.45%.

As per IQVIA MAT March 2019, Glenmark's India business is ranked 14<sup>th</sup>, with a market share of 2.18%. Glenmark is the 5<sup>th</sup> fastest growing company (among Top 20 companies) as per MAT March 2019. This growth has been driven by a strong performance of leading brands, resulting in market share improvement across therapeutic categories.

### Growth across therapeutic categories

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

March 2019 respectively:

- Cardio therapy market share increased from 4.26% to 4.51%.
- Respiratory therapy market share rose from 4.75% to 4.77%.

### Brands in IPM Top 300

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

- Glenmark's brand Telma (Telmisartan) secured a coveted position in the Top 50 brands in IPM and has been ranked 34<sup>th</sup>.
- Telma-H (Telmisartan Hydrochloride) secured the 58<sup>th</sup> rank in the IPM Top 300, clocking a value growth of 10.99% over last year.
- Other Glenmark brands in the IPM Top 300 rankings include Candid (IPM rank 122), Telma-AM (IPM rank 124), Ascoril+ (IPM rank 141), Ascoril-LS (IPM rank 150), Candid-B (IPM rank 160), Alex (IPM rank 252) and Zita-Met Plus (IPM rank 288).

Glenmark in India is the 5<sup>th</sup> fastest growing company (among Top 20 companies) as per MAT March 2019.



## New Product Launches



Nourkrin® in India\*

### In the dermatology therapy, Glenmark launched

- Nourkrin® is a globally renowned, clinically proven proteoglycan replacement formula, for addressing one of the key underlying causes of hair loss in females. Nourkrin® has been launched under a licensing agreement with Pharma Medico ApS.

### In the diabetes management space, Glenmark launched

- Remogliflozin etabonate (remogliflozin), a novel, patent-protected and globally-researched sodium glucose co-transporter-2 (SGLT2) inhibitor in India. Glenmark is the first company in the world to launch remogliflozin. The molecule has been studied in 26 clinical trials globally, covering about 2,500 people from various ethnicities.

### Glenmark also launched

- Akynzeo®, an oral fixed dose combination of netupitant 300 mg and palonosetron 0.5 mg in the Indian market as a 5-day prophylaxis

from both the acute and delayed phases of chemotherapy-induced nausea and vomiting (CINV). In April 2018, Glenmark had signed an exclusive licensing agreement with Helsinn Group, a Swiss pharmaceutical group, to introduce Akynzeo® with exclusive marketing rights in India and Nepal.



Akynzeo® in India\*

\*Available by prescription only

## Revolutionizing diabetes management in India

**Glenmark becomes the first company to launch novel, globally researched SGLT2 inhibitor 'remogliflozin' in India**

When it comes to innovation, Glenmark has always led the way. We take pride in our innovative products and services that set industry benchmarks. We proved this once again in April 2019 with the launch of a novel, patented, globally-researched sodium glucose co-transporter 2 (SGLT2) inhibitor, remogliflozin etabonate (remogliflozin), in India. SGLT2 inhibitors are the latest class of oral medication available for the management of Type 2 diabetes management in adults globally and remogliflozin is the most recent drug to be launched in the SGLT2 class. Glenmark is the first to launch this drug anywhere in the world. Remogliflozin will be sold under two brand names, 'Remo®' and 'Remozen®'.

Glenmark also became the first company to manufacture a SGLT2 inhibitor from API-to-formulation in India.

With the launch of remogliflozin, Glenmark aims to increase access to this cutting-edge, globally-accepted, class of drugs among Indian diabetics. At ₹25 per day, Glenmark's remogliflozin retails at half the price of other SGLT2 inhibitors in the market, generating savings of around ₹11,000 per year for Type 2 diabetics on SGLT2 inhibitors.



Remo® in India\*

## What makes remogliflozin revolutionary?

- Of the over 72 Mn Type 2 diabetics, only 700,000 are prescribed an SGLT2 Inhibitor
- Daily therapy cost of ₹52-57 deterrent to prescription
- The only SGLT2 inhibitor to be compared head-to-head with another SGLT2 inhibitor
- The only SGLT2 inhibitor to be manufactured from API to formulation in India
- Glenmark is the first company to launch this globally-researched molecule
- Class benefits go beyond effective glycemic control to weight loss and cardiovascular risk reduction

## Doctor and patient education and screening programs

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 programs for patient education.

- Glenmark actively conducts patient education and detection camps for disorders and diseases impacting large populations. More than 7 lakh patients were screened for hypertension at 26,450 Hypertension Detection Squad camps.

- Glenmark has been providing service to pregnant patients by conducting Hemoglobin camps and screening a minimum 10-15 patients per camp every month. During the year, 4778 camps were organized and more than 57,356 patients were tested for hemoglobin.
- On World Diabetes Day, 97 walkathons were organized across India to encourage healthy living and over 170 megacamps were conducted which screened 10,000 patients. During the year, 13,104 camps were conducted across India.
- The Glenmark Enabled Expert Exchange (GEEX) continued to gain a good response in India. This is a unique platform for the

dermatologist fraternity of India to share their clinical acumen, expertise and experience while managing acne patients in day-to-day clinical practice.

## Collaboration for orthopaedic and pain management business

In the first quarter of FY 2018-19, Glenmark entered into a collaboration agreement with leading, home-grown private equity firm True North for its orthopaedic and pain management business for India and Nepal markets.

\*Available by prescription only





Members of the Glenmark India Formulations Leadership Team

Glenmark's orthopaedic and pain management business, consisting of brands such as Esoz, Bon K2, Collasmar and Lizolid, clocked a revenue of ₹1,558 Mn in FY 2017-18. Under this collaboration, Glenmark's orthopaedic and pain management business was transferred to a new entity to-be incorporated by True North, which will market the product portfolio in India and Nepal.

## India – Glenmark Consumer Care Business

Glenmark's consumer care business has continued its robust growth trajectory, driven by its three major brands operating in the consumer space—Candid Powder, VWash Plus and Scalpe. The consumer business recorded a 29% growth, valued at ₹1,900 Mn for FY 2018-19. The consumer business has increased its distribution

reach during the financial year which resulted in the non-pharmaceutical distribution network growing by 59% during the year. For FY 2018-19, secondary sales growth for the consumer business was at 31%.

As per IQVIA MAT March 2019, Glenmark's leading brand Candid Powder recorded 28% value growth, highest amongst the Top 3 brands which account for a majority of the sales in the category. Candid Powder continues to be the market leader with a share of about 45%. Furthermore, Candid powder transformed itself from a brand to a brand franchise with the launch of two new products – Candid Activ and Candid Renew which also have gained an immediate share of voice.

Both Scalpe and VWash Plus continue to hold leading positions in their respective market

categories, namely, anti-dandruff shampoo and women intimate hygiene care respectively. Scalpe+ registered 10% value growth and market share of 12%, which is the highest in its operating category, as per IQVIA. The company also launched Scalpe Pro, a new anti-dandruff shampoo in February 2019.

VWash Plus continues to hold leading position in its category with more than 50% market share as per IQVIA. During the year, VWash WOW sanitary napkins were introduced as an extension to the VWash franchise. In March 2019, the VWash Bikini Line was launched to expand the brand offering across different consumer needs related to intimate hygiene, thereby further propelling the brand towards its vision of 'owning the intimate hygiene space'. The entire VWash franchise grew by 48% in FY 2018-19.



Glenmark Goa team



## USA Formulations

During the year, Glenmark Pharmaceuticals Inc., USA registered a revenue of ₹31,392.70 Mn (USD 450.01 Mn) from the sale of finished dosage formulations as compared to ₹32,075.72 Mn (USD 498.14 Mn), recording a decrease by 2.13%.

## Generics Business

In FY 2018-19, Glenmark was granted approval for 25 Abbreviated New Drug Applications (ANDA), comprising of 20 final approvals and 5 tentative approvals. Notable approvals include: Colesevelam Hydrochloride Tablets, Colesevelam Hydrochloride for Oral Suspension, Estradiol Vaginal Inserts USP, 10 mcg, Azelaic Acid Gel, 15% and Sevelamer Hydrochloride

Tablets, 400 mg and 800 mg. The Company filed a total of 13 ANDAs with the US FDA throughout the financial year.

Glenmark completed the successful launch of 21 products during FY 2018-19, consisting of a mix of semi-solid preparations, delayed and immediate-release oral solids, and hormone products. Notable launches include securing 180 days of exclusivity at commercialization for Hydrocortisone Valerate Ointment USP, 0.2% as the Company's first ever competitive generic therapy [CGT] granted product launch; and being the first generic available for Colesevelam Hydrochloride for Oral Suspension.

In the first quarter of FY 2018-19, the US Food and Drug Administration (FDA) provided its first supplemental ANDA approval for Glenmark's

manufacturing facility in Monroe, North Carolina. The approval covers Atovaquone and Proguanil Hydrochloride Tablets, 250 mg/100 mg and 62.5 mg/25 mg, a generic version of GlaxoSmithKline's Malarone® (atovaquone and proguanil hydrochloride) Tablets.

This year, Glenmark announced the official inauguration of its Monroe facility which will serve as the first manufacturing site for Glenmark in the US. With more than 100,000 square feet, the Monroe facility is designed to manufacture a variety of fixed dose pharmaceutical formulations. Glenmark has invested more than USD 100 Mn into the facility with plans for further expansion in the coming years. At peak capacity, the site is anticipated to produce 300-400 Mn tablets and capsules, 20-25 Mn vials and pre-filled syringes, and 25-30 Mn ampoules for inhaled formulations.



Products launched in the US in FY 2018-19\*

Glenmark's marketing portfolio consists of 158 generic products authorized for distribution in the US market. The Company currently has 53 applications pending in various stages of the approval process with the US FDA, of which 28 are Paragraph IV applications.

Primary Category	Authorized to Distribute	Pending Approval	Total Filings	Market Size (USD Bn)
Immediate Release	67	25	92	29.30
Modified Release	16	5	21	6.15
Hormones	26	1	27	2.72
Oncology Injectables	0	9	9	2.71
Dermatology	44	14	58	1.90
Inhalation	0	1	1	0.47
Immunosuppressants	0	2	2	0.31
Other Injectables	0	1	1	0.30
Controlled Substances	5	0	5	0.06
Total	158	58	216	43.93
Para IV		31	31	18.94

Note: Market Value (by Product) is defined by the total sales generated for products in GPI's portfolio [Source: IQVIA TM NSP June 2019]

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

Pipeline as on August 5, 2019

\*Available by prescription only

Glenmark's marketing portfolio consists of 158 generic products authorized for distribution in the US market.



Inauguration of Glenmark's manufacturing facility at Monroe, North Carolina, US

## Rest of the world

Glenmark's revenue from the ROW (Russia/CIS, Africa and Asia) region for the year under review was ₹12,759.35 Mn (USD 182.90 Mn) as against ₹10,992.24 Mn (USD 170.71 Mn) in the previous year, recording a 16.08% increase.

## Russia/CIS region

According to the IQVIA data for MAT March 2019, Glenmark Russia recorded a growth of 8.3% in value vis-à-vis overall retail market growth of 5.8%. In the dermatology segment Glenmark showed growth of 1.6% in value vis-à-vis overall

dermatology market growth of 2.2% in value.

Glenmark ranks 44 as of MAT March 2019 in the retail segment of the Russian pharmaceutical market. As a result of the strong position of Glenmark Russia in the dermatology segment (retail), the Company continues to rank in the Top-



Glenmark Russia Team



15 of all derma companies present in the market, with MAT March 2019 rank being 11. Amongst the companies present in the expectorants market (retail segment) of the local pharmaceutical market, Glenmark has a strong position and ranks 4<sup>th</sup> as of MAT March 2019.

During the third quarter of FY 2018-19, Glenmark launched Nourkrin®, a globally renowned, clinically-proven proteoglycan replacement formula, for addressing one of the key underlying causes of hair loss in males and females in Russia. Nourkrin® has been launched under a licensing agreement with Pharma Medico ApS.

Glenmark Russia in dermatology segment, ranks 11<sup>th</sup> and in the expectorants space ranks 4<sup>th</sup> as of MAT March 2019.

In April 2019, Glenmark Russia business received approval from the Ministry of Healthcare, Russia to market Momate Rhino (Mometasone Furoate 50 mcg) metered nasal spray as an over-the-counter (OTC) product for the treatment of seasonal and perennial allergic rhinitis in patients above 18 years of age. This product launch will help the Russian business to further strengthen itself in the respiratory area.

Other key markets across the CIS region include Ukraine and Kazakhstan. In other CIS markets, Glenmark Ukraine showed secondary sales growth of 26% in value in FY 2018-19.



Glenmark Ukraine Team

## Africa region

The Africa region performed well in the FY 2018-19 recording growth in excess of 30%. The subsidiaries in South Africa and Kenya grew in

excess of 30% for the financial year. The Africa business launched 56 products in the region for the entire financial year.

During the year under review, Glenmark launched

Demelan SPF, Momate Nasal Spray and Tacroz Forte in Kenya, G-Warts, Glencet and Glemont CT in Oman and Telma AMH in Mauritius.



Glenmark Kenya Team

## Asia region

For the year under review, the Asia business recorded good performance. The region recorded

a secondary sales growth at around 20%. The business continued to deliver strong growth in key Asian markets such as the Philippines and Malaysia.

During the year, Glenmark launched Dipsotrex, Dositel and Imiquad in the Philippines, Airtec FB and Glencet in Sri Lanka, VVash and Momate NS in Malaysia and Konzert in Cambodia.



Glenmark Asia Team

## Europe Formulations

The revenue from Glenmark's Europe operations for FY 2018-19 was ₹11,207.09 Mn (USD 160.65 Mn) as against ₹9,058.10 Mn (USD 140.67 Mn), registering a growth of 23.72%. While the Europe region recorded strong growth in the first nine months of the FY 2018-19, the fourth quarter for the European business was subdued as both the Western and the Central Eastern European regions did not perform as per expectations. Nevertheless, the overall region witnessed

multiple new product launches across all key markets during the financial year.

During the year under review, Glenmark launched seven products in the UK, six in the Netherlands, eleven in Germany, eight in Spain, two in Sweden, seven in Czech, five in Poland and nine in Nordic countries.

During the second quarter, the Company also announced that it has entered into a strategic, exclusive licensing agreement for marketing

generic Tiotropium Bromide dry powder inhaler (DPI) in Western Europe.

The European subsidiary also signed multiple licensing agreements during FY 2018-19 for products listed herewith: Abacavir+Lamivudine, Erlotinib, Gliclazide, Tramadol+Paracetamol, Posaconazole Oral Solution, Levetiracetam Oral Solution, Tamsulosin, Dermikelp, Vinorelbine, Fingolimod, Lenalidomide, Tamsulosine/Dutasteide, Olmesartan+Amlodipine+HCT and Duloxetine.



Glenmark Czech and Slovak Team





Glenmark Poland Team

## Latin America

During the year under review, the Latin America business registered revenue of ₹4,179.53 Mn (USD 59.91 Mn) as compared to ₹4,066.95 Mn (USD 63.16 Mn), recording a growth of 2.77%.

The overall performance for the overall region continued to remain subdued in the FY 2018-19.

During the year under review, the Caribbean region launched Momate AZ in the respiratory franchise. It has been a key game changer

for Glenmark in the Rhinitis Allergis segment and helped to position the Company as a differentiated player with a unique product in the market. In Colombia, Glenmark launched Glemont to complement the respiratory portfolio. Glenmark launched NebZmart in Ecuador.



Glenmark Peru Team

## GPL Specialty/Innovative R&D pipeline

Glenmark is making steady progress in its goal of transforming from a predominantly generics company to an innovation-led specialty pharmaceuticals organization. Glenmark has three specialty respiratory assets currently in development, which includes GBR 310, GSP 304 and GRC 39815

## GBR 310

GBR 310 is a recombinant DNA-derived humanized immunoglobulin G1 kappa monoclonal antibody.

During the year under review, Glenmark announced results from a Phase 1 study that suggests similarity in pharmacokinetic, pharmacodynamic, safety and immunogenicity

profiles between GBR 310 and the reference product, omalizumab, marketed in the US under the brand name Xolair® for allergic asthma and chronic idiopathic urticaria. The now completed Phase 1 study enrolled 168 healthy adult volunteers, randomized 1:1 to receive either a single 150 mg dose of GBR 310 subcutaneously (SC) or a single 150 mg dose of US-sourced omalizumab SC. The total duration of participation for each volunteer was

approximately 127 days including screening, in-house stay, outpatient and follow-up visits. The Company is in active discussions with potential partners for this biosimilar and expect to conclude a deal before initiating Phase 3 studies. According to IQVIA sales data for the 12-month period ending May 2018, annual sales of Xolair® were approximately USD 2 Bn in the US.

## GSP 304

GSP 304 is a long-acting muscarinic antagonist administered by nebulization and is being studied for the long term, once-daily, maintenance treatment of bronchospasm associated with COPD.

The GSP 304 program is currently in Phase 2 for patients with mild to moderate COPD as established by the Global Initiative for Chronic Obstructive Lung Disease.

## GRC 39815 (RORyt inhibitor)

GRC 39815 is a New Chemical Entity (NCE) currently being evaluated as an inhaled compound for the possible treatment of Chronic Obstructive Pulmonary Disorder (COPD). It is an inhibitor of the Retinoid-related Orphan Receptor gamma t (RORyt).

The compound is currently in pre-clinical development and we plan to initiate a Phase 1 study in FY 2019-20.

## Glenmark Life Sciences Ltd. (GLS)

Glenmark Life Sciences manufactures and markets active pharmaceutical ingredients (API) across all major markets globally including Glenmark's captive sales.

The revenue from the sale of APIs to regulated and semi-regulated markets globally was ₹9,493.11 Mn (USD 136.08 Mn) during the year as against ₹8,778.91 Mn (USD 136.34 Mn) in the previous year, recording an 8.14% increase.

Glenmark's API business started in 2003 and since then the organization has built a large business based on strong product selection, focus on key regulated markets, maintenance of high operational efficiency and a strong compliance culture. The API business has grown at ~14% CAGR over the last 3 years while maintaining a consistently high EBITDA margin. In order to further its potential in the global API market, Glenmark transferred its API business to its wholly-owned subsidiary Glenmark Life Sciences Ltd. which became operational on January 1, 2019.

Over 75% of GLS revenue is supplied to regulated markets of Europe, the US and Japan. The Top 10 molecules contribute ~60% of the overall revenues of GLS. Some of the leading molecules are Atovaquone, Lercanidipine, Aprepitant, Amiodarone, Olmesartan, Perindopril and Etoricoxib.

For FY 2018-19, the unaudited consolidated revenue for Glenmark Life Sciences Ltd. was at ₹14,458 Mn (USD 207.25 Mn) as against ₹12,899 Mn (USD 200.32 Mn) in FY 2017-18, recording growth of 12.1% over the corresponding period.

In spite of a challenging environment in FY 2018-19, mainly due to non-availability of raw materials during the initial months and increasing procurement costs, the material margins for the API business remained fairly steady at ~61%. This was achieved primarily on account of change in product mix as well as development of alternate vendors for sourcing raw materials to offset the supply constraints in the market. Overall EBITDA margin recorded for the business in FY 2018-19 was in excess of 30%.

Dr. Yasir Rawjee was appointed as the CEO of Glenmark Life Sciences Ltd. Yasir joins GLS from Mylan Inc. where most recently, he was the Head of Global API Operations. He has held positions of increasing responsibility at Mylan including Senior Vice President of API Technical Operations and Senior Vice President and Head for Sales and Marketing for the API Business. He has more than 25 years of overall experience in the API industry.



Glenmark Life Sciences team at Mahape, Navi Mumbai, India



## Outlook

The Company is in the process of separating the API and innovation units from Glenmark Pharmaceuticals into subsidiaries - Glenmark Life Sciences (GLS) and an as-yet-unnamed new company or NewCo respectively. The benefits of this reorganization will accrue in the foreseeable future. It will sharpen the focus of each of the businesses and fortify the group's defences against the challenges faced by the global pharmaceutical industry.

In the US, where pricing pressures are expected to continue, growth for mid-size generics companies such as Glenmark will be enabled by

new product approvals and a clean compliance record. The India business has gained from a focus on fast-growing therapy areas and new product launches. Sales from OTC products will continue to grow strongly. The Company remains optimistic about the Indian market and expects to continue to grow faster than the industry.

The Europe business witnessed strong growth in the previous financial year. It is expected that this business will grow in double digits over the next few years. On a constant currency, the organization remains optimistic that emerging markets, especially Russia and Brazil, will witness good growth.

With the formation of GLS, the API business can optimally capture the opportunity to supply API created by the tightening of pollution control norms in China, the world's largest supplier. The focus will be on regulated markets and the Company anticipates good growth in the business.

NewCo is gaining its independence at a time when two candidates are reaching clinical proof-of-concept. Its priority will be to expedite the development of its pipeline. NewCo is focused on Autoimmune Disease, Pain and Oncology and currently has five assets in clinical development.



Glenmark Life Sciences manufacturing facility at Dahej, Gujarat, India

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

A team of Quality and Compliance professionals are aligned with each business unit to provide oversight and assist the delivery of quality performance and operational compliance. Management oversight of those activities

is accomplished through a hierarchy of Quality Council Meetings. Staff are trained to seek to assure that standards, as well as expected behaviours based on the Company's values, are followed.

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

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

## Supply Chain Continuity

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

Supply chain operations are subject to review and approval of various regulatory agencies that effectively provide our license to operate. The

manufacture of pharmaceutical products and their constituent materials requires compliance with good manufacturing practice regulations. The Company's manufacturing sites are subject to review and approval by the FDA and other regulatory agencies.

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

Materials and services provided by third-party suppliers are necessary for the commercial production of our products, including specialty chemicals, commodities and components necessary for the manufacture and packaging of many of the Company's pharmaceutical products.

Some of the third party services procured, for example, services provided by clinical research organisations to support development of key products, are very important to the operation of the Company's businesses. The clinical trial processes should strictly adhere to GCP standards in terms of quality, safety, procedures and other standards. Clinical trial service provider may lack in adhering to GCP standards.

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

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

### Mitigating activities include

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

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

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

Where practical, dependencies on single sources of critical items are removed by developing alternative sources. In cases where dual sourcing is not possible, an inventory strategy has been developed to protect the supply chain from unanticipated disruptions. The Company has set up new manufacturing facilities/ upgraded the existing facilities which can continue

the manufacturing operations in case of interruption of operations of a certain facility. The Company while filing for product approvals with various regulatory authorities registers multiple manufacturing sites.

## Product Pricing

### **Risk description: Risk that the Company may fail to secure adequate pricing for its products or existing regimes of pricing laws and regulations become more unfavourable**

Pharmaceutical products are subject to price controls or pressures and other restrictions in many markets, around the world. Some governments intervene directly in setting prices. For example, in India, the government enforces price control through bringing the products under DPCO. In addition, in some markets, major purchasers of pharmaceutical products have the economic power to exert substantial pressure on prices or the terms of access to formularies. Difficult economic conditions, particularly in the major markets in Europe, could increase the pricing pressures on the Company's pharmaceutical products.

Some markets follow the reference pricing for fixation of the price of the products. The price depends on the home market price or the price where the product was launched. The Company cannot accurately predict whether existing controls, pressures or restrictions will increase or whether new controls, pressures or restrictions will be introduced. Such measures may materially and adversely affect the Company's ability to introduce new products profitably and its financial results.

### **Mitigating activities include**

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

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

## Compliance With Relevant Laws and Regulations

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

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

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

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

There is also greater regulatory scrutiny, on advertising and promotion and in particular on direct-to-consumer advertising.

### **Mitigating activities include**

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

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

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

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

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

## Changing Global Political and Economic Conditions

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

Many of the world's largest economies, including the major markets in which the Company operates and financial institutions have recently faced extreme financial difficulty, including a decline in asset prices, liquidity problems

and limited availability of credit. Due to the economic uncertainty in emerging markets there has been a huge devaluation of the currency in certain geographies in which the Company operates. Certain geographies have imposed restrictions on the imports as well as the remittances outside the country. In addition, the Company operates across a wide range of markets and these markets have the potential to encounter natural disasters that could impact business operations.

The economic conditions may also adversely affect the ability of our distributors, customers, suppliers and service providers to pay for our products, or otherwise to buy necessary inventory or raw materials, and to perform their obligations under agreements with the Company, which could disrupt our operations and negatively impact our business and cash flow. Some of our distributors, customers, suppliers and service providers may be unable to pay their bills in a timely manner, or may even become insolvent, which could also negatively impact our business and results of operations. These risks may be elevated with respect

to our interactions with third parties with substantial operations in countries where current economic conditions are the most severe, particularly where such third parties are themselves exposed to risk from business interactions directly with fiscally-challenged government payers.

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

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

### Mitigating activities include

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

## Compliance with Financial Reporting and Disclosure Requirements

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

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

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

### Mitigating activities include

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

## Compliance with Tax Law

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

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

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

The tax charge included in the financial statements is the Company's best estimate of its tax liability, but until such time as audits by tax authorities are concluded, there is

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

### Mitigating activities include

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

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

## Compliance with Anti-Bribery and Corruption Legislation

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

The Company's international operations may give rise to possible claims of bribery and corruption. The Company operates in a number of markets

where the corruption risk has been identified as high. Failure to comply with applicable legislation such as the US Foreign Corrupt Practices Act and the UK Bribery Act, or similar legislation in other countries, could lead to action against the Company.

This could potentially include fines, prosecution, debarment from public procurement and reputational damage, all of which could materially and adversely affect the Company's revenues.

### **Mitigating activities include**

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

### **Potential Litigation**

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

The Company operates globally in complex legal and regulatory environments that often vary among

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

### **Product Liability Litigation**

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

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

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

### **Sales And Marketing Litigation**

The Company operates globally in complex legal and regulatory environments that often vary among jurisdictions. The failure to comply with

applicable laws, rules and regulations in these jurisdictions may result in civil and criminal legal proceedings brought against the Company.

### **Mitigating activities include**

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

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

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

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

### **Managing Environmental, Health, Safety and Sustainability Compliance**

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

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

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

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

### **Mitigating activities include**

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



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

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

## Information Technology

### Risk Description: Cyber security and data privacy regulations

A failure of Information Technology (IT) systems due to malicious attacks and/or non-compliance with data privacy laws can potentially lead to financial loss, business disruption and/or damage to our reputation.

### Mitigating Activities include

- Foster a risk-aware culture that can anticipate and prevent attacks, and where necessary, effectively respond to security breaches
- Maintain strong cyber security infrastructure
- Compliance with data privacy law requirements through:
  - Performing gap analysis to identify existing weaknesses
  - Policy and procedure roll-outs

- Creating awareness amongst employees on applicable privacy requirements

- Securing suitable insurance cover

## Revenue Concentration

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

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

### Mitigating activities include

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

# Board's Report 2018 - 2019

Your Directors have pleasure in presenting the 41st Annual Report on business and operations of the Company together with the Audited Financial Statements of the Company for the Financial Year (F.Y.) ended 31 March 2019.

## Financial Results

(₹ in Million)

Year ended 31 March 2018		Particulars	Year ended 31 March 2019	
Standalone*	Consolidated		Standalone*	Consolidated
55,442.08	91,030.70	Gross Total revenue	63,048.67	98,654.68
9,941.71	11,193.30	Profit before tax and exceptional item	14,729.99	11,334.47
10,143.47	8,038.31	Profit for the year (after tax and attributable to shareholders)	16,221.12	9,249.93
(6.67)	38.71	Other Comprehensive Income for the year (not to be reclassified to P&L)	(35.38)	(213.59)
-	(778.78)	Other Comprehensive Income for the year (to be reclassified to P&L)	-	3,940.07
75,630.80	40,395.93	Surplus brought forward from last balance sheet	85,088.38	47,793.59
85,767.60	48,472.81	Profit available for appropriation	101,274.12	56,829.93
		<b>Appropriations:</b>		
679.22	679.22	Dividend (including tax)	680.33	680.33

\* Standalone Revenue and Profit before tax and exceptional item amounts represent revenue from continuing operations.

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 ('Listing Regulations'). The policy is uploaded on the Company's website at the link: <https://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 2018-19 subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend will be paid in compliance with applicable Listing Regulations. The dividend, if approved, will result in an outflow of ₹ 680.33 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.

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 ₹ 63,048.67 million as compared to ₹ 55,442.08 in the previous year and the Standalone operating profit before tax and exceptional item was ₹ 14,729.99 million as compared to ₹ 9,941.71 million in the previous year.

On Consolidated basis the Company achieved a gross revenue of ₹ 98,654.68 million and the Consolidated operating profit before tax and exceptional item was ₹ 11,334.47 million as compared to ₹ 11,193.30 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 Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Secretarial Auditor confirming compliance with the aforesaid Regulations forms an integral part of this Report.

## Directors and Key Managerial Personnel

Mr. Glenn Saldanha (DIN 00050607) and Mrs. Cherylann Pinto (DIN 00111844) retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board has recommended their re-appointment for consideration of the Shareholders.

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

## Appointment of Ms. Sona Saira Ramasastry

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and on the recommendation of Nomination and Remuneration Committee, Ms. Sona Saira Ramasastry (DIN 08398547) has been appointed as Woman Independent Director of the Company through Circular Resolution passed by the Board for a period of 5 (Five) years with effect from 1 April 2019, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting.

In terms of Section 160(1) of the Companies Act, 2013, the Company has received notice in writing from a member signifying his intention to propose the candidature for the appointment of Ms. Sona Saira Ramasastry as Woman Independent Director at the ensuing Annual General Meeting for a term of 5 years.

Brief profile of Ms. Sona Saira Ramasastry is given in the Notice convening the 41st Annual General Meeting for the reference of the Shareholders.

## Key Managerial Personnel

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

- Mr. Glenn Saldanha - Chairman & Managing Director
- Mrs. Cherylann Pinto - Director – Corporate Affairs
- Mr. V. S. Mani – Executive Director & Global Chief Financial Officer with effect from 29 May 2018 and President & Global Chief Financial Officer upto 28 May 2018
- Mr. Harish Kuber - Company Secretary & Compliance Officer
- Mr. Murali Neelakantan – Executive Director & Global General Counsel (upto 29 May 2018)

## Subsidiaries, Joint Ventures and Associate Companies

As per Section 129(3) of the Companies Act, 2013 and Listing Regulations, the Consolidated Financial Statements of the Company and all its subsidiaries for the year ended 31 March 2019 prepared in accordance with Indian Accounting Standards (Ind AS) and International Financial Reporting Standards (IFRS) forms part of the Annual Report. Further, in terms of the first proviso of Section 129(3) of the Companies Act, 2013 and Rules 5 and 8(1) of the Companies (Accounts) Rules, 2014 a statement containing the salient features, performance and financial position of the subsidiaries in the prescribed Form AOC-1 is appended herewith as Annexure I to the Report.

- **Glenmark Life Sciences Limited**  
(Formerly know as Zorg Laboratories Privated Limited)

During the year the Company acquired 100% stake in Zorg Laboratories Private Limited (Zorg) for an aggregate consideration of ₹ 5 lacs before adjustments and subject to legal and financial due diligence. Subsequently, name of Zorg was changed to Glenmark Life Sciences Limited (GLS). The shareholders of the Company approved the transfer of its Active Pharmaceuticals Business (API) to GLS by

passing a resolution through postal ballot. Since, it was a related party transaction promoters of the Company did not vote on the same.

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

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

## Transfer of Orthopaedic Business

During the Year, the Company had entered into a collaboration with leading, home-grown private equity firm True North Enterprise Private Limited ('True North') and transferred its Orthopaedic and Pain management business valued at ₹ 635 crores to Integratec Private Limited, a subsidiary of True North. Integratec will market the product portfolio in India and Nepal.

## Management Discussion and Analysis Report

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

## Related Party Transactions

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

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

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

Trilegal, a firm in which one of the Directors of the Company is a partner and the Company has paid to it ₹ 24.59 million as sitting fees/professional fees.

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

## Auditors and Auditors' Report

### Statutory Auditors

The Auditors, M/s. Walker Chandio & 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 41st Annual General Meeting.

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

## Cost Auditors

The Board, on the recommendation of the Audit Committee, has re-appointed M/s. Sevekari, Khare & Associates (Registration No. 000084) as Cost Auditors to audit the cost records of the Company for the FY. 2019-20 at a remuneration of ₹ 1.60 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 Cost Auditors 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. 9 of the Notice convening the Annual General Meeting.

## Internal Auditors

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

## Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013, the Board of the Company at its meeting held on 29 May 2019 has appointed Mr. Surjan Singh Rauthan, proprietor of M/s. S. S. Rauthan & Associates, Company Secretaries, to conduct an audit of the secretarial records for the FY. 2019-20.

The Company has received consent from Mr. Surjan Singh Rauthan, proprietor of M/s. S. S. Rauthan & Associates, Company Secretaries to act as the auditor for conducting audit of the Secretarial records for the FY. ending 31 March 2020.

The Secretarial Audit Report for the FY. ended 31 March 2019 is appended herewith as Annexure III to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

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

## Changes in Capital Structure

There was no change in paid-up share capital in the FY. 2018-19.

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

No employee was issued Stock Options during the year.

As on 1 April 2018, no options were outstanding. As per the ESOP Scheme 2003, the tenure of the scheme was 15 years from the date of inception i.e. 26 September 2003 which was completed during the year and the scheme stands dissolved.

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

## Employee Stock Options Scheme 2016

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

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

1,11,666 options were issued under ESOS 2016; 2,21,938 options were cancelled and no options were exercised. As of 31 March 2019, 4,59,414 options were outstanding.

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

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

## Finance

The Company had issued U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds), U.S. \$ 200,000,000, 4.5% Senior Notes (Notes) and U.S. \$ 90,825,000, ECB Facility (Notes), the brief description of the same is provided herein below:

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

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

On 30 November, 2017, the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued

upon conversion of Bonds (subject to any further adjustments according to conditions) at ₹861.84 as determined in accordance with condition 6.1.3 of the Trust deed. As of 31 March 2019, none of the Bondholders have opted for the conversion option.

On 30 November 2017, the Company confirmed the fixed exchange rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

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

The Bonds are listed on the Singapore stock exchange.

The FCC Bonds were partially bought back in October 2018 (see note below on buyback).

### **Buy back of the Company's U.S.\$200,000,000 2.00% resettable onward starting equity-linked securities due 2022:**

In September 2018, The Company approved the launch of buyback of FCC Bonds ("Buyback FCCBs") from existing holders of FCC Bonds ("Buyback Bondholders") and MUFG Securities Asia Limited and J. P. Morgan Securities Limited were appointed as dealer managers, on behalf of the Company to buyback FCC Bonds at a buyback price of 105% of the principal amount outstanding (being U.S.\$ 262,500 for each U.S.\$ 250,000 of FCC Bonds), up to an aggregate purchase price of U.S.\$ 100 million plus accrued and unpaid interest per FCC Bond. In October 2018, the Company agreed to buyback U.S.\$ 86.5mn in aggregate principal amount (representing 346 FCC Bonds in number of U.S.\$ 250,000 denomination for each FCC Bond) of the FCC Bonds. These Buyback FCCBs represented 43.25% of the aggregate FCC Bonds. On the closing/settlement date, the Company paid an aggregate purchase price of U.S.\$ 90,825,000 for the Buyback FCCBs, plus accrued but unpaid interest. Following settlement, U.S.\$ 113.5mn in aggregate principal amount of FCC Bonds remained outstanding. The Company undertook buyback to monetize the opportunity available to reduce the external debt. Buyback FCCBs bought back by the Company got cancelled by the Company. The remaining FCC Bonds that have not been bought back by the Company remains outstanding. The Company utilised proceeds from an unsecured external commercial borrowing facility of up to U.S.\$100 million ("ECB Facility") from MUFG Bank, Ltd., Singapore Branch, to refinance such FCC Bonds. The Company has obtained a loan registration number ("LRN") from the Reserve Bank of India in this respect.

### **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.

### **U.S. \$ 90,825,000, ECB Facility (Notes) :**

Company has obtained Loan Registration Number ("LRN") from RBI to raise an ECB Facility to the extent of US\$ 100 Mn. In October 2018, the Facility for US\$ 90,825,000 was raised and the proceeds were utilized for the purpose of repurchasing the FCC Bonds. The ECB Facility was raised from MUFG Bank Singapore with a maturity of 5 years. The interest rate for the first 3 years is 4.956% p.a and the interest for the subsequent 2 years is 5.25% p.a

### **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 4.5% Senior 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 and forms 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 2019 and of the profit of the Company for the year ended 31 March 2019;
- III. proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the annual accounts have been prepared on a going concern basis;
- V. have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
- VI. proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## Board Performance Evaluation

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

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

## Familiarization Programme for the Independent Directors

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

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

## Board and Committee Meetings

A calendar of Board and Committee Meetings to be held during the year was circulated well in advance to the Directors. Five Board Meetings were convened and held during the year. The Board has constituted an Audit Committee with Mr. Julio F. Ribeiro as the Chairman and Mr. Sridhar Gorthi and Mr. Milind Sarwate as Members. There have been no instances during the year where recommendations of the Audit Committee were not accepted by the Board.

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

## Nomination and Remuneration Policy

Pursuant to the provisions of Section 178(4) of the Companies Act, 2013 and Regulation 19(4) of Listing Regulations the 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 strategizes their recruitment plans for the strategic growth of the Company. The Nomination & Remuneration Policy may be accessed on the Company' website at the link: [https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/nomination\\_and\\_remuneration\\_policy.pdf](https://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/nomination_and_remuneration_policy.pdf)

## Green Initiative

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

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

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

## Risk Management Policy and Internal Adequacy

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

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These

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

## Human Resources

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

## Particulars of Loans, Guarantees or Investments

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the standalone financial statements forming a part of this Annual Report.

## Sustainability

### Business Responsibility Report (BRR)

In accordance with Regulation 34(2) of the Listing Regulations, the inclusion of BRR as a part of the Annual Report is mandated for top 500 listed entities based on the market capitalization. BRR for the year 2018-19 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 sustainability will be available on Company's website [www.glenmarkpharma.com](http://www.glenmarkpharma.com). Any Shareholder interested in obtaining a physical copy of the same may write to the Company Secretary & Compliance Officer at the Corporate Office of the Company.

## General

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

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

4. No significant or material orders were passed by the regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

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

## Policy on Prevention of Sexual Harassment at Workplace

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

The Company has ensured wide dissemination of the Policy and the provisions of Prevention of Sexual Harassment of Women at Workplace Act by constituting internal complaint committee and conducting sessions throughout the Company.

Two (2) complaints were received and addressed during the FY. 2018-19, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No Complaint was pending as on 31 March 2019.

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: 29 May 2019



# Annexure I

## Form No. AOC 1

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

		₹ in Million																				
Sr. No.	Name of Company	Glenmark Therapeutics AG	Glenmark Pharmaceuticals (Kenya) Limited	Glenmark Pharmaceuticals (Australia) Pty. Ltd.	Glenmark Pharmaceuticals Impex, LLC	Glenmark Pharmaceuticals Malaysia Sdn. Bhd.	Glenmark Pharmaceuticals (Nigeria) Ltd.	Glenmark South Africa (Pty) Ltd.	Glenmark Philippines Inc.	Glenmark FZE	Glenmark Pharmaceuticals Egypt S.A.E.	Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Glenmark Pharmaceuticals S.R.L.	Viso S.L.U.	Glenmark Therapeutics Inc.	Glenmark Pharmaceuticals Europe (RAD) Ltd.	Glenmark Uruguay S.A.	Glenmark Pharmaceuticals Mexico, SA DE CV	Glenmark Pharmaceuticals Venezuela, CA	Glenmark Pharmaceuticals Peru SAC	Glenmark Farmaceutica Ltda.	Glenmark Pharmaceuticals S.A.
1	Share Capital	12.59	97.18	72.48	1,435.61	97.72	208.97	0.77	116.70	12.92	421.73	0.00*	3.73	0.21	0.00*	88.09	517.30	1,695.29	715.13	658.31	11,513.08	3,428.24
2	Reserves	(12.36)	71.23	(71.95)	1,308.66	54.55	(332.66)	524.75	93.92	249.85	(427.82)	(331.75)	41.32	62.81	5.62	193.39	175.58	(1,106.45)	(2,368.62)	(525.72)	(7,983.68)	(243.78)
3	Total Assets	0.23	1,089.96	1.06	4,384.23	560.57	231.97	525.52	389.67	312.85	97.99	524.71	265.80	796.61	1,095.39	326.59	693.49	1,012.00	-	285.91	4,035.41	16,376.75
4	Total Liabilities	-	921.55	0.53	1,639.96	408.31	355.66	-	179.05	50.08	104.08	856.46	220.75	733.59	1,089.77	45.11	0.61	423.16	1,653.49	153.32	506.01	13,192.29
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	-	983.70	-	4303.20	951.63	0.01	0.01	659.13	324.67	146.49	1317.41	233.82	428.61	116.05	372.89	0.004	831.29	-	166.94	2536.22	22,818.48
7	Profit/(Loss) before tax	0.08	22.64	(0.48)	88.02	(33.73)	(31.56)	(0.19)	52.21	51.20	(24.32)	(25.16)	(30.17)	26.23	(341.59)	20.98	(0.98)	30.42	-	(111.88)	72.84	14,036.31
8	Provision for Tax	0.06	8.47	-	29.51	(7.26)	(56.04)	-	15.16	-	-	(3.64)	16.80	7.98	(247.32)	-	0.04	(11.32)	-	(10.11)	30.30	-
9	Profit/(Loss) After Tax	0.02	14.17	(0.48)	58.51	(26.47)	24.48	(0.19)	37.05	51.20	(24.32)	(21.52)	(46.97)	18.25	(94.27)	20.98	(1.02)	41.74	-	(101.77)	42.54	14,036.31
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	% of Shareholding	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	Currency	USD	KES	AUD	RUB	RM	NGN	ZAR	PHP	AED	EGP	ZAR	RON	EURO	USD	GBP	USD	MXN	VEF	PEN	BRL	USD
13	Exchange Rate (₹)																					
	Closing Rate	69.32	0.68	49.2	1.06	16.97	0.19	4.78	1.31	18.87	3.99	4.78	16.27	77.76	69.32	90.28	69.32	3.57	0	20.87	17.66	69.32
	Average Rate	69.76	0.69	50.84	1.07	17.1	0.19	5.08	1.32	18.99	3.91	5.08	17.25	80.73	69.76	91.52	69.76	3.61	0	21.03	18.46	69.76

Contd....

Sr. No.	Name of Company	₹ in Million																				
		Glenmark Holding S.A.	Glenmark Pharmaceuticals Nordic AB	Glenmark Pharmaceuticals Distributors SP Z.O.O.	Glenmark Pharmaceuticals SK s.r.o.	Glenmark Pharmaceuticals S.R.O.	Glenmark Pharmaceuticals Colombia SAS	Glenmark Pharma. (Thailand) Co.Ltd.	Glenmark Dominicana SRL	Glenmark Pharmaceuticals Inc.	Glenmark Pharmaceuticals Europe Ltd.	Glenmark Pharmaceuticals BV.	Glenmark Arzneimittel Gmbh.	Glenmark Generics SA.	Glenmark Pharmaceuticals Distribution S.R.O.	Glenmark Speciality SA	Glenmark Ukraine LLC	Glenmark Pharmaceuticals Ecuador S.A.	Glenmark Pharmaceuticals Singapore Pte. Ltd.	Glenmark Bio Therapeutics SA	Glenmark Pharmaceuticals Canada Inc.	Glenmark Life Sciences Limited
1	Share Capital	15,464.05	0.36	83.87	0.43	143.00	319.50	7.99	0.19	0.00*	518.09	1.15	3.19	5,345.41	27.55	2,031.94	46.11	108.77	32.66	17.67	107.21	19.00
2	Reserves	(16,975.93)	81.27	(113.54)	52.49	3,436.04	(272.21)	(15.38)	(0.34)	24,724.78	510.38	54.96	358.87	(4,139.77)	1,824.33	(370.57)	88.54	(103.47)	4.46	32.16	(24.38)	861.65
3	Total Assets	74,092.26	547.39	1,326.28	191.86	4,578.76	113.65	11.89	-	31,637.54	4,848.30	522.37	5,088.39	1,310.04	2,279.00	7,961.83	288.89	160.95	39.01	91.43	130.33	14,753.95
4	Total Liabilities	75,604.14	465.76	1,355.95	138.94	999.72	66.36	19.28	0.15	6,912.76	3,819.83	466.26	4,726.32	104.40	4,271.2	6,300.46	154.24	155.85	1.89	41.60	47.50	13,872.70
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.77
6	Turnover	596.71	620.92	1,709.13	846.45	5,005.88	31.83	16.75	-	32,114.67	4911.26	741.37	3,163.54	769.24	16,088.89	331.36	560.29	258.50	92.61	359.74	236.75	3,969.80
7	Profit/(Loss) before tax	(13,959.35)	4.54	(163.69)	28.89	222.63	(133.51)	0.70	(0.02)	734.04	67.90	22.50	145.46	(484.98)	66.74	2,085.56	73.21	(48.30)	4.41	38.52	5.82	1,201.68
8	Provision for Tax	0.07	3.11	(27.54)	2.89	95.79	(36.05)	0.49	-	236.43	2.89	5.98	45.13	(103.54)	4.92	0.03	13.68	-	0.52	6.06	0.51	327.05
9	Profit/(Loss) After Tax	(13,959.42)	1.43	(136.15)	26.04	126.84	(97.46)	0.21	(0.02)	497.61	65.01	16.52	100.33	(881.44)	61.82	2,085.53	59.53	(48.30)	3.89	32.46	5.31	874.63
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	% of Shareholding	100	100	100	100	100	100	49	100	100	100	100	100	100	100	100	100	100	100	100	100	100
12	Currency	USD	SEK	PLN	EURO	CZK	COP	THB	DOP	USD	GBP	EURO	EURO	ARS	CZK	USD	UAH	USD	SGD	USD	CAD	INR
13	Exchange Rate (₹)	69.32	7.45	18.06	77.76	3.01	0.02	2.17	1.36	69.32	90.28	77.76	77.76	1.6	3.01	69.32	2.52	69.32	51.13	69.32	51.91	-
	Average Rate	69.76	7.78	18.8	80.73	3.14	0.02	2.15	1.39	69.76	91.52	80.73	80.73	2.22	3.14	69.76	2.54	69.76	51.34	69.76	53.15	-

Notes

- 1 Reporting period of the above subsidiaries is the same as that of the Company.
- 2 \*Amount denotes less than Rupees ten thousand.
- 3 Part B of the Annexure is not applicable as there are no associate companies/ joint Ventures of the Company as on 31 March 2019.

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

**Cheryann Pinto**

Executive Director  
(DIN 00111844)

**V S Mani**

Executive Director & Global Chief Financial Officer  
(DIN 1082878)

**Harish Kuber**

Company Secretary & Compliance Officer

## **Annexure II**

### **Form No. AOC-2**

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

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

1. No contracts or arrangements or transactions were entered into by the Company with related parties during the year ended 31 March 2019, 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; 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; ₹ 19,872.84 million.
  - e) Date(s) of approval by the Audit Committee/ Board: Not applicable; Since the contract was entered in the ordinary course of business and is on arm's length basis.
  - f) Amount paid as advances: Nil

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

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

**Cherylann Pinto**

Executive Director  
(DIN 00111844)

**V S Mani**

Executive Director & Global Chief Finance Officer  
(DIN 01082878)

**Harish Kuber**

Company Secretary & Compliance Officer

## Annexure III

### Secretarial Audit Report

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

To,  
The Members

Glenmark Pharmaceuticals Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Glenmark Pharmaceuticals Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our 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 2019 ("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 2019 according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the Rules made thereunder and amendments from time to time;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder and amendments from time to time;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder and amendments from time to time;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder and amendments from time to time to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments from time to time;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments from time to time;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and amendments from time to time;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and amendments from time to time, regarding the Companies Act and dealing with client;
  - g) During the Audit Period the Company has not delisted any Securities, hence, provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 are not applicable;
  - h) During the Audit Period the Company has not bought back equity shares; However, during the year the Company has re-purchased U.S.\$ 86,500,000 in aggregate principal amount of the Bonds out of U.S.\$ 200,000,000 aggregate principal of the Bonds listed in Singapore Exchange Limited.

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

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

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



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

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

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

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

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

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

We further report that during the Audit Period, no event/ action have taken place which is having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except sale / transfer of API division to its wholly owned subsidiary.

For **S. S. Rauthan & Associates**

Company Secretaries

Firm Registration No.:S1999MH026900

**Surjan Singh Rauthan**

Proprietor

FCS No 4807

COP No 3233

Place: Mumbai

Date: 29 May 2019

## 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 **S. S. Rauthan & Associates**

Company Secretaries

Firm Registration No.:S1999MH026900

**Surjan Singh Rauthan**

Proprietor

FCS No 4807

COP No 3233

Place: Mumbai

Date: 29 May 2019

## Annexure IV (A)

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

### Employee Stock Option Scheme 2003

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

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

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

As on 1 April 2018, No options were outstanding. As per the ESOP Scheme 2003, the tenure of the scheme was 15 years from the date of inception i.e. 26 September 2003 which was completed during the year and the scheme stands dissolved.

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

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director

(DIN 00050607)

Place: Mumbai

Date: 29 May 2019

## Annexure IV (B)

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

## Employee Stock Option Scheme 2016

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

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

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

At the Annual General Meeting held on 12 August 2016, the ESOS was approved for issue of stock options upto 5% of the paid-up share capital of the Company as on 31 March 2016. The paid-up capital of the Company as on 31 March 2016 was 282,158,156 shares of ₹ 1/- each. The total number of options that could be granted under the scheme were 1,41,07,900 which upon exercise will result in the issue of 1,41,07,900 shares of ₹ 1/- each. The maximum number of options that can be granted to any individual employee/ Director will not exceed an entitlement of 1,25,000 shares of ₹1/- each. The options were granted at price of ₹ 800 per option.

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

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

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

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

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

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

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

Place: Mumbai  
Date: 29 May 2019



## 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 & motors, power factor, automation, refrigeration system and fuel.

##### Lighting

Replaced Compact Fluorescent Light (CFL) with Light Emitting Diode (LED) at several plants.

##### Pumps- Motors & Blowers

Installed Energy Efficient fans in cooling towers.

Installed high Efficiency pump in utility services.

Installed temperature controller for cooling tower fan.

##### Power Factor

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

##### Automation

Installed Variable Frequency Drives (VFD) with pressure transmitter for chilled water secondary pump.

Installed VFDs for Air Compressor & cooling tower pump.

Installed VFDs for utility pumps.

##### Refrigeration, Heating & Compress Air System

Installed Electrical Heaters for water storage tanks of Injection section.

Tapped compressed air network to reduce power consumption of air compressor during lean plant load.

Interconnected process and utility chillers for better capacity utilization.

Installed new Screw Air Compressor with inbuilt HOC Dryer.

Installed Air Compressor at centralised location and modified air network effective operation & utilisation of air compressors.

Installed steam heating system in place of electrical heaters in dehumidifiers

Installed flash steam recovery & modified line for condensate recovery in new expansion areas.

Conducted compressed air audit to arrest air leakages of compressed air network.

Installed automated pressure switch to reduce compressor unloading time.

Improved chiller approach by using anti-scale forming agent in cooling water.

Provided Roof Ventilation System at Deck slab to reduce refrigeration load.

Installed Auto Switch for Air Curtain to reduce power consumption.

Reduced power consumption by operating low capacity air compressor during lean compressed air demand.

Installed DX AC system in place of centralized air conditioner.

##### Fuel

Installed Heat recovery system on 10 TPH Gas fired boiler.

Installed Economiser on condenser for boiler

Installed Steam Condensate Recovery System to increase reduce fuel consumption in boiler.

##### Water

Improved Purified Water System sanitization maintenance to improve energy consumption of the system.

Installed condensate recovery system and saved RO permeate.

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

Installed Natural Day light system in utility sections.

Installed Solar LED lights.

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

Installed 100kw roof top solar and Hydropower through open access.

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

The capital invested FY 2018-19 on energy conservation equipment was ₹ 19.06 Million

## (B) Technology Absorption

### I. Efforts made towards technology adoption:

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

Specific areas in which R&D is carried out by the Company & its subsidiaries and benefits derived as a result of new platform technologies and products to create competitive advantage, better safety, efficacy and sustained performance during life cycle of products.

### 1.0 Pharmaceutical Development

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

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

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

### Products that have been developed during the F.Y. 2018-2019

#### Oncology Projects

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

#### General Category Projects

1. Paracetamol, Guaiphenesin & Caffeine Tablet
2. Ascoril BT Syrup
3. Ascoril AM Syrup
4. Fexofenadine Oral Suspension
5. Remogliflozin Etabonate and Metformin Hydrochloride Tablets

### Respiratory Products

1. Formoterol & Budesonide Powder For Inhalation
2. Salmeterol & Fluticasone Propionate Powder For Inhalation
3. Tiotropium Powder For Inhalation
4. Glycopyrronium Powder for Inhalation
5. Glycopyrronium & Formoterol Fumarate Powder for Inhalation
6. Glycopyrronium, Formoterol Fumarate & Fluticasone Propionate Powder for Inhalation

### Derma Projects

1. Candid Plus Refresh (Calamine 8% + Cooling Agents)
2. Onabet (Sertaconazole Nitrate) Spray 2%
3. Ifin (Terbinafine Hydrochloride) Spray 1%
4. Fintop AF (Amorolfine Hydrochloride) Spray 0.25%
5. Revize Micro (Tretinoin) Gel 0.025%/0.04%w/w
6. Candidox (Ciclopirox Olamine) Cream 1%
7. Candidox Lotion 1%

### 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

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

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

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

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

## 2.3 Process Development and Synthesis

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

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

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

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

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

Glenmark has always made continuous investment in R&D.

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

1. Beclomethasone pMDI
2. Ipratropium + Levosalbutamol pMDI Digihaler
3. Lulican (Luliconazole) Mouth Paint
4. Efinaconazole Cream (0.5,1.0 & 2.5%)
5. Clobetasol Propionate Shampoo BP 0.05%
6. Duosal-L (Salicylic Acid + Lactic Acid ) Lotion
7. Voriconazole Ointment 0.5% & 1%
8. Glycopyrronium Gel
9. Candibiotic Ear Drops (Neomycin)
10. Mupirocin Gel 2%
11. Calamine Lotion

## 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)

Sr. No.	Particulars	2018-19	2017-18
1.	Capital Expenditure	135.62	111.82
2.	Revenue Expenditure	4,401.25	4,536.81
3.	Total	4,536.87	4,648.63
4.	R&D Expenditure as a percentage of total turnover	6.06%	7.03%

### (C) Foreign Exchange Earnings and Outgo:

Total foreign exchange earned was ₹ 62,998.43 million and outflow was ₹ 22,858.60 million.

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

Place: Mumbai  
Date: 29 May 2019



## 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 March 31, 2019	Ratio to MRE of the employees
Mr. Glenn Saldanha	Chairman & Managing Director	-2.8%	379
Mrs. Cherylann Pinto	Executive Director	0.0%	104
Mr. V S Mani*	Executive Director	Not Applicable	110

\* Executive Director and Global Chief Financial Officer with effect from 29 May 2018 and President & Global Chief Financial Officer upto 28 May 2018.

#### Remuneration of Non-Executive Directors

Name	Title	Ratio to MRE of the employees
Mrs. B. E. Saldanha	Non-Executive Director	0.97
Mr. Rajesh Desai	Non-Executive Director	2.42
Mr. J. F. Ribeiro	Non-Executive Independent Director	4.11
Mr. D. R. Mehta	Non-Executive Independent Director	3.87
Mr. Sridhar Gorthi	Non-Executive Independent Director	2.66
Mr. Bernard Munos	Non-Executive Independent Director	0.97
Dr. Brian W. Tempest	Non-Executive Independent Director	1.21
Mr. Milind Sarwate	Non-Executive Independent Director	3.87

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

Name	Title	% increase in the remuneration in the year ended March 31, 2019
Mr. Harish Kuber	Company Secretary & Compliance Officer	19.10%

**(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 2019 was ₹ 0.414 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 7.62%.

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

As on 31 March 2019, the Company had 12,037 permanent employees on the rolls of the Company.

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

Average percentile increase in the remuneration for all employees other than managerial personnel was 10.70%, while the average increase in the managerial remuneration was 2.07%.

- (v) **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

**Glenn Saldanha**

Chairman & Managing Director

(DIN 00050607)

Place: Mumbai

Date: 29 May 2019

# Annexure VII

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

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

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

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

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

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

- *Reducing malnutrition*
- *Implementing immunization sanitation and hygiene programs*
- *Promoting preventive 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.

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

### 3. Average net profit of the Company for last three Financial Years

₹ 19,124.99 million

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

₹ 382.50 million

## 5. Details of CSR spent during the Financial Year

- (a) Total amount to be spent for the FY.; ₹ 382.50 million
- (b) Amount unspent, if any; ₹ 71.01 million
- (c) Manner in which the amount spent during the FY. is detailed below:

Sr. No.	CSR project or activity identified	Sector	Location of the Project/ Program	Amount outlay (₹ in million) (budget) project or programs wise	Amount spent on the projects or programs (in ₹ Million)	Amount spent: Direct or through implementing agency
<b>i</b>	<b>Expenditure on projects and programs</b>					
1.	Providing aids and appliances to the differently-able persons	Promoting healthcare including preventive healthcare	Jaipur, Rajasthan	4.50	4.50	Bhagwan Mahaveer Viklang Sahayata Samiti
2.	Healthcare	Promoting healthcare	Nagpur, Maharashtra	60.00	60.00	Direct
3.	Social and Economic Development	Reducing child mortality and improving maternal health, Skill livelihood enhancement projects Promoting education	Bharuch, Gujarat East Sikkim, Sikkim Aurangabad, Maharashtra Mumbai, Maharashtra Nashik, Maharashtra Sinnar, Maharashtra Mohol, Maharashtra Kurkumbh, Maharashtra Burhanpur, Madhya Pradesh Indore, Madhya Pradesh Betul, Madhya Pradesh Khandawa, Bardez, Goa	141.76	141.76	Glenmark Foundation
4.	Social and Economic Development	Promoting healthcare including preventive healthcare	Sikkim	3.53	3.53	Direct
5.	Rural Education program	Promoting education	Dhule, Maharashtra	36.95	36.95	The Shirpur Education Society
6.	Transform the ecosystem of swimming in India	Training to promote Olympic sports	Mumbai, Delhi	64.00	64.00	Glenmark Aquatic Foundation
<b>ii</b>	<b>Overheads administrative expenses</b>					
		Office	Mumbai	0.75	0.75	
	<b>Total</b>			<b>311.49</b>	<b>311.49</b>	

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

The company has been voluntarily carrying out CSR from FY. 2011 onwards. The actual spend of the Company on the CSR for this FY. 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.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 29 May 2019

**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 31.03.2019

[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 Fintech Privated 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:

Sr. 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:

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Glenmark Life Sciences Limited (Formerly know as Zorg Laboratories Privated Limited)	Plot No 170-172 Chandramouli Industrial Estate, Mohol, Bazarpeth Solapur, Maharashtra-413213. India	U74900PN2011PLC139963	Subsidiary	100	2(87)
2	Glenmark Holding S.A.	Chemin de la Combeta 5, CH - 2300 La Chaux-de-Fonds, Switzerland	NA	Subsidiary	100	2(87)
3	Glenmark Pharmaceuticals S.A., Switzerland	Chemin de la Combeta 5, CH - 2300 La Chaux-de-Fonds, Switzerland	NA	Subsidiary	100	2(87)
4	Glenmark Farmaceutica Ltda.	Rua Gomes de Carvalho, 1.195, CJ 31 – Vila Olimpia, CEP: 04547-004, Sao Paulo	NA	Subsidiary	100	2(87)
5	Glenmark Pharmaceuticals SRO	City Towers, Hvezdova 1716/2b, 140 78 Praha 4, Czech Republic	NA	Subsidiary	100	2(87)
6	Glenmark Pharmaceuticals SK SRO	Tomasikova 64, 83104, Bratislava, Slovak Republic	NA	Subsidiary	100	2(87)
7	Glenmark Pharmaceuticals S.R.L	18 Elefterie Street, 5th District, Bucharest, Romania	NA	Subsidiary	100	2(87)

## Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
8	Glenmark Pharmaceuticals (Europe) R&D Ltd.	Laxmi House, 2B Draycott Avenue, Kenton, Middlesex HA3 0BU, England, U.K.	NA	Subsidiary	100	2(87)
9	Glenmark Therapeutics Inc., USA	750 Corporate Drive, Mahawa, NJ 07430	NA	Subsidiary	100	2(87)
10	Glenmark Pharmaceuticals SP Z.O.O.	ul. Osma ska 14, 02-823 Warszawa, Poland	NA	Subsidiary	100	2(87)
11	Glenmark South Africa (Pty) Ltd.	Erasmus Forum A, 434 Rigel Avenue South, Erasmusrand, 0181	NA	Subsidiary	100	2(87)
12	Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Erasmus Forum A, 434 Rigel Avenue South, Erasmusrand, 0181	NA	Subsidiary	100	2(87)
13	Glenmark Impex L.L.C.	Letnikovskaya St., Building 3(2) Moscow 115114 Russia	NA	Subsidiary	100	2(87)
14	Glenmark Pharmaceuticals (Nigeria) Ltd.	No. 2B, Olabode Close, Ilupeju, Lagos.	NA	Subsidiary	100	2(87)
15	Glenmark Dominicana SRL	Av. San Vicente de Paul, Esquina Puerto Rico, Suite 13, Alma Rosa 1ra, Provincia Santo Domingo, Municipio Este, República Dominicana	NA	Subsidiary	100	2(87)
16	Glenmark Pharmaceuticals (Australia) Pty Ltd.	Suite 1503, Level 15, 14 Martin Place, Sydney NSW 2000 Australia	NA	Subsidiary	100	2(87)
17	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)
18	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)
19	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)
20	Glenmark Pharmaceuticals F.Z.E.	Office No. LB12009, Jabel Ali, Dubai, United Arab Emirates	NA	Subsidiary	100	2(87)
21	Glenmark Uruguay SA	Avenida 18 de Julio, 117, 5th Floor, city of Montevideo, Rep. of Uruguay	NA	Subsidiary	100	2(87)
22	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)
23	Glenmark Pharmaceuticals Peru S.A.C.	Calle la Habana 192 Oficina 501 San Isidro – Lima – Perú	NA	Subsidiary	100	2(87)
24	Glenmark Pharmaceuticals Venezeula, CA	Av. Tamanaco con calle Mohedano, Torre Atlantic, piso 7, oficina 07-C, Urb. El Rosal, Caracas, ZP-1060	NA	Subsidiary	100	2(87)
25	Glenmark Pharmaceuticals Colombia SAS	Calle 98 No. 8 Of. 503, Bogotá D.C.	NA	Subsidiary	100	2(87)
26	Glenmark Pharmaceuticals Europe Ltd.	Laxmi House, 2B Draycott Avenue, Kenton, Middlesex HA3 0BU, England, U.K.	NA	Subsidiary	100	2(87)
27	Glenmark Pharmaceuticals Inc., USA	750 Corporate Drive, Mahawa, NJ 07430	NA	Subsidiary	100	2(87)
28	Glenmark Generics S.A. Argentina	Suipacha 1111 - 18° - C1008AAW – Buenos Aires	NA	Subsidiary	100	2(87)
29	Glenmark Pharmaceuticals B.V.	Databankweg 26, 3821 AL Amersfoort, The Netherlands	NA	Subsidiary	100	2(87)
30	Glenmark Arzneimittel GmbH	Sitz Grodenzell, Industriestrasse 31, 18194, Grobenzell, Germany	NA	Subsidiary	100	2(87)
31	Glenmark Pharmaceuticals Canada INC.	371, Queen Street, Suit 400, Fredericton, New Brunswick, E3B 1B1	NA	Subsidiary	100	2(87)

**Particulars of Holding, Subsidiary and Associate Companies**

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
32	Glenmark Pharmaceuticals (Kenya) Limited	L. R. No. 1870/01/210 3rd Floor, Corner Plaza, Westlands, Parklands Road, P.O. Box 489-00606, Nairobi, Kenya	NA	Subsidiary	100	2(87)
33	Glenmark Therapeutics AG	Wellenruti 581, 9053 Teufena AR Switzerland	NA	Subsidiary	100	2(87)
34	Glenmark Pharmaceuticals Distribution SRO	City Towers, Hv zdova 1716/2b, Nusle, 140 78 Praha 4, ID No. 047 27 339, Czech Republic	NA	Subsidiary	100	2(87)
35	Glenmark Specialty S.A.	CH-2300 La Chaux-de-Fonds, Avenue Leopold-Robert 37, Switzerland	NA	Subsidiary	100	2(87)
36	Viso Farmaceutica SL	Calle Retama nº 7, planta 7 28045 Madrid	NA	Subsidiary	100	2(87)
37	Glenmark Pharmaceuticals (Thailand) Co. Ltd.	1350/84 Thaironk Tower Building, 8th Floor, Phatthanakarn Road, Suanluang, Bangkok, Thailand	NA	Subsidiary	49	2(87)
38	Glenmark Pharmaceuticals Nordic AB	9 Skeppsbron 5, 211 20 Malmö	NA	Subsidiary	100	2(87)
39	Glenmark Ukraine LLC	8, Illiska street, "Illisky" Business Center, 2nd block, 4th Floor, Podilskyi district, Kyiv, 04070, Ukraine	NA	Subsidiary	100	2(87)
40	Glenmark-Pharmaceuticals Ecuador S.A.	AV. Simon Bolivar & Nayon, Ekopark Building, Tower 2, 7th Floor, Office No. 703	NA	Subsidiary	100	2(87)
41	Glenmark Pharmaceuticals Singapore Pte. Ltd.	6 Shenton Way, #38-01 OUE Downtown, Singapore 068809	NA	Subsidiary	100	2(87)
42	Glenmark Biotherapeutics SA	CH-1066 Epalinges, Route de la Corniche 5, Switzerland	NA	Subsidiary	100	2(87)

## IV. Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

### (i) Category-wise Share Holding

CATEGORY OF SHAREHOLDER	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) PROMOTER AND PROMOTER GROUP</b>									
<b>(1) INDIAN</b>									
Individual /HUF	3066850	-	3066850	1.09	3091925	-	3091925	1.09	-
Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
Others	128241936	-	128241936	45.45	128241936	-	128241936	45.45	-
<b>Sub-Total A(1) :</b>	<b>131308786</b>	<b>-</b>	<b>131308786</b>	<b>46.54</b>	<b>131333861</b>	<b>-</b>	<b>131333861</b>	<b>46.54</b>	<b>-</b>
<b>(2) FOREIGN</b>									
Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A=A(1)+A(2)</b>	<b>131308786</b>	<b>-</b>	<b>131308786</b>	<b>46.54</b>	<b>131333861</b>	<b>-</b>	<b>131333861</b>	<b>46.54</b>	<b>-</b>

CATEGORY OF SHAREHOLDER	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. INSTITUTIONS</b>									
Mutual Funds /UTI	10832399	-	10832399	3.84	12317828	-	12317828	4.37	0.53
Financial Institutions /Banks	7847813	-	7847813	2.78	7250687	-	7250687	2.56	-0.21
Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors/ FPI	86753059	-	86753059	30.75	92034745	-	92034745	32.62	1.87
Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(1) :</b>	<b>105433271</b>	<b>-</b>	<b>105433271</b>	<b>37.37</b>	<b>111603260</b>	<b>-</b>	<b>111603260</b>	<b>39.55</b>	<b>2.19</b>
<b>2. NON-INSTITUTIONS</b>									
Bodies Corporate	7619206	-	7619206	2.70	7591771	-	7591771	2.69	-0.01
Individuals									
(i) Individuals holding nominal share capital upto ₹1 lakh	22613412	611736	23225148	8.23	17815932	544804	18360736	6.51	-1.72
(ii) Individuals holding nominal share capital in excess of ₹1 lakh	7425513	600000	8025513	2.84	6256299	600000	6856299	2.43	-0.41
Others	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
H U F	708646	-	708646	0.25	561548	-	561548	0.2	-0.05
IEPF	805418	-	805418	0.29	812567	-	812567	0.29	-
Directors	155526	-	155526	0.05	156126	-	156126	0.05	-
Non Resident Indians	1593953	6600	1600553	0.57	1350999	6600	1357599	0.48	-0.09
Clearing members	1098880	-	1098880	0.39	249913	-	249913	0.09	-0.30
NRI Non-Repatriation	384963	-	384963	0.14	361542	-	361542	0.13	-0.01
Trusts	1802246	-	1802246	0.64	2922934	-	2922934	1.04	0.40
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
<b>Sub-Total B(2)</b>	<b>44207763</b>	<b>1218336</b>	<b>45426099</b>	<b>16.1</b>	<b>38079631</b>	<b>1151404</b>	<b>39231035</b>	<b>13.91</b>	<b>-2.19</b>
<b>Total B=B(1)+B(2)</b>	<b>149641034</b>	<b>1218336</b>	<b>150859370</b>	<b>53.46</b>	<b>149682891</b>	<b>1151404</b>	<b>150834295</b>	<b>53.46</b>	<b>-</b>
<b>C. Shares held by custodians for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C) :</b>	<b>280949820</b>	<b>1218336</b>	<b>282168156</b>	<b>100</b>	<b>281016752</b>	<b>1151404</b>	<b>282168156</b>	<b>100</b>	<b>-</b>

## (ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Saldanha Family Trust	128241936	45.45	-	128241936	45.45	-	-
2	B.E. Saldanha	1035122	0.37	-	1035122	0.37	-	-
3	Glenn Saldanha	830423	0.29	-	846498	0.29	-	-
4	Cherylann Pinto	719305	0.26	-	722305	0.26	-	-
5	Robin Pinto	476000	0.17	-	482000	0.17	-	-
6	Neha Saldanha	6000	-	-	6000	-	-	-
	<b>TOTAL</b>	<b>131308786</b>	<b>46.54</b>	<b>-</b>	<b>131333861</b>	<b>46.54</b>	<b>-</b>	<b>-</b>



### (iii) Change in Promoters Shareholding

Sr. 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	830423	0.29			
	Purchase of shares from the open market on 3 December 2018			16075		
	At the end of the year				846498	0.29
3	Cherylann Pinto					
	At the beginning of the year	719305	0.26			
	Purchase of shares from the open market on 29 June 2018			1000		
	Purchase of shares from the open market on 20 February 2019			2000		
	At the end of the year				722305	0.26
4	B. E. Saldanha					
	At the beginning of the year	1035122	0.37			
	At the end of the year				1035122	0.37
5	Robin Pinto					
	At the beginning of the year	476000	0.17			
	Purchase of shares from the open market on 9 June 2018			1000		
	Purchase of shares from the open market on 29 June 2018			2500		
	Purchase of shares from the open market on 19 February 2019			2500		
	At the end of the year				482000	0.17
6	Neha Saldanha					
	At the beginning of the year	6000	0.00			
	At the end of the year				6000	0.00
	<b>TOTAL</b>				<b>131333861</b>	<b>46.54</b>

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

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (as on 1st April, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>1</b>	<b>ARANDA INVESTMENTS (MAURITIUS) PTE LTD</b>				
	At the beginning of the year	11261010	3.99	11261010	3.99
	Bought during the year	NIL	NIL	11261010	3.99
	Sold during the year	3136214	1.11	8124796	2.88
	At the end of the year	8124796	2.88	8124796	2.88
<b>2</b>	<b>HSBC POOLED INVESTMENT FUND</b>				
	At the beginning of the year	8463603	3.00	8463603	3.00
	Bought during the year	1742572	0.62	10206175	3.62
	Sold during the year	984353	0.35	9221822	3.27
	At the end of the year	9221822	3.27	9221822	3.27

Sr. No.	Name of the Shareholders	Shareholding at the beginning of the year (as on 1st April, 2018)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
<b>3</b>	<b>FRANKLIN TEMPLETON INVESTMENT FUNDS</b>				
	At the beginning of the year	4690132	1.66	4690132	1.66
	Bought during the year	143099	0.05	4833231	1.71
	Sold during the year	NIL	NIL	4833231	1.71
	At the end of the year	4833231	1.71	4833231	1.71
<b>4</b>	<b>NEW HORIZON OPPORTUNITIES MASTER FUND</b>				
	At the beginning of the year	4000000	1.42	4000000	1.42
	Bought during the year	NIL	NIL	4000000	1.42
	Sold during the year	1200000	0.43	2800000	0.99
	At the end of the year	2800000	0.99	2800000	0.99
<b>5</b>	<b>HDFC TRUSTEE COMPANY LTD</b>				
	At the beginning of the year	3620100	1.28	3620100	1.28
	Bought during the year	2057500	0.73	5677600	2.01
	Sold during the year	NIL	NIL	5677600	2.01
	At the end of the year	5677600	2.01	5677600	2.01
<b>6</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	3278867	1.16	3278867	1.16
	Bought during the year	NIL	NIL	3278867	1.16
	Sold during the year	NIL	NIL	3278867	1.16
	At the end of the year	3278867	1.16	3278867	1.16
<b>7</b>	<b>WELLINGTON TRUST COMPANY</b>				
	At the beginning of the year	2762779	0.98	2762779	0.98
	Bought during the year	826793	0.29	3589572	1.27
	Sold during the year	1309000	0.46	2280572	0.81
	At the end of the year	2280572	0.81	2280572	0.81
<b>8</b>	<b>HSBC GLOBAL INVESTMENT FUNDS - INDIAN EQUITY</b>				
	At the beginning of the year	2696289	0.96	2696289	0.96
	Bought during the year	308236	0.11	3004525	1.06
	Sold during the year	833819	0.30	2170706	0.77
	At the end of the year	2170706	0.77	2170706	0.77
<b>9</b>	<b>VANGUARD EMERGING MARKETS STOCK INDEX FUND</b>				
	At the beginning of the year	2511109	0.89	2511109	0.89
	Bought during the year	102568	0.04	2613677	0.93
	Sold during the year	272389	0.10	2341288	0.83
	At the end of the year	2341288	0.83	2341288	0.83
<b>10</b>	<b>GENERAL INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	2350000	0.83	2350000	0.83
	Bought during the year	NIL	NIL	2350000	0.83
	Sold during the year	532405	0.19	1817595	0.64
	At the end of the year	1817595	0.64	1817595	0.64

## (V) Shareholding of Directors and Key Managerial Personnel

Sr. 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
<b>A</b>	<b>DIRECTORS</b>							
1	Glenn Saldanha Chairman & Managing Director	830423	0.29	01.04.2018 03.12.2018	16075	Purchase from Open Market	846498	
				31.03.2019			846498	0.29
2	Cherylann Pinto Director-Corporate Affairs	719305	0.26	01.04.2018 29.06.2018 20.02.2019	1000 2000	Purchase from Open Market Purchase from Open Market		
				31.03.2019			722305	0.25
3	V S Mani Executive Director & Global CFO	600	0.00		-		600	0.00
4	Blanche Saldanha Non Executive Director	1035122	0.37		-		1035122	0.37
5	Rajesh Desai Non Executive Director	109167	0.04		-		109167	0.04
6	Julio F Ribeiro Non Executive Independent Director	45800	0.02		-		45800	0.02
7	Sridhar Gorthi Non Executive Independent Director	559	0.00		-		559	0.00
8	D R Mehta Non Executive Independent Director	-	-		-		-	-
9	Milind Sarwate Non Executive Independent Director	-	-		-		-	-
10	Brian Tempest Non Executive Independent Director	-	-		-		-	-
11	Bernard Munos Non Executive Independent Director	-	-		-		-	-
<b>B</b>	<b>KEY MANAGERIAL PERSONNEL</b>							
1	Harish Kuber Company Secretary & Compliance Officer	-	-		-		-	-

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Standalone)		(₹ in Million)			
		Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>					
1	Principal Amount	197.42	29,613.31	-	29,810.73
2	Interest Due but not Paid	-	-	-	-
3	Interest Accrued but not due	-	157.78	-	157.78
<b>Total (1 + 2 + 3)</b>		<b>197.42</b>	<b>29,771.09</b>	<b>-</b>	<b>29,968.51</b>
<b>Change in Indebtedness during the financial year</b>					
Addition		-	1,628.96	-	1,628.96
Reduction		136.31	-	-	136.31
<b>Net Change</b>		<b>(136.31)</b>	<b>1,628.96</b>	<b>-</b>	<b>1,492.65</b>
<b>Indebtedness at the end of the Financial Year</b>					
1	Principal Amount	61.11	31,283.69	-	31,344.80
2	Interest Due but not Paid	-	-	-	-
3	Interest Accrued but not due	-	116.36	-	116.36
<b>Total (1 + 2 + 3)</b>		<b>61.11</b>	<b>31,400.05</b>	<b>-</b>	<b>31,461.16</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

		(₹ in Million)				
Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. Glenn Saldanha	Mrs. Cherylann Pinto	Mr. V. S. Mani*	Mr. Murali Neelakantan**	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	130.63	34.68	36.54	7.08	208.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10.67	3.78	9.06	35.99	59.50
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4	Commission- as % of profit- others, specify....	15.75	4.46	NIL	NIL	20.21
5	Others, please specify	NIL	NIL	NIL	NIL	NIL
<b>Total (A)</b>		<b>157.05</b>	<b>42.92</b>	<b>45.60</b>	<b>43.07</b>	<b>288.64</b>
Ceiling as per the Act						<b>2,069.50</b>

\* Executive Director and Global Chief Financial Officer with effect from 29 May, 2018 and President & Global Chief Financial Officer upto 28 May 2018.

\*\* Upto 29 May 2018



## B. Remuneration to other Directors:

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mrs. B. E. Saldanha	Mr. R. Desai	Mr. J. F. Ribeiro	Mr. S. Gorthi	Mr. D.R. Mehta	Dr. B. Tempest	Mr. B. Munos	Mr. M. Sarwate	
1	Independent Directors									
	• Fee for attending board / committee meetings	-	-	1.70	1.10	1.60	0.50	0.40	1.60	6.90
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>1.70</b>	<b>1.10</b>	<b>1.60</b>	<b>0.50</b>	<b>0.40</b>	<b>1.60</b>	<b>6.90</b>
2	Other Non-Executive Directors									
	• Fee for attending board / committee meetings	0.40	1.00	-	-	-	-	-	-	1.40
	• Commission	-	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>0.40</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.40</b>
	<b>Total =(1+2)</b>	<b>0.40</b>	<b>1.00</b>	<b>1.70</b>	<b>1.10</b>	<b>1.60</b>	<b>0.50</b>	<b>0.40</b>	<b>1.60</b>	<b>8.30</b>
	Overall Ceiling as per the Act									<b>206.95</b>

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Harish Kuber	Total
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.67	2.67
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.60	0.60
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit- others, specify	-	-
5	Others, please specify	-	-
	<b>Total</b>	<b>3.27</b>	<b>3.27</b>

## VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL

## Annexure IX

### Business Responsibility Report

Sr. No.	SEBI – BRR Disclosure	Response / Reference
<b>Section A: General Information about the Company</b>		
1	<b>Corporate Identification Number</b>	L24299MH1977PLC019982
2	<b>Name of the Company</b>	Glenmark Pharmaceuticals Limited
3	<b>Registered Address</b>	B/2, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026, Maharashtra, India
4	<b>Website</b>	www.glenmarkpharma.com
5	<b>Email id</b>	csr@glenmarkpharma.com
6	<b>Financial year reported</b>	1 April 2018 to 31 March 2019
7	<b>Sector(s) that the Company is engaged in (industrial activity code-wise)</b>	Pharmaceuticals
8	<b>List 3 key products / services that the Company manufactures / provides (as in balance sheet)</b>	The Company's key products / services and global market presence are described in the Annual Report F.Y. 2018-19, under Business Review section of Management Discussion and Analysis.
9	<b>Total number of locations where business activity is undertaken by the Company</b>	16 manufacturing facilities  6 R&D Centers
10	<b>Markets served by the Company</b>	We have a global presence in over 80 countries with our key geographies USA, India, ROW, Europe and LATAM.
<b>Section B: Financial Details of the Company</b>		
1	<b>Paid up capital (INR)</b>	282,168,156
2	<b>Total turnover (INR)</b>	63,048.67 million (Standalone)
3	<b>Total profit after tax (INR)</b>	16,221.12 million (Standalone)
4	<b>Total spending on CSR as percentage of PAT (%)</b>	1.63%
5	<b>List of activities in which the above expenditure has been incurred</b>	Child Health, Access to healthcare, Sustainable livelihoods, Promotion of education and swimming in India
<b>Section C: Other Details</b>		
1	<b>Does the Company have any Subsidiary Company/ Companies</b>	Yes
2	<b>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)</b>	Yes, the subsidiary companies participate in Glenmark's Business Responsibility initiatives. A complete list of the subsidiary companies is available in the Annual Report FY 2018-19.
3	<b>Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?</b>	Glenmark's Business Responsibility initiatives do not extend to other entities. However, we encourage our external stakeholders, such as suppliers and contractors, to adhere to responsible business practices.
<b>Section D: Business Responsibility Information</b>		
1	<b>Details of the Director / Directors responsible for BR</b>	
(a)	<b>Details of the Director / Directors responsible for implementation of the BR (Business Responsibility) policy / policies</b>	
	DIN Number	00111844
	Name	Mrs. Cherylann Pinto
	Designation	Director - Corporate Affairs
(b)	<b>Details of the BR head</b>	
	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

Sr. No.	SEBI – BRR Disclosure	Response / Reference																																																																																																																																				
2	<p><b>Principle-wise (as per NVGs) BR policy / policies</b></p> <p>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.</p> <p><b>Thematic areas of the NVG Principles:</b></p> <p><b>Principle 1:</b> Ethics, Transparency and Accountability.</p> <p><b>Principle 2:</b> Safety and sustainability throughout the life cycle.</p> <p><b>Principle 3:</b> Well-being of all employees.</p> <p><b>Principle 4:</b> Respecting interests of all stakeholders.</p> <p><b>Principle 5:</b> Promotion of human rights.</p> <p><b>Principle 6:</b> Protection of environment.</p> <p><b>Principle 7:</b> Responsibly influencing public and regulatory policy</p> <p><b>Principle 8:</b> Inclusive growth and equitable development.</p> <p><b>Principle 9:</b> Customer engagement</p> <p><b>Details of compliance</b></p> <table border="1"> <thead> <tr> <th>No.</th> <th>Questions</th> <th>P1</th> <th>P2</th> <th>P3</th> <th>P4</th> <th>P5</th> <th>P6</th> <th>P7</th> <th>P8</th> <th>P9</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Do you have a policy/policies for</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>Has the policy being formulated in consultation with the relevant stakeholders?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>Does the policy conform to any national / international standards? If yes, specify? (50 words)</td> <td></td> <td></td> <td colspan="2">The Environment, Health &amp; Safety Policy conforms to ISO 14001 and OHSAS 18001 standards.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>Has the policy being approved by the Board?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Is yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>5</td> <td>Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>6</td> <td>Indicate the link for the policy to be viewed online?</td> <td></td> <td></td> <td></td> <td>www.glenmarkpharma.com</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>7</td> <td>Has the policy been formally communicated to all relevant internal and external stakeholders?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>8</td> <td>Does the company have in-house structure to implement the policy/policies.</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>9</td> <td>Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>10</td> <td>Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?</td> <td></td> <td></td> <td></td> <td></td> <td>Yes</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	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					
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9																																																																																																																												
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3	<b>Governance related to BR</b>																																																																																																																																					
(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The Board of Directors assess the Company's BR performance annually.																																																																																																																																				
(b)	Yes, the company publishes the Corporate Responsibility	Yes this year Company published its first Sustainability Report based on the Global Reporting Initiative's acclaimed and widely adopted GRI Standards. This report showcases our triple bottom line performance and also provides a myriad of initiatives and endeavours that we have undertaken during this year towards ensuring a positive societal and environmental impact through progressive business consciousness.																																																																																																																																				

Sr. No.	SEBI – BRR Disclosure	Response / Reference
<b>Section E: Principle-wise Performance</b>		
P-1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	<p>We have policies, governance structures and procedures in place to ensure high level of corporate governance and ethics within our organization. The 'Glenmark Code' sets standards to ensure that we do the right things, at right time and in a right manner. Further details are available in the Corporate Governance section of the Annual Report F.Y. 2018-19.</p> <p>During the reporting year, the Company received 113 stakeholder complaints, of which all were resolved as of year-end.</p>
P-2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	<p>We stringently adhere to all internationally accepted standards of product quality, purity, efficacy and safety. Our Pharmacovigilance department maintains processes and systems for collecting and assessing safety information throughout the lifecycle of each product. We are also continually focused on decreasing the environmental impacts of our operations and products. For details, please refer to the 'Product Responsibility' and 'Environmental Footprint Management' sections of our Sustainability Report 2018-19.</p>
P-3	Businesses should promote the wellbeing of all employees	<p>At Glenmark, we believe that our company's success relies on the collective success of our people. It is our employees who help us create a better world each day, living by our motto of enriching lives. We have built a working culture which ensures the safety, well-being and professional growth of all our employees and service providers. We promote continuous development by aligning our employee's career aspirations with our organizational goals. For further details, please refer to 'Workforce Management' section of our Sustainability Report 2018-19.</p> <p>The Company has a recognized workers' union at its Nashik plant and 1% of the permanent workers are its members.</p> <p>No complaints pertaining to child labor, forced labor or involuntary labor were reported in FY 2018-19. 2 complaints related to sexual harassment of women at workplace were received and addressed in the reporting year.</p>
P-4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	<p>All our business activities as well as corporate social responsibility initiatives are guided by the motto of Enriching Lives. These initiatives aim to create a positive impact on the lives of the most disadvantaged and vulnerable sections of the society within India and abroad. For further details, please refer to the 'Contributions to the Community' section of our Sustainability Report 2018-19.</p>
P-5	Businesses should respect and promote human rights	<p>Employee well-being and safety is an important aspect of our business responsibility. We have built a working culture which ensures the safety, well-being and professional growth of all our employees and service providers. We stringently adhere to all local laws in the geographies that we operate. Our policies related to Equal Employment, Anti-Discrimination and Anti-Harassment cover all our employees. For further details, please refer the 'Workforce Management' section of our Sustainability Report 2018-19.</p>
P-6	Business should respect, protect, and make efforts to restore the environment	<p>Protection of the environment and conserving natural resources are key aspects of our business responsibility. We continually seek opportunities to make our processes more resource-efficient, increase the use of renewable energy sources and minimize release of wastes in the environment. Going beyond legal compliance, our Environment, Health &amp; Safety actions seek to implement global best practices within our operations. For details about our environmental initiatives please refer the 'Environmental Footprint Management' section of our Sustainability Report 2018-19.</p> <p>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.</p> <p>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 2018-19.</p>
P-7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	<p>Glenmark proactively participates in discussions at industry forums and policy advocacy on industry issues. For further details please refer the 'About Us' section of our Sustainability Report 2018-19.</p>



Sr. No.	SEBI – BRR Disclosure	Response / Reference
P-8	Businesses should support inclusive growth and equitable development	<p>Enriching Lives is a commitment that we fulfil not only in our business but also beyond our operational boundary. Our ongoing initiatives on child health, access to healthcare, sustainability livelihoods and promotion of aquatic sports continue to create a significant positive impact within our communities. In addition, we have initiated a flagship program to address the problem of indoor pollution by installing smokeless chulhas in rural households. This initiative complements one of our three core therapeutic focus areas and is aimed at addressing respiratory illnesses. As part of the annual Joy of Giving philanthropy festival, our employees continue to champion our efforts through volunteering and monetary contributions to social causes. Further details about our initiatives can be found in the 'Contributions to the Community' section of our Sustainability Report 2018-19.</p>
P-9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	<p>Responsibility towards our customers is well reflected in our stringent and incessant focus on ensuring product safety, leading to patient safety. For further details please refer the 'Product Responsibility' section of our Sustainability Report 2018-19.</p> <p>There are no customer complaints not addressed and are pending as on the end of FY 2018-19. The Company complies with all applicable product labelling standards as per the laws of the land in all the markets that it serves.</p> <p>There are no stakeholder cases pending against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior as of end of FY 2018-19, except for the cases below:</p> <p><b>Case 1:</b></p> <p>On a complaint by a stockist with the CCI in July 2015 against pharma co.'s (including the Company and its C&amp;F agent) and the Trade associations, alleging refusal to supply medicines to the said stockiest in spite of having all valid licenses and documents. CCI ordered the DG to investigate and submit a report. On submission of DG's report, CCI issued notices to the Company and some of its employees to submit their objections to the said Report. Despite having contested DG's claim on merits and having supplied the goods to the said stockist, CCI in its order has found the Company and concerned employees guilty as having contravened provision 3(1) of the Competition Act, 2002 and has levied penalty under the Act. The Company and the concerned employees have filed an appeal before NCLAT against the said Order of the CCI. The Company and its employees have also complied with all preliminary orders passed by the Hon'ble NCLAT.</p> <p><b>Case 2:</b></p> <p>Upon a complaint filed by a stockist against the Chemist &amp; Druggist Association Goa (CDAG), the Company and another pharmaceutical company, alleging refusal to supply them drugs, the CCI passed an order imposing a penalty of ₹10,62,062/- on CDAG. No penalty was imposed on the Company. CDAG's appeal against the said order has been admitted for hearing on merits. Company is a proforma party to the appeal. No prayer has been made against the Company in the appeal. .</p> <p>We undertake regular surveys of consumers and other stakeholders.</p>

Further details of our initiatives are available in the Sustainability Report for FY 2018-19, as required by Regulation 34(2)(f) of the Listing Regulations, which is hosted on the Company's website at [www.glenmarkpharma.com](http://www.glenmarkpharma.com).

# Report on Corporate Governance

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), a Report on Corporate Governance is given below:-

## 1. The Company's Philosophy on Code of Governance:

The Company's philosophy on Code of Governance is aimed at assisting the top management of the Company in 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 Listing Regulations and the Companies Act, 2013. As on 31 March 2019, the Board comprised Eleven Directors, of whom, three were Executive and eight were Non-Executive Directors. The Chairman of the Board is an Executive Director.

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and on the recommendation of Nomination and Remuneration Committee, Ms. Sona Saira Ramasastry (DIN 08398547) has been appointed as Woman Independent Director of the Company through Circular Resolution passed by the Board for a period of 5 (Five) years with effect from 1 April 2019, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting.

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	Category	Relationship with other Directors	No. of Board Meetings attended	No. of other Directorships held #	Committee Membership(s) ##		Other listed entities in which person acting as director & category of Directorship
					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	5	1	2	1	-
Mrs. Cherylann Pinto DIN-00111844	Executive Promoter Group	Daughter of Mrs. B. E. Saldanha and Sister of Mr. Glenn Saldanha	5	-	2	2	-
Mr. V. S. Mani DIN- 01082878	Executive	None	5	1	-	2	-
Mrs. B. E. Saldanha DIN-00007671	Non-Executive Promoter Group	Mother of Mr. Glenn Saldanha and Mrs. Cherylann Pinto	4	-	-	-	-
Mr. Rajesh Desai DIN- 00007960	Non-Executive	None	4	-	-	2	-

Name of the Director	Category	Relationship with other Directors	No. of Board Meetings attended	No. of other Directorships held #	Committee Membership(s) ##		Other listed entities in which person acting as director & category of Directorship
					Chairman	Member	
Mr. D. R. Mehta DIN-01067895	Non-Executive Independent	None	5	5	3	8	1) Jain Irrigation Systems Ltd. (Non Executive & Independent Director) 2) Poly Medicure Ltd. (Non Executive & Independent Director) 3) JMC Projects (India) Ltd. (Non Executive & Independent Director)
Mr. Bernard Munos DIN-05198283	Non-Executive Independent	None	4	-	-	-	-
Mr. J. F. Ribeiro DIN-00047630	Non-Executive Independent	None	5	0	3	-	-
Dr. Brian W. Tempest DIN-00101235	Non-Executive Independent	None	5	-	-	-	-
Mr. Sridhar Gorthi DIN-00035824	Non-Executive Independent	None	3	1	1	5	1) Hathway Cable & Datacom Ltd. (Non Executive & Independent Director)
Mr. Milind Sarwate DIN-00109854	Non-Executive Independent	None	4	7	7	14	1) Mindtree Ltd. (Non Executive & Independent Director) 2) Matrimony.com Ltd. (Non Executive & Independent Director) 3) International Paper APPM Ltd. (Non Executive & Independent Director)

# Includes Directorship(s) in Indian Companies. The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies.

## Membership/Chairmanship of the Audit Committee, Stakeholder's Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Share Transfer Committee and Operations Committee of all Public Limited Companies have been considered.

## b) Details of Board Meetings and Attendance:

During the Financial Year ended 31 March 2019; Five Board Meetings were held on the following dates:

Sr. No.	Date of Meeting	Board Strength	No. of Directors present
1	29 May 2018	11	11
2	10 August 2018	11	9
3	28 September 2018	11	8
4	13 November 2018	11	10
5	14 February 2019	11	11

The gap between two meetings did not exceed one hundred and twenty days.

- i. 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.
- ii. Mr. Glenn Saldanha, Mrs. B. E. Saldanha, Mrs. Cherylann Pinto, Mr. V.S. Mani, Mr. Rajesh Desai, Mr. J. F. Ribeiro, Mr. D. R. Mehta, Dr. Brian Tempest and Mr. Milind Sarwate attended the last Annual General Meeting of the Company held on 28 September 2018.
- iii. Information flow to the Board:-

The Managing Director apprises the Board on the overall performance of the Company. The Board also, inter-alia, reviews the strategy, annual business plan and capital expenditure budgets, compliance reports of the laws applicable to the Company, review of major legal issues, internal financial controls and financial reporting systems, minutes of the Board Meetings of the Company's subsidiary companies, adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions, corporate restructuring, minutes of the Meetings of the Audit and other Committees of the Board.

In addition to the Information required under Regulation 17(7) read with Part A of Schedule II of the Listing Regulations, the Board is kept informed of major events and approvals that are taken wherever necessary.

The Board is also presented with the Operating plans of the businesses for its review, inputs and approval. Likewise, the Quarterly Financial Statements and Annual Financial Statements are first presented to the Audit Committee and subsequently to the Board for its approval. The Agenda papers mentioning the brief details about the items are circulated well in advance to the Board. In some instances documents are tabled during the course of the Board Meetings or Meetings of the Committees of the Board.

The Company has adopted the Glenmark Code of Conduct for Executive Directors, Senior Management Personnel and other Executives of the Company. The Company has received confirmations from the Managing Director as well as Senior Management Personnel regarding compliance of the Code during the year under review. It has also adopted the Glenmark Code of Conduct for Non-Executive Directors of the Company. The Company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the year under review.

In order to reduce paper consumption and maximum utilisation of technology, the Company has adopted a web based application for transmitting the agenda and pre-reads for the Board and Committee meetings. The Directors receive the agenda and pre-reads in electronic form through the application which can be accessed through iPads. The said application is password protected and highly secured.

- iv. 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 Committee of the Board.

#### **Familiarisation programmes for Board:**

The Board members are provided with the necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved, etc.

Quarterly updates on relevant statutory changes are presented to the Board.

The policy on familiarisation programmes as stated above is available on the website of the Company and can be accessed at the web link: [http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/familiarisation\\_programme\\_for\\_independent\\_directors.pdf](http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/familiarisation_programme_for_independent_directors.pdf)

#### **Chart or Matrix setting out skills/expertise/competence of Board:**

The list of core skills/expertise/competencies identified by the Board as required in the context of its business and sector, for it to function effectively and those actually available with the Board:

- a) Pharmaceuticals, Science and Technology: Significant background and knowledge in pharmaceuticals sector, science and technology domain.

- b) Knowledge: Understand the Company's business, policies, culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the pharma industry in which the Company operates.
- c) Finance & Accounts: Ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning, budget management & treasury operations.
- d) Human Resource: Ability to engage, develop, inspire and manage people in an organization so that they help to achieve organizational goals and gain a competitive advantage.

**Meetings of Independent Directors:**

All the Independent Directors of the Company have been appointed as per the provisions of the Act and Listing Regulations. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment have been disclosed on the website of the Company [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

All the Independent Directors have fulfilled the independence criteria as per the requirement of Listing Regulations and as per the opinion of the Board, they are independent of the management.

The Company's Independent Directors meet at least once in every Financial Year without the presence of Executive Directors or management personnel. Such meetings are conducted in an informal environment to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views.

One meeting of the Independent Directors was held during the year.

### 3. Board Committees:

As per the Listing Regulations, the Board has formed the following Committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.

#### 1. Audit Committee:

- The Company has a qualified and independent Audit Committee which has been formed in pursuance of Regulation 18 of the Listing Regulations and Section 177 of the 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 / Review of utilisation of inter-corporate loans / advances and investments.
- k) Valuation of undertakings or assets of the Company, wherever it is necessary.
- l) Evaluation of internal financial controls and risk management systems.
- m) Monitoring the end use of funds raised through public offers and related matters.
- n) Establishment and monitoring of the Vigil Mechanism / Whistle Blower Policy.
- o) Reviewing the statements of significant related party transactions submitted by the management.
- p) Any other matter referred to by the Board.

The terms of reference of this Committee are wide enough covering matters specified in the Companies Act, 2013 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 SEBI and the listing agreements with the Stock Exchanges on which your Company is listed.

Any other duties/ terms of reference for the Audit Committee which are incidental / necessary for the fulfillment of the above mentioned terms of reference would be deemed to be under the purview of the Audit Committee.

Four Audit Committee Meetings were held during the year – 28 May 2018, 9 August 2018, 12 November 2018 and 13 February 2019. Details of the composition and attendance of Members of the Audit Committee during the F.Y. ended 31 March 2019 are as follows:

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

The Chairman & Managing Director, Chief Financial Officer and Cost Auditor are permanent invitees to the Audit Committee Meetings. The Statutory Auditors & Internal Auditors of the Company were present in the Audit Committee meetings held during the year. The Company Secretary officiates as the Secretary to the Committee.

## 2. Stakeholders Relationship Committee:

- The Stakeholders Relationship Committee has the mandate to review and redress Shareholder grievances including complaints related to non-receipt of share certificates, non-receipt of balance sheet, non-receipt of dividend, complaints relating to transfer of shares to IEPF etc. The Committee reviews Shareholders' complaints and resolution thereof.

Four Stakeholders Relationship Committee meetings were held during the year – 29 May 2018, 9 August 2018, 13 November 2018 and 14 February 2019.

- Details of composition and attendance of the Members of the Stakeholders Relationship Committee Meetings during the F.Y. ended 31 March 2019 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

- Details of complaints received and resolved during the year ended 31 March 2019 are as follows:

<b>No. of complaints</b>	<b>2018-2019</b>	<b>2017-2018</b>
Complaints as on 1 April 2018	NIL	NIL
Received	113	174
Resolved	113	174
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 Board has appointed Mr. Harish Kuber (Company Secretary & Compliance Officer) as the Nodal Officer for the purpose of Investor Education and protection Fund (IEPF) Regulations.

- The Company's Registrars & Transfer Agent Karvy Fintech Private Limited (Karvy) had received letters/complaints during the financial year, all of which were replied/resolved to the satisfaction of the Shareholders.

### 3. Nomination and Remuneration Committee:

- The purpose of the Nomination and Remuneration Committee of the Board is to discharge the Board's responsibilities related to Nomination and Remuneration of the Company's Executive/Non-Executive Directors and Senior Management. The Committee has the overall responsibility of approving and evaluating the nomination and remuneration plans, policies and programs for Executive/Non-Executive Directors, Senior Management and Key Managerial Personnel.

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

- The Committee shall identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out performance evaluation of each Director.
- The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Devise a policy on Board diversity.
- Formulate criteria for evaluation of Independent Directors and the Board.

Four Nomination and Remuneration Committee meetings were held during the year - 29 May 2018, 9 August 2018, 13 November 2018 and 14 February 2019.

- Details of composition and attendance of the Members of Nomination and Remuneration Committee during the year ended 31 March 2019 are as under:

<b>Name</b>	<b>No. of meetings</b>		<b>Remarks</b>	<b>Category of Directorship</b>
	<b>Held</b>	<b>Attended</b>		
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 & retaining performers.

- Board Performance Evaluation:

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

The Company has devised a Performance Evaluation Framework and Policy, which sets out the mechanism for the evaluation of the Board and the Directors. During the year, performance evaluation of the Board and the Directors was carried out through an evaluation mechanism in terms of this Policy.

#### 4. Risk Management Committee:

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks as also identify business opportunities. As required under new listing regulations Risk Management Committee monitors and reviews the risk management plan including cyber security. During the year, presentation on cyber security and mitigation plans was made to the Committee.

Three Risk Management Committee meetings were held during the year - 29 May 2018, 10 August 2018 and 14 February 2019.

- Details of composition and attendance of the Members of Risk Management Committee during the F.Y. ended 31 March 2019 are as under:

Name	No. of meetings		Remarks	Category of Directorship
	Held	Attended		
Mr. Glenn Saldanha	3	3	Chairman	Executive Director
Mr. Rajesh Desai	3	3	Member	Non-Executive Director
Mr. D. R. Mehta	3	3	Member	Independent Director
Mr. V. S. Mani*	1	1	Member	Executive Director

\*Appointed as Member with effect from 14 February 2019.

#### 4. Remuneration of Directors: Remuneration Policy:

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees forms an integral part of Board's Report. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

- The Nomination and Remuneration Committee determines and recommends to the Board the compensation payable to the Directors. All Board-level compensation is approved by the Shareholders and separately disclosed in the financial statements. Remuneration of the Executive Directors consists of a fixed component and a performance incentive. The annual compensation of the Executive Directors is approved by the Nomination and Remuneration Committee, within the parameters set by the Shareholders at the Shareholders' meetings.
- The remuneration of the Executive and Non-Executive Directors of your Company is decided by the Board on the terms and conditions as per the recommendation by the Nomination and Remuneration Committee.
- Details of remuneration/ fees/ commission paid to Directors during the F.Y. ended 31 March 2019 are as under:

Sr. No	Name of Director	(₹ In Million)				
		Salaries	Retirement benefits/other reimbursements	Commission	Sitting Fees	Total
		Amount	Amount	Amount	Amount	Amount
1	Mr. Glenn Saldanha	130.63	10.67	15.75	-	157.05
2	Mrs. Cherylann Pinto	34.68	3.78	4.46	-	42.92
3	Mr. V. S. Mani*	36.54	9.06	-	-	45.60
4	Mr. Murali Neelakantan **	7.08	35.99	-	-	43.07
5	Mr. Rajesh Desai	-	-	-	1.00	1.00
6	Mrs. B. E. Saldanha	-	-	-	0.40	0.40
7	Mr. D. R. Mehta	-	-	-	1.60	1.60
8	Mr. Bernard Munos	-	-	-	0.40	0.40
9	Mr. J. F. Ribeiro	-	-	-	1.70	1.70
10	Dr. Brian W. Tempest	-	-	-	0.50	0.50
11	Mr. Sridhar Gorathi	-	-	-	1.10	1.10
12	Mr. Milind Sarwate	-	-	-	1.60	1.60
	<b>TOTAL</b>	<b>208.93</b>	<b>59.50</b>	<b>20.21</b>	<b>8.30</b>	<b>296.94</b>

\* Appointed as Executive Director & Global Chief Financial Officer with effect from 29 May 2018 and President & Global Chief Financial Officer upto 28 May 2018.

\*\* Resigned from the post of Executive Director with effect from 29 May 2018.

Note:

- The Company pays ₹ 1 Lakh as sitting fees per meeting 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 2019 is given below:

Name of the Director	Equity Shares (Nos.)
Mrs. B. E. Saldanha	1,035,122
Mr. D. R. Mehta	NIL
Mr. Bernard Munos	NIL
Mr. J. F. Ribeiro	45,800
Dr. Brian W. Tempest	NIL
Mr. Sridhar Gorthi	559
Mr. Milind Sarwate	NIL
Mr. Rajesh Desai	109,167

## 5. Disclosures by Management:

- No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.
- There were no transactions with the Director or Management, their associates or their relatives, etc. that may have potential conflict with the interest of the Company at large.
- There was no non-compliance during the last three years by the Company on any matter relating to capital market. Consequently, there were neither penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.
- The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism/ Whistle Blower Policy under which the employees are free to report violations of applicable laws 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.
- Company has received certificate from Mr. Surjan Singh Rauthan, proprietor of M/s. S. S. Rauthan & Associates, Company Secretaries stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

**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 Notes of Standalone Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its subsidiaries. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries.

All related party transactions are negotiated on an arms length basis and are intended to further the Company's interests.

The policy on material subsidiary as stated above is also available on the website of the Company and can be accessed at the web link: [http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy\\_on\\_material\\_subsidary.pdf](http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_material_subsidary.pdf)

The policy on Related Party Transactions as stated above is available on the website of the Company and can be accessed at the web link: [http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy\\_on\\_related\\_party\\_transactions\\_and\\_its\\_materiality.pdf](http://www.glenmarkpharma.com/sites/all/themes/glenmark/pdf/governance-policies/policy_on_related_party_transactions_and_its_materiality.pdf)

## Disclosure of Foreign Exchange Risk and Hedging Activities:

The Company is exposed to foreign exchange risks emanating from business, assets and liabilities denominated in foreign currency. In order to hedge this risk, the Company uses forward contracts as hedging instruments from time to time.

## Fees paid to Statutory Auditors:

Consolidated (Holding and its Subsidiaries) total fees paid to Statutory Auditor was ₹ 94.08 million.

## Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, prohibition and redressal) Act, 2013:

- Number of complaints filed during the financial year: 2
- Number of complaints disposed of during the financial year: 2
- Number of complaints pending as on end of the financial year: Nil

## Adoption of Mandatory and Non-Mandatory Requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations.

The status of compliance with the non- mandatory requirements listed in Regulation 27(1) read with Part E of Schedule II of the Listing Regulations are as under:

- The position of the Chairman of the Board and the CEO are same;
- During the year under review, there was 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 2016	12 August 2016 at 11.30 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Yes
31 March 2017	29 September 2017 at 11.00 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Yes
31 March 2018	28 September 2018 at 11.00 a.m.	Sunville Banquet & Conference Hall, 3rd floor, Dr. Annie Besant Road, Worli, Mumbai-400 018.	Yes

- All resolutions moved at the last Annual General Meeting were passed by requisite majority of members by way of e-voting and e-poll.
- Ordinary Resolution passed through Postal Ballot during the FY. 2018-19 : Yes
- During the year, Shareholders approved the transfer of the Company's Active Pharmaceutical Ingredients (API) Business to its wholly owned subsidiary.



## 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 2019, 99.59% of shares have been dematerialised and held in electronic form through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shares of the Company are permitted to be traded only in dematerialised form.

### Shareholding Pattern as at 31 March 2019:

Description	No. of Shareholders	Shares held	% to Equity
Company Promoters	6	131,333,861	46.54
Foreign Portfolio Investors	499	92,034,745	32.62
Resident Individuals	115,108	25,891,759	9.17
Mutual Funds	29	11,794,857	4.18
Financial Institutions/ Banks	37	7,781,107	2.75
Bodies Corporates	979	7,584,322	2.69
Non-Resident Indians	3,584	1,719,141	0.61
Trusts	17	2,922,934	1.04
Clearing Members	156	249,913	0.09
IEPF	1	812,567	0.29
Foreign Nationals	14	42,950	0.02
<b>TOTAL</b>	<b>120,430</b>	<b>282,168,156</b>	<b>100.00</b>

### Distribution Schedule as on 31 March 2019:

Sr. No.	Category From - To	No. of Shareholders	% of Shares	No. of Shares	% of Total Equity
1	1 - 5000	119,483	99.20	16,127,601	5.72
2	5001 - 10000	317	0.26	2,269,671	0.80
3	10001 - 20000	218	0.18	3,182,345	1.12
4	20001 - 30000	75	0.06	1,823,116	0.65
5	30001 - 40000	36	0.03	1,241,228	0.44
6	40001 - 50000	28	0.02	1,247,865	0.44
7	50001 - 100000	89	0.07	6,158,545	2.18
8	100001 and Above	184	0.16	250,117,785	88.65
<b>TOTAL</b>		<b>120,430</b>	<b>100.00</b>	<b>282,168,156</b>	<b>100.00</b>

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

Annual General Meeting shall be held on 27 September 2019 at 11.00 a.m. at Sunville Banquet and Conference Hall, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

- **Financial Calendar (Tentative and Subject to Change):**

Quarter ending	Release of Results
Financial reporting for the first quarter ending 30 June 2019	August 2019
Financial reporting for the second quarter and half year ending 30 September 2019	November 2019
Financial reporting for the third quarter and nine months ending 31 December 2019	February 2020
Financial Results for the year ending 31 March 2020	May 2020

- **Date of Book Closure:** Saturday, 21 September 2019 to Friday, 27 September 2019 (Both days inclusive)

- **Date of declaration of dividend:**

A dividend of ₹ 2/- per share has been recommended by the Board at the meeting held on 29 May 2019 subject to the approval of the Shareholders at the ensuing Annual General Meeting. The dividend shall be paid on or after 1 October 2019.

- **Other Information:**

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 procedures/guidelines available at the website of Ministry of Corporate Affairs: <http://www.iepf.gov.in/>

Information in respect of such unclaimed dividend when due for transfer is given below:

Financial Year Ended	Date of declaration of Dividend	Date of transfer to unpaid/unclaimed dividend account	Last date for claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2012	03.08.2012	03.09.2012	02.09.2019	01.10.2019
31.03.2013	02.08.2013	02.09.2013	01.09.2020	30.09.2020
31.03.2014	25.07.2014	25.08.2014	24.08.2021	23.09.2021
31.03.2015	22.09.2015	22.10.2015	21.10.2022	20.11.2022
31.03.2016	12.08.2016	12.09.2016	11.09.2023	10.10.2023
31.03.2017	29.09.2017	29.10.2017	28.10.2024	27.11.2024
31.03.2018	28.09.2018	28.10.2018	27.10.2025	26.11.2025

Shareholders can check the details of any unclaimed shares and unclaimed dividend on the Company's website, i.e. [www.glenmarkpharma.com](http://www.glenmarkpharma.com) under Dividend/Unclaimed Dividend tab of the Investor Information section.

- **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 had transferred equity Shares to IEPF Account in the month of September 2018.

- **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 are displayed on its website: [www.glenmarkpharma.com](http://www.glenmarkpharma.com)

- **Presentation to Institutional Investors or to Analysts:**

Official news releases and presentations made to Institutional Investors and analysts are posted on the Company's website.

Your Company also regularly provides information to the stock exchanges as per the 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) & The National Stock Exchange of India Ltd. (NSE).
- The Company's Bonds and Notes are listed on Singapore Stock Exchange Ltd.

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

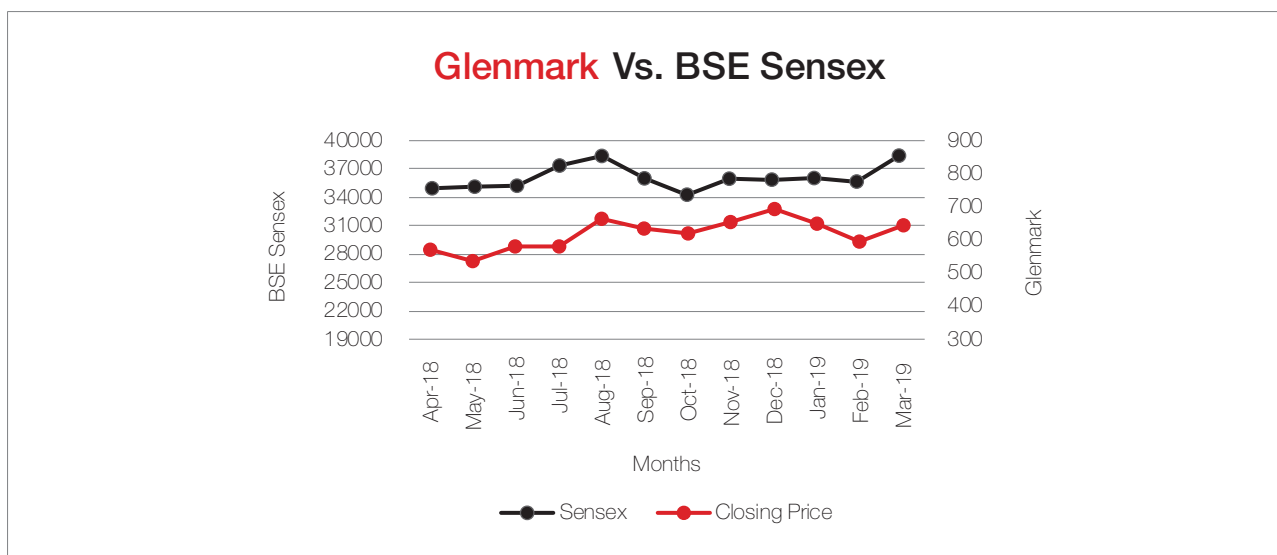
- Listing fee for the year – 2019-20 has been paid to the Stock Exchanges.

• **Market Information:**

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

Month	BSE		NSE	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
Apr-18	589.80	526.95	589.40	525.75
May-18	572.80	483.60	572.95	493.50
Jun-18	613.45	513.10	613.95	514.25
Jul-18	602.85	545.10	602.60	547.15
Aug-18	671.35	570.00	671.60	570.15
Sep-18	711.55	621.75	711.90	619.00
Oct-18	641.25	575.00	642.00	574.25
Nov-18	688.00	614.10	684.90	615.25
Dec-18	706.90	611.00	705.90	610.10
Jan-19	697.40	624.00	697.60	623.75
Feb-19	664.45	555.30	665.00	554.00
Mar-19	667.00	588.20	666.80	587.65

Performance in comparison to broad based indices namely, BSE Sensex.



**10. Corporate Identity Number (CIN):**

The Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is L24299MH1977PLC019982

**11. Plant Locations:**

The Company's plants are located at:

- E 37, MIDC Industrial Area, D Road, Satpur, Nashik – 422 007, Maharashtra
- Plot No. 7 & 9, Colvale Industrial Estate, Bardez – 403 115, Goa
- Unit - I, Village Kishanpura, Baddi-Nalagarh Road, Teh Baddi, Dist. – Solan, Himachal Pradesh – 174 101
- Unit - II, Village Bhattarwala, PO Rajpura, Teh Nalagarh, Dist. – Solan, Himachal Pradesh – 174 101
- Unit - III, Village Kishanpura, Baddi-Nalagarh Road, Dist. – Solan, Himachal Pradesh – 174 101
- Plot No 2, Phase -II, Pharma Zone, Special Economic Zone Area, Pithampur, Indore – 454 775, Madhya Pradesh

- Fibichova 143, 56617, Vysoke Myto, Czech Republic
- Calle 9 Ing Meyer Oks N 593, Parque Industrial Pilar, B1629MX Buenos Aires, Argentina
- Growth Centre, Samlik-Marchak, Dist. - East Sikkim, Sikkim
- Plot No. B-25, Five Star MIDC, Shendra, Dist. - Aurangabad, Maharashtra
- 4147 Goldmine Road, Monroe, NC 28110, USA
- Chemin de la Combeta 5, 2300 La Chaux-de-fonds, Switzerland

## API

- Plot No. B-25, Five Star MIDC, Shendra, Dist. – Aurangabad, Maharashtra

## R & D Centres

- Plot No. A 607, TTC Industrial Area, MIDC Mahape, Vashi, Navi Mumbai – 400 705, Maharashtra
- Chemin de la Combeta 5, 2300 La Chaux-de-fonds, Switzerland
- Plot No. C 152, MIDC Sinnar Industrial Area, Malegaon, Dist. - Nashik – 422 113, Maharashtra
- Plot No. M4, Talaja Industrial area, MIDC Talaja, Taluka Panvel, Dist. Raigad – 410 208, Maharashtra

## Clinical Research Centres

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

## Global Clinical Research Centres

- 461, From Road, Paramus, NJ 07652, USA

## 12. Credit Ratings:

- Fitch Ratings has affirmed Long-Term Issuer Default Rating (IDR) at 'BB', Outlook 'Stable'. The agency also affirmed the rating on Company's USD200 million 4.50% Senior Unsecured Notes issued in 2016 at 'BB'.
- CRISIL has given rating at AA- for credit facilities availed by the Company.
- Company does not have any fixed deposit programme.

## 13. Outstanding GDR'S/ADR'S/Warrants or Any Convertible Instruments Exercised, Date and Likely Impact on Equity:

### • Employee Stock Options Scheme 2003:

During the Financial Year 2018-19, no new options were issued under Employees Stock Options Scheme viz. ESOS' 2003.

As on 1 April 2018, no options were outstanding. As per the ESOP Scheme 2003, the tenure of the Scheme was 15 years from the date of inception i.e. 26 September 2003 which was completed during the year and the scheme stands dissolved.

### • Employee Stock Options Scheme 2016:

The Shareholders of the Company had approved Employee Stock Options Scheme 2016 in August 2016. During the Financial Year 2018-19, 1,11,666 options were issued under Employees Stock Options Scheme viz. ESOS' 2016; 2,21,938 options were cancelled and no options were exercised. As of 31 March 2019, 4,59,414 options were outstanding and are due for exercise.

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



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

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

On 30 November, 2017, the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds (subject to any further adjustments according to conditions) at ₹861.84 as determined in accordance with condition 6.1.3 of the Trust deed. As of 31 March 2019, none of the Bondholders have opted for the conversion option.

On 30 November, 2017, the Company confirmed the fixed exchange rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

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

The Bonds are listed on the Singapore stock exchange.

The FCC Bonds were partially bought back in October 2018 (see note below on buyback)

- **Buy back of the Company's U.S.\$200,000,000 2.00 % resettable onward starting equity-linked securities due 2022:**

In September 2018, The Company approved the launch of buyback of FCC Bonds ("Buyback FCCBs") from existing holders of FCC Bonds ("Buyback Bondholders") and MUFG Securities Asia Limited and J. P. Morgan Securities Limited were appointed as dealer managers, on behalf of the Company to buyback FCC Bonds at a buyback price of 105% of the principal amount outstanding (being U.S.\$ 262,500 for each U.S.\$ 250,000 of FCC Bonds), up to an aggregate purchase price of U.S.\$ 100 million plus accrued and unpaid interest per FCC Bond. In October 2018, The Company agreed to buyback U.S.\$ 86.5mn in aggregate principal amount (representing 346 FCC Bonds in number of U.S.\$ 250,000 denomination for each FCC Bond) of the FCC Bonds. These Buyback FCCBs represented 43.25% of the aggregate FCC Bonds. On the closing/settlement date, the Company paid an aggregate purchase price of U.S.\$ 90,825,000 for the Buyback FCCBs, plus accrued but unpaid interest. Following settlement, U.S.\$ 113.5mn in aggregate principal amount of FCC Bonds remained outstanding. The Company undertook buyback to monetize the opportunity available to reduce the external debt. Buyback FCCBs bought back by the Company got cancelled by the Company. The remaining FCC Bonds that have not been bought back by the Company remains outstanding. The Company utilised proceeds from an unsecured external commercial borrowing facility of up to U.S.\$100 million ("ECB Facility") from MUFG Bank, Ltd., Singapore Branch, to refinance such FCC Bonds. The Company has obtained a loan registration number ("LRN") from the Reserve Bank of India in this respect.

### **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.

### **U.S. \$ 90,825,000, ECB Facility (Notes) :**

Company has obtained loan registration number ("LRN") from RBI to raise an ECB Facility to the extent of US\$ 100 Mn. In October 2018, the Facility for US\$ 90,825,000 was raised and the proceeds were utilized for the purpose of repurchasing the FCC Bonds. The ECB Facility was raised from MUFG Bank Singapore with a maturity of 5 years. The interest rate for the first 3 years is 4.956% p.a and the interest for the subsequent 2 years is 5.25% p.a

## 14.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.

## 15.Code for prevention of Insider Trading:

We have comprehensive guidelines on Prevention of Insider Trading. The guidelines are in compliance with the SEBI Regulation on prevention of Insider Trading.

## 16.Investor Helpdesk for clarifications / assistance, if any, please contact:

	<b>Corporate Office</b>	<b>Registrars &amp; Transfer Agents</b>
Persons to contact	Mr. Harish Kuber	Mr. V. Rajendra Prasad
Address	Glenmark Pharmaceuticals Limited Glenmark House, B. D. Sawant Marg, Chakala, Off. Western Express Highway, Andheri (E), Mumbai 400 099.	Karvy Fintech 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 accordance with Regulation 26(3) and Schedule V of the 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 2019.

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director  
(DIN 00050607)

Place: Mumbai  
Date: 29 May 2019

## Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on Financial Statements of the Company

We, Glenn Saldanha, Chairman & Managing Director and V S Mani, Executive Director & Global Chief Financial Officer, of Glenmark Pharmaceuticals Ltd., certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining the internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - iii) During the year there were no instances of fraud which we have become aware. The management and its employees have a significant role in the Company's internal control system over financial reporting.

Place: Mumbai  
Date: 29 May 2019

**Glenn Saldanha**  
Chairman & Managing Director  
DIN: 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN: 01082878

## 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, 2019, as prescribed in regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paras C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations).

We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. S. Rauthan & Associates  
Company Secretaries  
Firm Registration No.:S1999MH026900

**Surjan Singh Rauthan**  
Proprietor  
FCS No 4807  
COP No 3233

Place: Mumbai  
Date : 29 May 2019

# Practicing Company Secretary's Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of

**Glenmark Pharmaceuticals Limited**

On the basis of the written representation/declaration received from the Directors and taken on record by the Board, as on 31st March, 2019, none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

For S. S. Rauthan & Associates  
Company Secretaries  
Firm Registration No.:S1999MH026900

**Surjan Singh Rauthan**

Proprietor  
FCS No 4807  
COP No 3233

Place: Mumbai

Date : 29 May 2019

# Independent Auditor’s Report

To the Members of Glenmark Pharmaceuticals Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Glenmark Pharmaceuticals Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2019 ('the current period'). These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of investment in and loans to subsidiaries:</b></p> <p>The Company has investments in subsidiaries of ₹ 32,391.70 million as at 31 March 2019, being carried at cost in accordance with Ind AS 27, Separate Financial Statements. Further, the Company has loans receivable of ₹ 62,639.26 million from subsidiaries outstanding as at 31 March 2019. Refer note 5 to the standalone financial statements. The Company assesses the recoverable amount of each investment and loan when impairment indicators exist by comparing the fair value and carrying amount of the investment as on the reporting date and reviewing the business plans to determine if there would be sufficient cash flows to repay the loans.</p>	<p><b>Our audit included, but was not limited to, the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Obtained understanding of management's process for identification of indicators of impairment and tested the design and operating effectiveness of internal controls over such identification and impairment measurement of identified investments and loans;</li> <li>• Evaluated the design and tested the operating effectiveness of key controls around fair valuation of investments and cash flow projections;</li> <li>• Reconciled the cash flows to the business plans approved by the respective Board of Directors of each of the subsidiaries;</li> </ul>



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**Key audit matter**

The recoverable amount of the aforesaid investments in and loans receivable from each subsidiary has been determined by the management using discounted cash flow ("DCF") valuation method on the business plans for each subsidiary. This assessment is complex and requires estimation and judgment around the assumptions used therein. The key assumptions underpinning management's assessment of the recoverable amounts include, but are not limited to projections of future cash flows, revenue growth rates, terminal values, operating profit margins, estimated future operating and capital expenditure, external market conditions and the discount rates. Changes to these assumptions could lead to material changes in estimated recoverable amounts, resulting in consequent accounting implications for the impairment of investments and loans to the subsidiary.

**How our audit addressed the key audit matter**

- Assessed the appropriateness of valuation methodologies used by the management, and evaluated and challenged management's assumptions such as implied growth rates during explicit period, terminal growth rate, targeted savings and discount rate, and operating margins, for their appropriateness based on our understanding of the business of the respective subsidiaries, past results and external factors such as industry trends, probability of success of molecules and industry forecasts;
- Obtained and evaluated sensitivity analysis performed by the management on key assumptions of implied growth rates during explicit period, terminal growth rate and discount rate;
- Tested the mathematical accuracy of the management computations with regard to cash flows and sensitivity analysis;
- Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amounts of investments and loans receivables from respective subsidiaries to evaluate sufficiency of headroom between recoverable values and carrying amounts;
- Compared the estimate made in the prior year to the actual performance for the current year;
- Involved auditor's experts to assess the appropriateness of the valuation methodologies used by the management.

Evaluated the adequacy of disclosures given in the standalone financial statements in accordance with applicable accounting standards.

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**Information other than the Financial Statements and Auditor's Report thereon**

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Standalone Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

15. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
16. 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.
17. 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 2019 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 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 29 May 2019 as per Annexure B expressed unmodified opinion;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note 30 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2019

## Annexure A

### Annexure A to 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 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone 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 property, plant and equipment.
  - (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment 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 property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties owned by the Company (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 loans to wholly owned subsidiaries covered in the register maintained under Section 189 of the Act; and with respect to the same:
    - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest;
    - (b) the schedule of repayment of principal and interest has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount and interest is regular;
- (c) there is no overdue amount in respect of loans granted to such companies.
  - (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security given.
  - (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
  - (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under 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, goods and service 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 become payable.
  - (b) There are no dues in respect of sales tax and duty of customs that have not been deposited with the appropriate authorities on account of any dispute, The dues outstanding in respect of income tax, 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 related	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	49.23	-	2004-05	High Court, Mumbai
		5.49	5.49	2007-08	The Supreme Court of India
		500.44	-	2010-11 to 2012-13	Income Tax Appellate Tribunal
		752.03	-	2005-06 to 2014-15	Commissioner of Income Tax (Appeal)
Gujarat Vat Act, 2005	Value Added	129.14	-	2011-12 to 2014-15	JCCT (A), Gujarat
Goa Vat Act, 2005	Tax	4.78	-	2012-13 to 2014-15	ACCT (A), Goa
The Central Excise Act, 1944	Excise Duty	15.75	15.75	2013-14 to 2015-16	Joint Secretary, GOI, MOF, Dept of Revenue
		1.58	1.58	2012-13 to 2018-19	Commissioner of Central Excise (Appeal)
		10.86	10.86	2004-05 to 2005-06	Customs, Excise, and Service Tax Appellate Tribunal (CESTAT)
The Finance Act, 1994	Service Tax	4.97	0.37	2012-13 to 2014-15	Commissioner of Central Tax (Appeal)
		67.62	5.07	2018-19	Customs, Excise, and Service Tax Appellate Tribunal (CESTAT)

(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

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2019



## Annexure B

### Annexure B to the Independent Auditor's Report of even date to the members of Glenmark Pharmaceuticals Limited on the Standalone Financial Statements for the year ended 31st March 2019

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 at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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.

#### Auditor's 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 ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the guidance Note issued by the ICAI. Those Standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes 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 include 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 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 Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, 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 issued by the ICAI.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2019

# Standalone BALANCE SHEET

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

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	13,081.67	15,766.49
Capital work-in-progress	3	2,091.79	3,540.42
Intangible assets	4	1,053.16	1,224.73
Intangible assets under development	4	770.16	656.33
Financial assets	5		
i. Investments		32,687.52	32,126.84
ii. Loans		62,639.26	33,028.48
iii. Other financial assets		368.01	380.91
Deferred tax assets (net)	6	7,121.33	6,606.15
Other non-current assets	7	202.54	565.85
<b>Total non-current assets</b>		<b>120,015.44</b>	<b>93,896.20</b>
<b>Current assets</b>			
Inventories	8	9,112.09	11,111.80
Financial assets	9		
i. Trade receivables		20,871.31	38,289.08
ii. Cash and cash equivalents		2,549.97	1,760.47
iii. Bank balances other than cash and cash equivalents		14.87	13.35
iv. Other financial assets		13,123.42	1,937.10
Other current assets	10	5,739.87	5,640.71
<b>Total current assets</b>		<b>51,411.53</b>	<b>58,752.51</b>
<b>Total assets</b>		<b>171,426.97</b>	<b>152,648.71</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11 & 12	282.17	282.17
Other equity	B	119,138.72	103,632.24
<b>Total equity</b>		<b>119,420.89</b>	<b>103,914.41</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities	13		
i. Borrowings		28,314.52	26,860.29
ii. Other financial liabilities		885.06	26.00
<b>Total non-current liabilities</b>		<b>29,199.58</b>	<b>26,886.29</b>
<b>Current liabilities</b>			
Financial liabilities	14		
i. Borrowings		3,030.30	2,950.44
ii. Trade payables			
- Total outstanding dues of Micro enterprises and Small enterprises		889.07	978.25
- Total outstanding dues of other than Micro enterprises and Small enterprises		15,787.57	14,571.28
iii. Other current financial liabilities		1,412.12	1,848.86
Other current liabilities	15	469.90	567.19
Provisions	16	853.30	783.58
Current tax liabilities	17	364.24	148.41
<b>Total current liabilities</b>		<b>22,806.50</b>	<b>21,848.01</b>
<b>Total liabilities</b>		<b>52,006.08</b>	<b>48,734.30</b>
<b>Total equity and liabilities</b>		<b>171,426.97</b>	<b>152,648.71</b>

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Standalone STATEMENT OF PROFIT AND LOSS

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

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	18	63,048.67	55,442.08
Other income	19	4,756.14	1,799.92
<b>Total income</b>		<b>67,804.81</b>	<b>57,242.00</b>
<b>Expenses</b>			
Cost of materials consumed	20	15,858.51	16,480.25
Purchases of stock-in-trade	21	3,012.95	2,881.77
Changes in inventories of work-in-process, stock-in-trade and finished goods	22	4,718.11	1,397.14
Employee benefit expense	23	9,699.80	8,956.71
Finance costs	24	2,238.14	1,908.98
Depreciation and amortisation expense	3 & 4	1,062.79	959.27
Other expenses	25	16,484.52	14,716.17
<b>Total expenses</b>		<b>53,074.82</b>	<b>47,300.29</b>
Profit before exceptional items and tax		14,729.99	9,941.71
Exceptional items	39	3,451.85	-
Profit before tax from continuing operations		18,181.84	9,941.71
<b>Tax expense</b>			
Current tax	6	3,834.95	2,018.21
Deferred tax		(536.14)	(735.11)
<b>Total tax expense</b>		<b>3,298.81</b>	<b>1,283.10</b>
<b>Profit for the year from continuing operations</b>		<b>14,883.03</b>	<b>8,658.61</b>
<b>Profit before tax from discontinued operations</b>		<b>2,028.34</b>	<b>2,246.54</b>
Tax expense of discontinued operations			
Current tax		650.29	688.56
Deferred tax		39.96	73.12
<b>Profit from discontinued operations</b>		<b>1,338.09</b>	<b>1,484.86</b>
<b>Profit for the year</b>		<b>16,221.12</b>	<b>10,143.47</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement of the post-employment benefit obligation	26	(54.38)	(10.20)
- Income tax relating to the above		19.00	3.53
Other comprehensive income / (loss) for the year		<b>(35.38)</b>	<b>(6.67)</b>
<b>Total comprehensive income for the year</b>		<b>16,185.74</b>	<b>10,136.80</b>
<b>Earnings per equity share of ₹ 1 each for profit from continuing operations</b>	29		
Basic (in ₹)		52.75	30.69
Diluted (in ₹)		52.75	30.69
<b>Earnings per equity share of ₹ 1 each for profit from discontinued operations</b>			
Basic (in ₹)		4.74	5.26
Diluted (in ₹)		4.74	5.26
<b>Earnings per equity share of ₹ 1 each for profit from continuing and discontinued operations</b>			
Basic (in ₹)		57.49	35.95
Diluted (in ₹)		57.49	35.95

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Standalone STATEMENT OF CHANGES IN EQUITY

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

## A Equity share capital

Particulars	Amount
<b>Balance as at 1 April 2017</b>	
Equity share capital	282.17
- Shares issued during the year	-
<b>Balance as at 31 March 2018</b>	282.17
- Shares issued during the year	-
<b>Balance as at 31 March 2019</b>	282.17

Refer notes 11 and 12 for details on equity share capital

## B Other equity

	Reserves and Surplus						Total
	Securities premium	Capital reserve	Capital redemption reserve	Stock compensation reserve	General reserve	Retained earnings	
<b>Balance as at 1 April 2018</b>	16,853.60	1.00	200.00	105.08	1,384.18	85,088.38	103,632.24
Profit for the year	-	-	-	-	-	16,221.12	16,221.12
Other comprehensive income - Remeasurement of the net defined benefit plans (net of tax) (refer note 26)	-	-	-	-	-	(35.38)	(35.38)
Total comprehensive income for the year	-	-	-	-	-	16,185.74	16,185.74
Dividends to equity shareholders (including dividend distribution tax) (refer note 11 & 36)	-	-	-	-	-	(680.33)	(680.33)
Employee share based compensation expense (refer note 12(VI))	-	-	-	1.07	-	-	1.07
	-	-	-	1.07	-	(680.33)	(679.26)
<b>Balance as at 31 March 2019</b>	16,853.60	1.00	200.00	106.15	1,384.18	100,593.79	119,138.72

	Reserves and Surplus						Total
	Securities premium	Capital reserve	Capital redemption reserve	Stock compensation reserve	General reserve	Retained earnings	
<b>Balance as at 1 April 2017</b>	16,853.60	1.00	200.00	14.44	1,384.18	75,630.80	94,084.02
Profit for the year	-	-	-	-	-	10,143.47	10,143.47
Other comprehensive income - Remeasurement of the net defined benefit plans (net of tax) (refer note 26)	-	-	-	-	-	(6.67)	(6.67)
Total comprehensive income for the year	-	-	-	-	-	10,136.80	10,136.80
Dividends to equity shareholders (including dividend distribution tax) (refer note 11 & 36)	-	-	-	-	-	(679.22)	(679.22)
Employee share based compensation expense (refer note 12(VI))	-	-	-	90.64	-	-	90.64
	-	-	-	90.64	-	(679.22)	(588.58)
<b>Balance as at 31 March 2018</b>	16,853.60	1.00	200.00	105.08	1,384.18	85,088.38	103,632.24

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Standalone STATEMENT OF CASH FLOWS

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

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. Cash flow from operating activities</b>		
Profit before tax from		
- Continuing operations	18,181.84	9,941.71
- Discontinued operations	2,028.34	2,246.54
Adjustments for:		
Depreciation and amortisation expenses	1,247.05	1,182.04
Finance costs	2,238.14	1,908.98
Interest income	(2,106.44)	(1,780.86)
Income from investments - dividends	(7.03)	(7.72)
Loss on sale of Property, plant and equipments	9.08	27.49
Employee share based compensation expense	1.07	90.64
Provision for bad and doubtful debts/ expected credit losses	295.00	41.50
Provision for gratuity and compensated absence	206.18	154.51
Provision for sales returns	80.00	320.00
Exceptional item (refer note 39)	(3,451.85)	-
Gain on extinguishment of FCCB liability	(153.72)	-
Unrealised foreign exchange (gain)	(1,904.98)	(599.88)
<b>Operating profit before working capital changes</b>	<b>16,662.68</b>	<b>13,524.95</b>
Adjustments for changes in working capital :		
- Decrease in trade receivables	13,903.66	393.93
- Increase in other receivables	(499.42)	(929.23)
- Decrease/(Increase) in inventories	(4,913.55)	338.75
- Increase in trade and other payables	3,727.11	829.47
<b>Cash generated from operations</b>	<b>28,880.48</b>	<b>14,157.87</b>
- Taxes paid (net of refunds)	(3,984.65)	(2,920.71)
<b>Net cash generated from operating activities</b>	<b>24,895.83</b>	<b>11,237.16</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Property, plant and equipment and Intangible assets (including Capital work in progress)	(2,448.12)	(3,901.38)
Proceeds from sale of Property, plant and equipment and Intangible assets	8.31	12.53
Investments in subsidiaries	(169.31)	(199.95)
Other investment made	(150.00)	-
Loans to subsidiaries (net)	(26,645.22)	(7,962.03)
(Increase) in bank deposits and margin money	(53.85)	(2.03)
Share application money paid	(144.62)	(193.14)
Proceeds from sale of Orthopaedic and Pain management India business (net)	6,218.89	-
Interest received	820.84	867.07
Dividend received	7.03	7.72
<b>Net cash used in investing activities</b>	<b>(22,556.05)</b>	<b>(11,371.21)</b>



# Standalone STATEMENT OF CASH FLOWS

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

	Year ended 31 March 2019	Year ended 31 March 2018
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	6,695.81	-
Buy back of long-term borrowings (FCCB)	(5,884.48)	-
Proceeds from short-term borrowings (net)	117.36	1,022.69
FCCB premium paid on buyback	(318.85)	-
Interest paid	(1,482.09)	(959.62)
Dividend paid (including dividend distribution tax)	(678.81)	(678.82)
<b>Net cash (used in) from financing activities</b>	<b>(1,551.06)</b>	<b>(615.75)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>788.72</b>	<b>(749.80)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>1,760.47</b>	<b>2,508.82</b>
Exchange fluctuation on cash and cash equivalent	1.59	1.45
<b>Cash balance transferred to Discontinued operations</b>	<b>(0.81)</b>	<b>-</b>
<b>Closing balance of cash and cash equivalents</b>	<b>2,549.97</b>	<b>1,760.47</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	7.69	5.77
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	2,542.28	1,754.70
	<b>2,549.97</b>	<b>1,760.47</b>

## Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- Figures in bracket indicate cash outflow.
- Loan given to subsidiary amounted to ₹ Nil (2018 - ₹ 13,012.33) converted into Investment during the year (refer note 27)
- Non-cash activities: Settlement of proceeds from sale of discontinued operation (refer note 40)
- Reconciliation of Financing Activities

Particulars	As at 31 March 2018	Borrowings made during the year	Amount buy back* / repaid during the year	FCCB premium and Issue cost	Exchange difference	As at 31 March 2019
Long term borrowings	26,860.29	6,695.81	(5,884.48)	353.42	289.48	28,314.52
Short term borrowings	2,950.44	117.36	-	-	(37.50)	3,030.30

\*Refer note 13 on buy back of foreign currency convertible bonds (FCCB)

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

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership Number - 504662

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Standalone 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's research and development facilities are located at Mahape, Sinner, Turbhe and Talaja in India and manufacturing facilities are located at Nasik, Colvale, Baddi, Nalagarh, Sikkim, Indore and Aurangabad.

The Company's shares are listed on BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

### 2. Basis of Preparation and Measurement and Summary of Significant Accounting Policies

**2.1** The standalone financial statements (financial statements) of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The significant accounting policies that are used in the preparation of these financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the financial statements.

The preparation of these financial statements in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to these financial statements are disclosed in 3 and 3.1.

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

### 2.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in 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 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.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## 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

### Applicable upto 31 March 2018

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade discounts and allowances, but inclusive of excise duty (up to 30th June, 2017). Revenue includes shipping and handling costs billed to the customer.

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates.

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers. Significant risks and rewards in respect of ownership of active pharmaceutical ingredients are transferred upon delivery of the products to the customers.

Revenue from contract research is recognised in statement of profit and loss when right to receive a non-refundable payment from out-licensing partner is established and such non-refundable amount is representative of work already done by the Company.

## Services

Revenue from services rendered is recognised in statement of profit and loss over the period the underlying services are performed.

## Export entitlements

Export entitlements from government authorities are recognised in the statement of profit and loss when the right to receive incentive as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## Other income

Other income consists of interest income on funds invested in financial assets, dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in statement of profit and loss, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

## Applicable with effect from 01 April 2018

The Company has applied Ind AS 115 'Revenue from contracts with customers' with effect from 1 April 2018. Ind AS 115 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations are satisfied.

The Company adopted Ind AS applying the modified retrospective approach. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

Company receives revenue for supply of goods to external customers against orders received. The majority of contracts that Company enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical and consumer healthcare products. The average duration of a sales order is less than 12 months.

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

is determined by each customer arrangement, but generally occurs on delivery to the customer.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

Company enters into development and marketing collaborations and out-licences of the Company's compounds or products to other parties. These contracts give rise to fixed and variable consideration from upfront payments, development milestones, sales-based milestones and royalties. Income dependent on the achievement of a development milestone is recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, which is usually when the related event occurs. Sales-based milestone income is recognised when it is highly probable that the sales threshold will be reached.

Sales-based royalties on a licence of intellectual property are not recognised until the relevant product sale occurs. If the time between the recognition of revenue and payment from the customer is expected to be more than one year and the impact is material, the amount of consideration is discounted using appropriate discount rates.

Goods and Service Tax and other value added taxes are excluded from revenue.

## 2.5 Property, plant and equipment

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the statement of profit and loss".

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, its cost can be measured reliably and it has a useful life of atleast twelve months. The costs of other repairs and maintenance are recognised in the statement of profit and loss as incurred.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### Depreciation

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The below given useful lives best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

#### The estimated useful lives are as follows:

Factory and other buildings	26 - 61 years
Plant and machinery	1 - 21 years
Furniture, fixtures and office equipment	1 - 10 years
Vehicles	1- 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## 2.6 Borrowing costs

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported under 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

## 2.7 Intangible assets

### Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Company and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of profit and loss as incurred.

The Company's internal drug development expenditure is capitalised only if they meet the recognition criteria as mentioned above. Where uncertainties exist that the said criteria may not be met, the expenditure is recognised in the statement of profit and loss as incurred. Where the recognition criteria are met, intangible assets are recognised. Based on the management estimate of the useful lives, indefinite useful life assets are tested for impairment and assets with limited life amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licensed to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

Payments to in-license products and compounds from third parties generally taking the form of up-front payments and

milestones are capitalised and amortised on a straight-line basis, over their useful economic lives from when the asset is available for use. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

### De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in the statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the statement of profit and loss.

### Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, are capitalised. Subsequent costs are charged to the statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software.

### Amortisation

Amortisation of intangible assets, intangible assets not available for use and intangible assets having indeterminable life, is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

The estimated useful lives of intangible assets are 1 - 10 years.



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## 2.8 Impairment Testing of property, plant and equipment, and intangible assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.9 Investments and financial assets

### Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### 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

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other income/expenses. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other income/expenses in the period in which it arises. Interest income from these financial assets is included in other income.

## Measurement of equity instruments

The Company subsequently measures all equity investments other than those elected to be at cost under Ind AS 27 at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the statement of profit and loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

- 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.

Company present the hybrid contract in balance sheet as a single contractual arrangement. The embedded derivative component is classified as at FVTPL for measurement purposes; the host contract, as a financial liability is measured at amortised cost using the effective interest method.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial recognition is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit and loss. The gain / loss is recognised in other equity in case of transaction with shareholders. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach."

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

## 2.11 Inventories

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, raw material, packing material are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product

discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

## 2.12 Accounting for income taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
- Taxable temporary differences relating to investments in subsidiaries to the extent the Company is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised/ settled simultaneously.

## 2.13 Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

### Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### Land acquired on long term leases

The Company has capitalised the land acquired on long term lease. Such leases are acquired on payment of an upfront amount and do not carry any other minimum lease payments/ other rentals over the lease term. The asset is initially recognised at the value of the upfront premium/charges paid to acquire the lease.

### Operating leases

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of profit and loss over the term of the lease.

## 2.14 Equity

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Securities premium includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from Securities premium, net of any related income tax benefits.

Retained earnings include all current and prior period results, as disclosed in the statement of profit and loss.

## 2.15 Employee benefits

### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the statement of profit and loss as incurred.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

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
- Remeasurement of the net defined benefit liability/ (asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the statement of profit and loss in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments.

Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the statement of profit and loss.

## Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the

Company's policy and receive cash in lieu thereof. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the date of the balance sheet. Such measurement is based on actuarial valuation as at the date of the balance sheet carried out by a qualified actuary.

## Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 2.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cashflows 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 up to the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## 2.17 Share based compensation

All employee services received in exchange for the grant of any equity-settled share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the statement of profit and loss with a corresponding credit to equity (Stock compensation reserve). If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as Securities premium.

## 2.18 Discontinued Operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

## 3. Critical Accounting Estimates and Significant Judgement in Applying Accounting Policies

When preparing these financial statements, management undertakes a number of judgments', estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Company's accounting policies, the following judgments have been made apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statement. Judgements are based on the information available at the date of balance sheet.

### Leases

The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Company has also used Appendix C to Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- b) the arrangement conveys a right to use the asset.

### Deferred tax

The assessment of the probability of future taxable profit in which deferred tax assets can be 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 utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

### Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

## 3.1 Estimation Uncertainty

The preparation of these financial statements is in conformity with Ind AS and requires the application of judgment by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimates of life of various tangible and intangible assets, and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

### Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. The useful life are specified in note 2.5 and 2.7

### Post-employment benefits

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans such estimates are subject to significant uncertainty.

### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions

that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

### Current and deferred income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

### Expected credit loss

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables.
- ii Financial assets measured at amortised cost other than trade receivables.

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance."

The financial statements have been prepared using the measurement basis specified by Ind AS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## Note 2 - Standards issued but not yet effective:

### Ind AS 116 – Leases

On 30 March 2019, the Ministry of Corporate Affairs issued Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as at annual periods beginning on or after 1 April 2019.

The Company will adopt this standard using modified retrospective method effective 1 April 2019, and accordingly, the comparative for year ended 31 March 2018 and 2019, will not be retrospectively

adjusted. The Company has elected certain available practical expedients on transition.

### Appendix C to Ind AS 12 - Uncertainty over income tax treatments

On 30 March 2019, Ministry of Corporate Affairs issued Appendix C to Ind AS 12, which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The effective date for adoption of Appendix C to Ind AS 12 is 1 April 2019. The Company will apply Appendix C to Ind AS 12 prospectively from the effective date and the effect on adoption of Ind AS 12 on the financial statement is insignificant.

### Amendment to Ind AS 12 – Income Taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The effective date of these amendments is annual periods beginning on or after 1 April 2019. The Company is currently assessing the impact of this amendment on the Company's financial statements.

### Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. These amendments are effective for annual reporting periods beginning on or after 1 April 2019. The Company will apply the amendment from the effective date and the effect on adoption of the amendment on the financial statement is insignificant.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 3- Property, Plant and Equipment

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
<b>Balance as at 1 April 2018</b>	50.27	405.18	5,477.00	671.73	13,969.47	1,080.77	199.40	57.03	21,910.85	3,540.42
- Acquisitions	-	-	990.06	29.17	1,729.64	143.60	24.19	16.27	2,932.93	1,153.82
- Disposals/Transfers	-	(149.07)	(1,641.61)	(3.96)	(4,163.17)	(174.33)	(23.51)	(16.46)	(6,172.10)	(2,602.45)
<b>Balance as at 31 March 2019</b>	50.27	256.11	4,825.45	696.95	11,535.94	1,050.04	200.08	56.84	18,671.68	2,091.79
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2018</b>	-	59.55	686.59	112.12	4,396.23	701.11	150.63	38.13	6,144.36	
- Depreciation charge for the year	-	6.31	93.37	11.88	818.61	90.72	16.25	6.13	1,043.27	
- Disposals/Transfers	-	(28.08)	(178.75)	(0.72)	(1,267.41)	(93.05)	(14.16)	(15.45)	(1,597.62)	
<b>Balance as at 31 March 2019</b>	-	37.78	601.21	123.28	3,947.43	698.78	152.72	28.81	5,590.01	
<b>Carrying value</b>										
As at 1 April 2018	50.27	345.63	4,790.41	559.61	9,573.24	379.66	48.77	18.90	15,766.49	3,540.42
<b>As at 31 March 2019</b>	50.27	218.33	4,224.24	573.67	7,588.51	351.26	47.36	28.03	13,081.67	2,091.79
Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & Equipment	Furniture and fixture	Office Equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
<b>Balance as at 1 April 2017</b>	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
- Acquisitions	-	-	624.13	15.97	1,316.90	81.59	30.72	11.55	2,080.86	2,421.94
- Disposals/Transfers	-	-	(4.39)	-	(93.47)	(4.47)	(5.53)	(8.42)	(116.28)	(1,232.87)
<b>Balance as at 31 March 2018</b>	50.27	405.18	5,477.00	671.73	13,969.47	1,080.77	199.40	57.03	21,910.85	3,540.42
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2017</b>	-	52.47	599.66	100.49	3,684.16	622.84	142.76	38.93	5,241.31	
- Depreciation charge for the year	-	7.08	87.71	11.63	772.93	81.34	13.20	5.99	979.88	
- Disposals/Transfers	-	-	(0.78)	-	(60.86)	(3.07)	(6.33)	(6.79)	(76.83)	
<b>Balance as at 31 March 2018</b>	-	59.55	686.59	112.12	4,396.23	701.11	150.63	38.13	6,144.36	
<b>Carrying value</b>										
As at 1 April 2017	50.27	352.71	4,257.60	555.27	9,061.88	380.81	31.45	14.97	14,704.96	2,351.35
<b>As at 31 March 2018</b>	50.27	345.63	4,790.41	559.61	9,573.24	379.66	48.77	18.90	15,766.49	3,540.42

- Refer note 14(i) for details of assets pledged against borrowings.

- Addition to Property, Plant and Equipment includes capital expenditure of ₹ 135.62 (2018 - ₹ 111.82) incurred at approved R&D centres.

- Additions include borrowing costs capitalised of ₹ 50.90 (2018- ₹63.10 ). The borrowing costs have been capitalised at a weighted average rate of 5.24% (2018-5.10%).

- Disposals include assets transferred as part of the sale of Active Pharmaceutical Ingredients (API) business to its wholly owned subsidiary, Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited) (Refer note 40)

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 4- Intangible Asset

Intangible assets comprise the following

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
<b>Cost</b>				
<b>Balance as at 1 April 2018</b>	<b>1,346.77</b>	<b>2,559.88</b>	<b>3,906.65</b>	<b>656.33</b>
- Additions	98.06	-	98.06	119.76
- Disposals/transfers	(29.37)	(46.01)	(75.38)	(5.93)
<b>Balance as at 31 March 2019</b>	<b>1,415.46</b>	<b>2,513.87</b>	<b>3,929.33</b>	<b>770.16</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2018</b>	<b>788.70</b>	<b>1,893.22</b>	<b>2,681.92</b>	<b>-</b>
- Amortisation for the year	201.95	1.83	203.78	-
- on disposals/transfers	(9.53)	-	(9.53)	-
<b>Balance as at 31 March 2019</b>	<b>981.12</b>	<b>1,895.05</b>	<b>2,876.17</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2018	558.07	666.66	1,224.73	656.33
<b>As at 31 March 2019</b>	<b>434.34</b>	<b>618.82</b>	<b>1,053.16</b>	<b>770.16</b>

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
<b>Cost</b>				
<b>Balance as at 1 April 2017</b>	<b>1,186.67</b>	<b>2,552.39</b>	<b>3,739.06</b>	<b>355.24</b>
- Additions	161.23	7.49	168.72	313.14
- Disposals/transfers	(1.13)	-	(1.13)	(12.05)
<b>Balance as at 31 March 2018</b>	<b>1,346.77</b>	<b>2,559.88</b>	<b>3,906.65</b>	<b>656.33</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2017</b>	<b>588.28</b>	<b>1,892.04</b>	<b>2,480.32</b>	<b>-</b>
- Amortisation for the year	200.98	1.18	202.16	-
- on disposals/transfers	(0.56)	-	(0.56)	-
<b>Balance as at 31 March 2018</b>	<b>788.70</b>	<b>1,893.22</b>	<b>2,681.92</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2017	598.39	660.35	1,258.74	355.24
<b>As at 31 March 2018</b>	<b>558.07</b>	<b>666.66</b>	<b>1,224.73</b>	<b>656.33</b>

At the year end, the intangible with indefinite or indeterminable 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.

The recoverable amount of each assets/CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each assets/ CGU is determined by applying a suitable discount rate.

## Long term growth rates

The long term growth rates reflect the long-term average growth rates for the product lines and industry. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates in the foreseeable future. The terminal growth rate is 2% (2018- 2% ).



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the assets/CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each asset/CGU. The present value of the expected cash flows of each asset is determined by applying a discount rate in the range of 7% to 8%.

## Note 5 - Non-Current Financial Assets

### (i) Investments

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unquoted</b>		
<b>(A) Equity shares</b>		
<b>(a) Investments in subsidiary companies - carried at cost</b>		
a) Glenmark Impex LLC, Russia [577,767,277 (2018-577,767,277 ) shares of RUB 1 each]	1,435.61	1,435.61
b) Glenmark Philippines Inc., Philippines [640,490 (2018-640,490) shares of Pesos 200 each]	116.70	116.70
c) Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria [645,114,304 (2018-645,114,304) shares of Naira 1 each]	208.97	208.97
d) Glenmark Pharmaceuticals Malaysia Sdn.Bhd.,Malaysia [5,686,618 (2018 -5,686,618) shares of RM 1 each]	97.72	97.72
e) Glenmark Holding S. A., Switzerland [242,239,894 (2018 - 242,239,894) shares of CHF 1 each]	24,680.71	24,680.71
f) Glenmark Pharmaceuticals (Australia) Pty.Ltd., Australia. [2,119,002 (2018-2,119,002) shares of AUD 1 each]	72.48	72.48
g) Glenmark Pharmaceuticals Egypt S.A.E., Egypt [55,426,520 (2018 - 55,426,520) shares of EGP 1 each]	421.74	421.74
h) Glenmark Pharmaceuticals FZE (U.A.E) [1 (2018 -1) shares of AED 1,000,000 each]	12.92	12.92
i) Glenmark Dominicana, SRL, Dominican Republic [153 (2018 -153) shares of RD 1000 each]	0.19	0.19
j) Glenmark Pharmaceuticals (Kenya) Limited, Kenya [1,560,400 (2018 - 1,560,400) shares of KES 100 each]	97.18	97.18
k) Glenmark Pharmaceuticals Venezuela, CA, Venezuela [169,954,890 (2018 -169,954,890) shares of Bolivar 1 each] less: Provision for impairment	715.13 (715.13)	715.13 (715.13)
l) Glenmark Pharmaceuticals Colombia SAS, Colombia [157,759 (2018 - 121,759) shares of COP 1000 each]	319.93	169.14
m) Glenmark Pharmaceuticals Peru SAC, Peru [32,993,168 (2018 -22,304,170) shares of PEN 1 each]	662.19	449.54
n) Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico [404,975,500 (2018 -404,975,500) shares of Mexican peso 1 each]	1,695.29	1,695.29
o) Glenmark Therapeutics AG, Switzerland	12.59	12.59

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Particulars	As at 31 March 2019	As at 31 March 2018
[200,000 (2018 -200,000) shares of CHF 1 each]		
p) Glenmark Pharmaceuticals Europe Ltd., U.K. [6,285,121 (2018-6,285,121) shares of GBP 1 each]	578.23	578.23
q) Glenmark South Africa (Pty) Ltd., South Africa [113,656 (2018- 113,656) shares of ZAR 1 each]	1,044.20	1,044.20
r) Glenmark Uruguay S.A., Uruguay [201,240,258 (2018- 201,240,258) shares of UYU 1 each]	774.53	774.53
s) Glenmark Pharmaceuticals (Thailand) Co.Ltd., Thailand [26,215 (2018 - 26,215) Ordinary shares of THB 100 each]	3.72	3.72
t) Glenmark-Pharmaceuticals Ecuador S.A., Ecuador [1,689,800 (2018- 1,689,800) shares of USD 1 each]	108.77	108.77
u) Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore [650,010 (2018- Nil ) shares of SGD 1 each]	32.73	-
v) Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India [1,960,090 (2018- Nil )equity shares of ₹10 each]	15.30	-
<b>(b) Other investments</b>		
a) 213,032 ( 2018 - 289,832 ) Equity Shares of Narmada Clean Tech Ltd. of ₹10 each. <b>(FVTPL)</b>	2.13	2.90
b) 1 (2018 - 1) Time Share of Dalmia Resorts Limited <b>(FVTPL)</b>	0.02	0.02
c) 15,000,000 (2018- Nil ) Equity Shares of Integrate Private Limited of ₹ 10 each <b>(FVOCI)</b>	150.00	-
<b>(B) Preference shares</b>		
<b>(a) Investment in subsidiary - carried at cost</b>		
2 Preference shares of THB 100 each (2018 - 2) of Glenmark Pharmaceuticals (Thailand) Co.Ltd.*	-	-
<b>(b) Other investments</b>		
(a) 1,176,471(2018 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each <b>(FVTPL)</b>	42.65	42.65
(b) 1,000,000 (2018-1,000,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd <b>(at amortised cost)</b>	100.00	100.00
<b>(C) Investment in government securities</b>		
National Savings Certificate -Sixth Issue <b>(at amortised cost)</b>	0.02	0.02
<b>Total</b>	<b>32,686.52</b>	<b>32,125.82</b>
<b>Quoted</b>		
<b>(D) Equity shares (FVTPL)</b>		
9,000 (2018 - 9,000) Bank of India of ₹10 each	0.94	0.93
1,209 (2018 - 1,209) IDBI Bank Limited of ₹10 each	0.06	0.09
<b>Total</b>	<b>1.00</b>	<b>1.02</b>
*amount denotes less than Rupees ten thousand.		
Aggregate carrying value of quoted investment	1.00	1.02
Aggregate market value of quoted investment	1.00	1.02
Aggregate carrying value of unquoted investment	32,686.52	32,125.82
Aggregate amount of impairment in value of investment in unquoted equity shares	-	-

Note - The investment in equity and preference shares amounting to ₹194.80 (2018 - ₹ 45.57 ) been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Company's equity investment in this entity cannot be reliably measured.

## (ii) Loans

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unsecured, considered good</b>		
Loans to related parties (Refer note 27 and 32)	62,639.26	33,028.48
<b>Total</b>	<b>62,639.26</b>	<b>33,028.48</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## (iii) Other non-current financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unsecured</b>		
Security deposits considered good*	227.65	292.88
Bank deposit including margin money	140.36	88.03
<b>Total</b>	<b>368.01</b>	<b>380.91</b>

\*Security deposits represents rental, utility and trade deposits given in the normal course of business realisable after twelve months from the reporting date.

## Note 6 - Taxes

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current income tax expense	4,485.24	2,706.77
Deferred income tax expense/ (benefit)	(518.31)	1,429.68
Minimum Alternate Tax (MAT) Credit (Entitlement)/ utilisation	22.13	(2,091.67)
<b>Total</b>	<b>3,989.06</b>	<b>2,044.78</b>

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Income tax expense at tax rates applicable	7,062.25	4,218.11
Tax adjustment for tax-exempt income		
- Income exempt from tax	(1,916.34)	(1,865.88)
Other tax adjustments		
- Additional deduction for research and development expenditure	(620.44)	(412.38)
- Lower tax rate for capital gain on Slump Sale of business	(615.86)	-
- Disallowance of donation/corporate social responsibility expenses	96.75	101.51
- Disallowed expenses	120.85	107.02
- Other allowances / disallowance (net)	(138.15)	(103.60)
<b>Actual tax expense (net)</b>	<b>3,989.06</b>	<b>2,044.78</b>

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2018	Recognised in statement of profit and loss related to continuing operations	Recognised in other comprehensive income	As at 31 March 2019
<b>Deferred tax assets</b>				
Provision for credit losses	774.50	110.59	-	885.09
MAT credit entitlement	9,459.52	(22.13)	-	9,437.39
Other financial assets	330.44	(39.61)	19.00	309.83
<b>Total</b>	<b>10,564.46</b>	<b>48.85</b>	<b>19.00</b>	<b>10,632.31</b>
<b>Deferred tax liabilities</b>				
Difference in depreciation on property, plant and equipment	2,496.02	(362.88)	-	2,133.14
Other taxable temporary differences	1,462.29	(84.45)	-	1,377.84
<b>Total</b>	<b>3,958.31</b>	<b>(447.33)</b>	<b>-</b>	<b>3,510.98</b>
<b>Net deferred income tax asset</b>	<b>6,606.15</b>	<b>496.18</b>	<b>19.00</b>	<b>7,121.33</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Particulars	As at 31 March 2017	Recognised in statement of profit and loss related to continuing operations	Recognised in other comprehensive income	As at 31 March 2018
<b>Deferred tax assets</b>				
Provision for credit losses	762.53	11.97		774.50
MAT credit entitlement	7,367.85	2,091.67		9,459.52
Other financial assets	75.82	251.10	3.53	330.44
<b>Total</b>	<b>8,206.20</b>	<b>2,354.74</b>	<b>3.53</b>	<b>10,564.46</b>
<b>Deferred tax liabilities</b>				
Difference in depreciation on Property, plant and equipment	2,265.56	230.46	-	2,496.02
Other taxable temporary differences	-	1,462.29	-	1,462.29
<b>Total</b>	<b>2,265.56</b>	<b>1,692.75</b>	<b>-</b>	<b>3,958.31</b>
<b>Net deferred income tax asset</b>	<b>5,940.64</b>	<b>661.99</b>	<b>3.53</b>	<b>6,606.15</b>

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income including taxable temporary differences in the future periods are reduced.

Total Advance tax in the books of the Company is ₹6,704.56 (net of provision ₹6,452.91) and Provision for tax is ₹10,653.23 (net of advance tax ₹10,037.34).

## Note 7 - Other Non-Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances and others	202.54	565.85
<b>Total</b>	<b>202.54</b>	<b>565.85</b>

## Note 8 - Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
Raw material	5,090.56	4,751.60
Packing material	1,600.96	1,352.02
Work-in-process	766.36	2,448.02
Stores and spares	592.39	688.75
Finished goods	988.89	1,782.45
Stock-in-trade	72.93	88.96
<b>Total</b>	<b>9,112.09</b>	<b>11,111.80</b>

Refer note 14(i) for hypothecation of stocks of raw materials, packing materials, finished goods and work-in-process

The Company recorded inventory write down of ₹ 597.65 ( 2018 - ₹ 628.72). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-progress and stock -in- trade in the statement of profit and loss.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 9 - Current Financial Assets

### (i) Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unsecured</b>		
Considered good	20,871.31	38,289.08
Considered doubtful	2,532.90	2,237.90
Allowance for doubtful debts/ expected credit losses	(2,532.90)	(2,237.90)
<b>Total</b>	<b>20,871.31</b>	<b>38,289.08</b>

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. All of the 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 ₹295.00 (2018 - ₹ 41.50) has been recorded. The movement in the expected credit losses is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	2,237.90	2,196.40
Provision for credit losses during the year (net)	295.00	41.50
<b>Closing balance</b>	<b>2,532.90</b>	<b>2,237.90</b>

### (ii) Cash And Cash Equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	2,542.28	1,754.70
Cash on hand	7.69	5.77
<b>Total</b>	<b>2,549.97</b>	<b>1,760.47</b>

### (iii) Bank Balances Other than Cash and Cash Equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Other bank balance - Dividend accounts (Refer note 1 below)	14.87	13.35
<b>Total</b>	<b>14.87</b>	<b>13.35</b>

Note 1 - Dividend accounts represent balances maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividends. The corresponding liability for payment of dividends is included under other current financial liability in note 14(iii).

### (iv) Other Current Financial Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits-unsecured, considered good (Refer note 1 below)	110.92	94.04
Receivable from subsidiary against business sale (Refer note 40)	11,621.94	-
Export incentives	1,217.27	1,787.26
Other receivables (unsecured)	173.29	55.80
<b>Total</b>	<b>13,123.42</b>	<b>1,937.10</b>

Note 1 - Security deposits represents rental, utility and trade deposits given in the normal course of business realisable after twelve months from the reporting date.



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 10 - Other Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Advances recoverable in kind (unsecured)	1,594.90	1,372.68
Input taxes receivable	2,902.44	2,521.77
Advances to vendors	956.18	1,298.90
Prepaid expenses	131.07	194.56
Share application money pending allotment (refer note 27)	155.28	252.80
<b>Total</b>	<b>5,739.87</b>	<b>5,640.71</b>

## Note 11 - Equity and Reserves

### a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 2,370,000,000 equity shares of ₹1 each.

### b) Dividends

Indian statutes mandate that dividends be declared out of distributable profits in accordance with the regulations. Should the Company declare and pay dividends, such dividends are required to be paid in INR to each holder of equity shares in proportion to the number of shares held. Dividend tax is borne by the Company.

The Company had declared dividend payout of ₹ 2/- per share (2018 - ₹ 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 provisions 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 at the nominal capital value and excess through securities premium as the case may be.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 12 - Equity Share Capital

Share capital	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>(I) Authorised</b>				
Equity Shares of ₹ 1 each	2,370,000,000	2,370.00	2,370,000,000	2,370.00
Cumulative redeemable non-convertible preference shares of ₹100 each	4,000,000	400.00	4,000,000	400.00
<b>Issued, subscribed and fully paid-up equity shares of Re 1 each</b>				
At the beginning of the year	282,168,156	282.17	282,168,156	282.17
Add: Issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>282,168,156</b>	<b>282.17</b>	<b>282,168,156</b>	<b>282.17</b>

(II) List of shareholders holding more than 5 % shares	As at 31 March 2019		As at 31 March 2018	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Saldanha Family Trust	45.45	128,241,936	45.45	128,241,936

(III) As at 31 March 2019, pursuant to Employee Stock Options Scheme 2016, 459,414 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

### (IV) Right, Preference and restriction on shares

The Company presently has only one class of ordinary equity shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary equity shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

(V) In the period of five years immediately preceeding 31 March 2019, the Company has not allotted any shares as fully paid up pursuant to contracts without payment being received in cash. Further, the Company has neither issued bonus shares nor bought back any shares during the aforementioned period.

### (VI) Employee Stock Option Scheme 2016 (ESOS)

The Company has formulated an Employee Stock Option Scheme 2016 ('ESOS') namely 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 - 6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Company on either the date of the grant or the closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. Pursuant to ESOS 2016, 459,414 options were outstanding as at 31 March 2019, which upon exercise are convertible into equivalent number of equity shares. Employee stock compensation charged during the year is ₹1.07 (2018 - ₹90.64).

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

	2019		2018	
	Number	weighted average price(₹)	Number	weighted average price(₹)
Outstanding at the beginning of the year	569,686	460.47	666,757	459.29
Granted during the year	111,666	169.53	25,306	198.30
Forfeited during the year	(221,938)	465.47	(122,377)	399.82
Exercised during the year	-	-	-	-
Outstanding at the end of the year	459,414	387.34	569,686	460.47

All of the above options outstanding as of 31 March 2019 are unvested.

All share based employee payments would be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

The fair value of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Particulars	31 March 2019	31 March 2018
Share price (₹)	600	600
Exercise price (₹)	600	600
Weighted average volatility rate	33%	30%
Dividend payout	200%	200%
Risk free rate	7.60%	7.80%
Average remaining life	1-28 months	1-28 months

The underlying expected volatility was determined by reference to historical data, adjusted for unusual share price movements. No special features inherent to the options granted were incorporated into the measurement of fair value.

## Note 13 - Non-Current Financial Liabilities

### (i) Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unsecured loans</b>		
Foreign currency convertible bonds (FCCB)	8,275.05	14,067.85
Senior notes	13,743.39	12,792.44
ECB facility	6,296.08	-
<b>Total long-term borrowings</b>	<b>28,314.52</b>	<b>26,860.29</b>

In the year 2016, the Company had issued U.S. \$ 200,000,000 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S.\$ 200,000,000 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

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

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

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

As of 31 March 2019, none of the Bondholders have opted for the conversion option.

On 30 November, 2017, the Company confirmed the fixed exchange rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

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

The Bonds are listed on the Singapore stock exchange.

The FCC Bonds were partially bought back in October 2018 (see note below on buyback)

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Buy back of the Company's U.S.\$200,000,000 2.00 % resettable onward starting equity-linked securities due 2022:

In September 2018, The Company approved the launch of buyback of FCC Bonds ("Buyback FCCBs") from existing holders of FCC Bonds ("Buyback Bondholders") and MUFG Securities Asia Limited and J. P. Morgan Securities Limited were appointed as dealer managers, on behalf of the Company to buyback FCC Bonds at a buyback price of 105% of the principal amount outstanding (being U.S.\$ 262,500 for each U.S\$ 250,000 of FCC Bonds), up to an aggregate purchase price of U.S.\$ 100 million plus accrued and unpaid interest per FCC Bond. In October 2018, The Company agreed to buyback U.S.\$ 86.5mn in aggregate principal amount (representing 346 FCC Bonds in number of U.S\$ 250,000 denomination for each FCC Bond) of the FCC Bonds. These Buyback FCCBs represented 43.25% of the aggregate FCC Bonds. On the closing/settlement date, the Company paid an aggregate purchase price of U.S.\$ 90,825,000 for the Buyback FCCBs, plus accrued but unpaid interest. Following settlement, U.S.\$ 113.5mn in aggregate principal amount of FCC Bonds remained outstanding. The Company undertook buyback to monetize the opportunity available to reduce the external debt. Buyback FCCBs bought back by the Company got cancelled by the Company. The remaining FCC Bonds that have not been bought back by the Company remains outstanding. The Company utilised proceeds from an unsecured external commercial borrowing facility of up to U.S.\$100 million ("ECB Facility") from MUFG Bank, Ltd., Singapore Branch, to refinance such FCC Bonds. The Company has obtained a loan registration number ("LRN") from the Reserve Bank of India in this respect.

## 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.

## U.S. \$ 90,825,000, ECB Facility (Notes) :

Company has obtained loan registration number ("LRN") from RBI to raise an ECB Facility to the extent of US\$ 100 Mn. In October 2018, the Facility for US\$ 90,825,000 was raised and the proceeds were utilized for the purpose of repurchasing the FCC Bonds. The ECB Facility was raised from MUFG Bank Singapore with a maturity of 5 years. The interest rate for the first 3 years is 4.956% p.a and the interest for the subsequent 2 years is 5.25% p.a

Maturity profile of non-current borrowings

Year ending 31 March	As at 31 March 2019	As at 31 March 2018
2022	13,864.20	12,964.60
2023	11,003.30	14,342.35
2024	3,777.65	-

## (ii) Other Non-Current Financial Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits from customers	885.06	26.00
<b>Total</b>	<b>885.06</b>	<b>26.00</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 14 - Current Financial Liabilities

### (i) Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Secured loans</b>		
Loans repayable on demand from banks	61.12	197.43
<b>Unsecured loans</b>		
From banks	2,969.18	2,753.01
<b>Total</b>	<b>3,030.30</b>	<b>2,950.44</b>

Working capital facilities are secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets at certain locations.

The Company has not defaulted on repayment of loan and interest during the year.

The Company has taken working capital facility / term loans from banks at interest rates ranging between 3.51% to 8.85% p.a.

### (ii) Trade Payables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006 [Refer note (i) below]	889.07	978.25
Trade payables outstanding dues to creditors other than micro, small and medium enterprises	13,968.89	13,967.07
Trade payables to related party (Refer note 27)	1,818.68	517.33
Acceptances	-	86.88
<b>Total</b>	<b>16,676.64</b>	<b>15,549.53</b>

#### Note (i)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows :

Particulars	As at 31 March 2019	As at 31 March 2018
a) The principal amount remaining unpaid to any supplier at the end of the year	889.07	978.25
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

## (iii) Other Current Financial Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Interest accrued but not due	116.36	157.78
Unclaimed dividend*	14.87	13.35
Employee dues	7.82	15.02
Sundry creditors for capital goods	147.95	303.17
Accrued expenses	432.12	711.50
Payable to related parties (Refer note 27)	693.00	648.04
<b>Total</b>	<b>1,412.12</b>	<b>1,848.86</b>

\*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

## Note 15 - Other Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	469.90	543.72
Other liabilities	-	23.47
<b>Total</b>	<b>469.90</b>	<b>567.19</b>

Other liabilities includes advance from customers and other such adjustable balances

## Note 16 - Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Provisions for employee benefits :		
Provision for gratuity (Refer note 26 )	290.06	291.28
Provision for compensated absences (Refer note 26 )	163.24	172.30
Provision for sales return	400.00	320.00
<b>Total</b>	<b>853.30</b>	<b>783.58</b>

Movement of Provision for sales return	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	320.00	-
Provided during the year	80.00	320.00
Utilised/ reversed during the year	-	-
<b>Balance at the end of the year</b>	<b>400.00</b>	<b>320.00</b>

## Note 17 - Current Tax Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for income tax	364.24	148.41
<b>Total</b>	<b>364.24</b>	<b>148.41</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 18- Revenue From Operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products (refer note 37)	60,723.53	51,894.20
Sale of services	587.87	539.95
Other operating revenue*	1,737.27	3,007.93
<b>Total</b>	<b>63,048.67</b>	<b>55,442.08</b>

\*Other operating revenue primarily comprises of Export incentives of ₹ 1,138.49 (2018 - ₹ 939.20), Sale of Abbreviated New Drug Applications (ANDA) of ₹ 413.45 (2018 - ₹ 830.10) and sale of scrap and others ₹ 185.33 (2018 - ₹ 1,238.63).

### Disaggregation of revenue :

The Company's revenue disaggregated by primary geographical markets is as follows:

Geographical area	For the year ended 31 March 2019 Total revenue
India	29,004.52
North America	19,766.54
Latin America	1,228.17
Europe	5,242.11
Rest of the World (ROW)	7,807.33
<b>Total</b>	<b>63,048.67</b>

Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended 31 March 2019
Revenue as per contracted price	69,552.57
Less : Trade discounts, sales and expiry returns	6,503.90
<b>Sale of product and services</b>	<b>63,048.67</b>

## Note 19 - Other Income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Dividend income	7.03	7.72
Interest income	2,106.16	1,776.56
Exchange gain (net)	2,437.96	-
Miscellaneous income (note (i))	204.99	15.64
<b>Total</b>	<b>4,756.14</b>	<b>1,799.92</b>

Note (i)

During the year, the Company bought back U.S.\$86,500,000 in aggregate principal amount of the Foreign Currency Convertible Bonds (FCCB) resulting in gain on extinguishment of liability of ₹ 153.72.

## Note 20 - Cost of Materials Consumed

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of raw material and packing material	15,330.69	15,935.69
Consumption of stores and spares	527.82	544.56
<b>Total</b>	<b>15,858.51</b>	<b>16,480.25</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 21 - Purchases of Stock-In-Trade

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of finished goods	3,012.95	2,881.77
<b>Total</b>	<b>3,012.95</b>	<b>2,881.77</b>

## Note 22 - Changes In Inventories of Work-In-Process, Stock-In-Trade and Finished Goods

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(Increase)/Decrease in stock of finished goods, work-in-process and stock-in-trade	4,718.11	1,397.14
<b>Total</b>	<b>4,718.11</b>	<b>1,397.14</b>
(Increase)/Decrease in stocks		
At the year end		
Finished goods	988.89	1,782.45
Work-in-process	766.36	2,448.02
Stock-in-trade	72.93	88.96
	<b>1,828.18</b>	<b>4,319.43</b>
At the beginning of the year		
Finished goods	1,782.45	1,926.39
Work-in-process	2,448.02	2,796.84
Stock-in-trade	88.96	114.67
	<b>4,319.43</b>	<b>4,837.90</b>
(Increase)/Decrease in stocks	2,491.25	518.47
Less: Adjustment on account of discontinued operations	(2,226.86)	(878.67)
(Increase)/Decrease in stocks	<b>4,718.11</b>	<b>1,397.14</b>

## Note 23 - Employee Benefit Expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	9,127.51	8,287.10
Contribution to provident and other funds and retirement benefits (Refer note 26)	507.60	518.75
Employee stock compensation cost	1.07	90.64
Staff welfare expenses	63.62	60.22
<b>Total</b>	<b>9,699.80</b>	<b>8,956.71</b>

## Note 24 - Finance Costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest expenses on</b>		
- Term loans	221.82	73.69
- Interest on foreign currency convertible bonds	1,024.48	1,148.42
- Interest on senior notes and ECB facility	781.52	673.79
- Others	210.32	13.08
<b>Total</b>	<b>2,238.14</b>	<b>1,908.98</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 25 - Other Expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Labour charges	732.40	612.53
Excise duty expenses	-	237.71
Power,fuel and water charges	667.59	556.99
Repairs and maintenance - plant and machinery	63.80	77.26
Repairs and maintenance - building	40.64	40.55
Repairs and maintenance - others	708.66	572.01
Rent	361.24	322.35
Rates and taxes	82.42	140.49
Director sitting fees	8.30	8.79
Other manufacturing expenses	115.61	415.79
Consumable - Lab chemicals and reagents	526.38	464.92
Selling and Marketing expenses	1,242.65	920.72
Sales promotion expenses	3,577.19	3,409.19
Export commission	45.68	41.33
Commission on sales	277.87	145.70
Travelling expenses	1,433.29	1,393.34
Freight outward	1,687.72	1,462.36
Telephone expenses	32.29	43.34
Provision for doubtful debts / expected credit losses (net)	280.25	39.43
Insurance premium	103.38	47.72
Electricity charges	162.30	151.66
Exchange loss (net)	-	5.92
Loss on sale of property, plant and equipment/ Intangible assets (net)	2.65	23.19
Auditors remuneration		
- Audit fees	20.00	18.50
- Other services	1.20	0.25
- Reimbursement of expenses	1.60	2.30
Corporate social responsibility expense (Refer note 34)	311.49	252.28
Legal and professional charges	1,053.44	822.82
Other expenses	2,944.48	2,486.73
<b>Total</b>	<b>16,484.52</b>	<b>14,716.17</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 26 - Employee Post- Retirement Benefits

The following are the employee benefit plans applicable to the employees of the Company.

### a) Gratuity (defined benefit plan)

In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement, death, incapacitation or termination of employment of amounts that are based on salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation. The Company recognised total retirement benefit costs related to all retirement plans as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Current service cost	74.89	74.02
Net interest on defined benefit schemes	22.70	19.23
<b>Net periodic expense</b>	<b>97.59</b>	<b>93.25</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
Actuarial (gains)/losses		
Based on adjustment of financial assumptions	8.20	(4.22)
Due to liability experience adjustment	50.00	17.20
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(3.82)	(2.78)
<b>Total remeasurement loss recognised in the statement of other comprehensive income</b>	<b>54.38</b>	<b>10.20</b>

The following table shows the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's defined benefit plans.

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded obligations	638.12	601.35
Fair value of plan assets	(348.06)	(310.07)
Net defined benefit liability	290.06	291.28
Being:		
Retirement benefit liabilities	290.06	291.28

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

Particulars	As at 31 March 2019	As at 31 March 2018
Beginning balance	291.28	249.88
Cost recognised in statement of profit and loss	97.59	93.25
Remeasurement (gains) / losses recognised in other comprehensive income	54.38	10.20
Actual employer contributions	(10.00)	-
Benefits paid	(66.32)	(62.05)
Transfer In/ (out)	(76.87)	
<b>Closing balance</b>	<b>290.06</b>	<b>291.28</b>

# Standalone 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	As at 31 March 2019	As at 31 March 2018
Beginning balance	601.35	535.22
Current service cost	74.89	74.02
Interest cost on the defined benefit obligations	46.87	41.18
Actual benefit payments	(66.32)	(62.05)
Transfer In/ (out)	(76.87)	-
Actuarial (gains)/losses - Financial assumptions	8.20	(4.22)
Actuarial (gains)/losses - Liability experience	50.00	17.20
<b>Closing balance</b>	<b>638.12</b>	<b>601.35</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
Beginning balance	310.07	285.34
Interest income on plan assets	24.17	21.95
Actual employer contributions	10.00	-
Actual return on assets (excluding interest income on plan assets)	3.82	2.78
<b>Closing balance</b>	<b>348.06</b>	<b>310.07</b>

The Company expects to contribute ₹ 364.84 to its defined benefit plans in 2019-20.

The principal actuarial assumptions used for the defined benefit obligations as at 31 March 2019 are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount Rate	7.60%	7.80%
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	As at 31 March 2019	As at 31 March 2018
Average life expectancy (Years)	25.43	25.64

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

Particulars	As at 31 March 2019	As at 31 March 2018
Assets administered by respective insurance companies	100%	100%

A breakup of the defined benefit plan related balance sheet amounts as at 31 March 2019 and 2018, is shown below:

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded obligations	638.12	601.35
Fair value of plan assets	(348.06)	(310.07)
<b>Net defined benefit liability</b>	<b>290.06</b>	<b>291.28</b>



# Standalone 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 2019 and 2018, is shown below:

Particulars	As at 31 March 2019	As at 31 March 2018
Active number of employees	11,287	11,851
Present value of funded obligations	638.12	601.35

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	As at 31 March 2019	As at 31 March 2018
Discount rate +0.5 % p.a.	(20.10)	(20.33)
Discount rate - 0.5 % p.a.	21.38	21.64
Rate of compensation increase + 0.5 % p.a.	20.93	21.26
Rate of compensation decrease - 0.5 % p.a.	(19.83)	(20.13)

Maturity profile of defined benefit obligation:

Weighted average duration (based on discounted cashflows) - 7 years

Expected cash flows as follows valued on undiscounted basis:	Amount
1 year	90.11
2 to 5 years	251.42
6 to 10 years	322.15
More than 10 years	533.14

## 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	As at 31 March 2019	As at 31 March 2018
Current service cost	60.60	58.69
Personnel expenses	60.60	58.69
Net interest on long term benefit schemes	13.43	12.61
Actuarial (gains)/losses		
Based on adjustment of financial assumptions	5.03	(2.57)
Due to liability experience adjustment	30.26	(6.89)
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	(0.73)	(0.58)
<b>Net periodic expense</b>	<b>108.59</b>	<b>61.26</b>

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

The following table shows the change in present value of long term benefit obligations, the change in plan assets and the funded status recognised in the financial statements for the Company's long term benefit plans.

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded obligations	316.69	313.98
Fair value of plan assets	(153.45)	(141.68)
Net long term benefit liability	163.24	172.30
Being:		
Retirement benefit assets	-	-
<b>Retirement benefit liabilities</b>	<b>163.24</b>	<b>172.30</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
Beginning balance	172.30	163.86
Cost recognised in the statement of profit and loss	108.59	61.26
Benefits paid	(57.22)	(52.82)
Transfer In/ (out)	(60.43)	-
<b>Closing balance</b>	<b>163.24</b>	<b>172.30</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
Beginning balance	313.98	294.88
Current service cost	60.60	58.69
Interest cost on the long term benefit obligations	24.47	22.69
Actual benefit payments	(57.22)	(52.82)
Transfer In/ (out)	(60.43)	-
Actuarial (gains)/losses - Financial assumptions	5.03	(2.57)
Actuarial (gains)/losses - Liability experience	30.26	(6.89)
<b>Closing balance</b>	<b>316.69</b>	<b>313.98</b>

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

Particulars	As at 31 March 2019	As at 31 March 2018
Beginning balance	141.68	131.02
Interest income on plan assets	11.04	10.08
Return on plan assets	0.73	0.58
<b>Closing balance</b>	<b>153.45</b>	<b>141.68</b>

The Company expects to contribute ₹ 217.90 to its long term benefit plan in 2019-20.

The principal actuarial assumptions used for the long term benefit obligations at 31 March 2019 and 2018 are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate (weighted average)	7.60%	7.80%
Rate of compensation increase (weighted average)	3.00%	3.00%

# Standalone 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	As at 31 March 2019	As at 31 March 2018
Average life expectancy	25.42	25.64

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

Particulars	As at 31 March 2019	As at 31 March 2018
Insurance contracts	100%	100%

A breakup of the long term benefit plan related balance sheet amounts at 31 March 2019 and 2018, is shown below.

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of obligations	316.69	313.98
Fair value of plan assets	(153.45)	(141.68)
<b>Net long term benefit liability</b>	<b>163.24</b>	<b>172.30</b>

The present value of long term benefit obligations by category of members at 31 March 2019 and 2018, is shown below:

Particulars	As at 31 March 2019	As at 31 March 2018
Active number of employees	11,287	11,851
Present value of obligations	316.69	313.98

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	As at 31 March 2019	As at 31 March 2018
Discount rate + 0.5 % p.a.	(12.31)	(12.32)
Discount rate - 0.5 % p.a.	13.20	13.20
Rate of compensation increase + 0.5 % p.a.	13.74	13.77
Rate of compensation decrease - 0.5 % p.a.	(12.90)	(12.93)

## 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 ₹355.30 (2018 - ₹ 429.25) towards the provident fund plan during the year ended 31 March 2019.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 27 - Related Party Disclosures

### a) Parties where direct/indirect control exists

#### i) Subsidiary companies

Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.  
Glenmark Pharmaceuticals Europe Ltd., U.K.  
Glenmark Pharmaceuticals S.R.O., Czech Republic  
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic  
Glenmark Pharmaceuticals S. A., Switzerland  
Glenmark Holding S. A., Switzerland  
Glenmark Pharmaceuticals S.R.L., Romania  
Glenmark Pharmaceuticals SP z.o.o., Poland  
Glenmark Pharmaceuticals Inc., USA  
Glenmark Therapeutics Inc., USA  
Glenmark Farmaceutica Ltda., Brazil  
Glenmark Generics SA., Argentina  
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico  
Glenmark Pharmaceuticals Peru SAC., Peru  
Glenmark Pharmaceuticals Colombia SAS, Colombia  
Glenmark Uruguay S.A., Uruguay  
Glenmark Pharmaceuticals Venezuela., C.A, Venezuela  
Glenmark Dominicana, SRL, Dominican Republic  
Glenmark Pharmaceuticals Egypt S.A.E., Egypt  
Glenmark Pharmaceuticals FZE., United Arab Emirates  
Glenmark Impex L.L.C., Russia  
Glenmark Philippines Inc., Philippines  
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria  
Glenmark Pharmaceuticals Malaysia Sdn Bhd., Malaysia  
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia  
Glenmark South Africa (Pty) Ltd., South Africa  
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa  
Glenmark Pharmaceuticals B.V., Netherlands  
Glenmark Arzneimittel Gmbh., Germany  
Glenmark Pharmaceuticals Canada Inc., Canada  
Glenmark Pharmaceuticals Kenya Ltd, Kenya  
Glenmark Therapeutics AG, Switzerland  
Viso Farmaceutica S.L.U., Spain  
Glenmark Specialty S A, Switzerland  
Glenmark Pharmaceuticals Distribution S.R.O, Czech Republic  
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand  
Glenmark Pharmaceuticals Nordic AB, Sweden  
Glenmark Ukraine LLC, Ukraine  
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador  
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore  
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India  
Glenmark Biotherapeutics SA, Switzerland

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## ii) Enterprise over which key managerial personnel exercise significant influence

Glenmark Foundation  
Glenmark Aquatic Foundation  
Trilegal

## b) Related party relationships where transactions have taken place during the year

### Subsidiary Companies /Enterprise over which key managerial personnel exercise significant influence

Glenmark Farmaceutica Ltda., Brazil  
Glenmark Philippines Inc., Philippines  
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria  
Glenmark Pharmaceuticals S.A., Switzerland  
Glenmark Pharmaceuticals Malaysia Sdn.Bhd.,Malaysia  
Glenmark Impex L.L.C., Russia  
Glenmark Holding S.A., Switzerland  
Glenmark Pharmaceuticals Peru SAC., Peru  
Glenmark Pharmaceuticals Venezuela., C.A, Venezuela  
Glenmark Pharmaceuticals FZE., United Arab Emirates  
Glenmark Pharmaceuticals Egypt S.A.E., Egypt  
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.  
Glenmark Pharmaceuticals Europe Ltd., U.K.  
Glenmark Pharmaceuticals Inc., USA  
Glenmark Pharmaceuticals s.r.o., Czech Republic  
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand  
Glenmark Dominicana SA., Dominican Republic  
Glenmark Pharmaceuticals SP z.o.o., Poland  
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa  
Glenmark Pharmaceuticals Kenya Ltd, Kenya  
Glenmark Pharmaceuticals Colombia SAS, Colombia  
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico  
Glenmark Specialty S A, Switzerland  
Glenmark Pharmaceuticals Canada Inc., Canada  
Glenmark Ukraine LLC, Ukraine  
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador  
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia  
Glenmark Pharmaceuticals B.V., Netherlands  
Viso Farmaceutica S.L.U., Spain  
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore  
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India  
Glenmark Foundation  
Glenmark Aquatic Foundation  
Trilegal

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## c) Key Management Personnel

Mr. Glenn Saldanha (Chairman & Managing Director)  
 Mrs. Cherylann Pinto (Executive Director)  
 Mr. V S Mani (President & Global Chief Financial Officer till 29 May 2018, Executive Director & Global Chief Financial Officer from 29 May 2018 )  
 Mr. Rajesh Desai (Non-executive Director)  
 Mr. Murali Neelakantan (Executive Director till 29 May 2018)  
 Mr. P. Ganesh (President & Chief Financial Officer upto close of working hours on 15 November 2017)  
 Mr. Harish Kuber (Company Secretary & Compliance Officer )  
 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)

## d) Transactions with related parties during the year

	2018-2019	2018-2019	2017-2018	2017-2018
<b>Companies where direct/indirect control exists</b>				
<b>1. Sale of materials &amp; services</b>		29,526.71		25,429.36
Glenmark Pharmaceuticals S.A., Switzerland-(services)	500.40		517.72	
Glenmark Pharmaceuticals S.A., Switzerland	1,840.79		639.81	
Glenmark Farmaceutica Ltda., Brazil	111.00		117.81	
Glenmark Phillipines Inc., Phillipines	298.31		219.17	
Glenmark Impex L.L.C., Russia	2,453.38		2,439.39	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	-		6.48	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	298.12		140.61	
Glenmark Pharmaceuticals Peru SAC., Peru	46.12		98.29	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	11.63		12.08	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	406.19		253.30	
Glenmark Pharmaceuticals Colombia SAS, Colombia	11.50		2.57	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	152.69		140.00	
Glenmark Pharmaceuticals Malaysia Sdn Bhd., Malaysia	380.24		293.02	
Glenmark Pharmaceuticals Inc., USA	19,872.84		18,128.32	
Glenmark Pharmaceuticals S.R.O., Czech Republic	567.36		440.75	
Glenmark Pharmaceuticals Europe Ltd., U.K.	1,886.70		1,693.41	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		2.29	
Glenmark Pharmaceuticals Canada Inc., Canada	107.05		62.51	
Glenmark Ukraine LLC, Ukraine	226.14		181.21	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	42.28		40.62	
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	313.97		-	
<b>2. Other Operating Income</b>		575.74		2,049.94
Glenmark Pharmaceuticals S.A., Switzerland	413.45		830.10	
Glenmark Specialty S A, Switzerland	162.29		1,219.84	



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

	2018-2019	2018-2019	2017-2018	2017-2018
<b>3. Purchase of materials &amp; services</b>		2,818.82		1,182.03
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	299.34		239.59	
Glenmark Pharmaceuticals Inc., USA	128.66		82.94	
Glenmark Pharmaceuticals FZE., United Arab Emirates	206.68		160.34	
Glenmark Farmaceutica Ltda., Brazil	478.57		511.76	
Glenmark Pharmaceuticals Europe Ltd., U.K.	19.81		30.74	
Glenmark Impex L.L.C., Russia	82.72		67.18	
Glenmark Pharmaceuticals S.R.O., Czech Republic	0.27		2.36	
Glenmark Pharmaceuticals Canada Inc., Canada	105.71		79.48	
Glenmark Pharmaceuticals B.V., Netherlands	26.84		1.04	
Viso Farmaceutica S.L.U., Spain	7.27		6.60	
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore	93.18		-	
Glenmark Ukraine LLC, Ukraine	6.10		-	
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	1,339.08		-	
Trilegal	24.59		-	
<b>4. Investment in share capital</b>		411.47		13,470.18
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		32.17	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	-		214.43	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	-		108.77	
Glenmark Pharmaceuticals Colombia SAS, Colombia	150.78		100.44	
Glenmark Holding S. A., Switzerland	-		13,012.33	
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia	-		2.04	
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore	32.73		-	
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	15.30		-	
Glenmark Pharmaceuticals Peru SAC., Peru	212.66		-	
<b>5. Share Application Money</b>		144.63		343.98
Glenmark Pharmaceuticals Venezuela., C.A, Venezuela (provided for ₹91.18)	-		101.79	
Glenmark Pharmaceuticals Peru SAC., Peru	61.11		212.66	
Glenmark Pharmaceuticals Colombia SAS, Colombia	37.32		29.49	
Glenmark Dominicana, SRL, Dominican Republic	-		0.04	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	46.20		-	
<b>6. Sale of fixed assets to</b>		-		7.87
Glenmark Pharmaceuticals Inc., USA	-		3.38	
Glenmark Ukraine LLC, Ukraine	-		4.49	
<b>7. Sale of Active Pharmaceuticals Ingredient business to</b>		11,621.94		-
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	11,621.94		-	
<b>8. Loans given to</b>		26,997.08		11,004.29
Glenmark Holding S.A., Switzerland	26,996.87		11,004.29	
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	0.21		-	
<b>9. Loan given to subsidiary converted into Investment</b>		-		13,012.33
Glenmark Holding S.A., Switzerland	-		13,012.33	

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

	2018-2019	2018-2019	2017-2018	2017-2018
<b>10. Loan repaid by</b>		362.67		3,235.82
Glenmark Holding S.A., Switzerland	362.67		3,235.82	
<b>11. Interest income</b>		2,088.41		1,696.28
Glenmark Holding S.A., Switzerland	2,058.85		1,669.00	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	4.77		4.40	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	16.79		15.50	
Glenmark Pharmaceuticals (Thailand) Co Ltd	0.56		0.52	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	7.44		6.86	
<b>12. Expenses paid on behalf of Glenmark Pharmaceuticals Ltd, India by</b>		2,276.54		2,339.70
Glenmark Impex L.L.C., Russia	1,049.78		970.34	
Glenmark Pharmaceuticals Europe Ltd., U.K.	26.92		58.02	
Glenmark Pharmaceuticals s.r.o., Czech Republic	2.04		38.64	
Glenmark Pharmaceuticals Inc., USA	1,053.32		1,207.30	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	3.56		5.18	
Glenmark Pharmaceuticals B.V., Netherlands	-		21.82	
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico	128.19		20.48	
Glenmark Pharmaceuticals Peru SAC., Peru	-		11.25	
Glenmark Ukraine LLC, Ukraine	12.73		2.37	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	-		1.43	
Glenmark Philippines Inc., Philippines	-		2.87	
<b>13. Expenses paid on behalf of</b>		11.49		5.87
Glenmark Pharmaceuticals Europe Ltd., U.K.	1.70		2.27	
Glenmark Pharmaceuticals S. A., Switzerland	1.38		1.01	
Glenmark Pharmaceuticals Inc., USA	8.41		2.51	
Glenmark Farmaceutica Ltda., Brazil	-		0.08	
Glenmark Pharmaceuticals SP z.o.o., Poland*	0.00		-	
* Amount denotes less than ₹ ten thousand				
<b>14. Other income from</b>		-		0.53
Glenmark Impex L.L.C., Russia	-		0.53	
<b>15. Expenditure incurred for CSR activities to</b>		205.76		173.50
Glenmark Foundation	141.76		110.50	
Glenmark Aquatic Foundation	64.00		63.00	
<b>Key Management Personnel</b>		300.21		290.52
Remuneration				
Mr. Glenn Saldanha	157.05		161.62	
Mrs. Cherylann Pinto	42.92		42.94	
Mr. V S Mani (President & Global Chief Financial Officer till May 29, 2018, Executive Director & Global Chief Financial Officer from May 29, 2018 )	45.60		21.14	
Mr. Murali Neelakantan (Executive Director till May 29, 2018)	43.07		33.51	
Mr. P.Ganesh (Related party as per Companies Act, 2013 upto close of working hours on November 15, 2017)	-		19.76	
Mr. Harish Kuber (Company Secretary & Compliance Officer )	3.27		2.75	
Sitting fees paid to Non-executive Directors	8.30		8.80	

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.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## e) Related party balances

	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2018
<b>Receivable/(Payable) from/ (to) subsidiary companies/enterprise</b>		88,043.44		62,228.93
Glenmark Farmaceutica Ltda., Brazil	(97.42)		(178.67)	
Glenmark Philippines Inc., Philippines	111.89		136.72	
Glenmark Pharmaceuticals S.A., Switzerland	5,086.00		3,305.68	
Glenmark Holding S.A., Switzerland	62,333.00		32,752.31	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	350.22		344.78	
Glenmark Impex L.L.C., Russia	1,579.53		2,165.26	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	355.64		286.93	
Glenmark Pharmaceuticals FZE., United Arab Emirates	(204.60)		(120.08)	
Glenmark Generics SA., Argentina	0.44		0.42	
Glenmark Pharmaceuticals Venezuela., C.A, Venezuela	1,558.20		1,558.20	
Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	405.57		403.72	
Glenmark Pharmaceuticals Peru SAC., Peru	69.69		98.92	
Glenmark Pharmaceuticals Europe Ltd., U.K.	(851.97)		81.86	
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	(117.52)		(192.36)	
Glenmark Pharmaceuticals Inc., USA	4,326.02		19,731.89	
Glenmark Pharmaceuticals s.r.o., Czech Republic	1.56		285.70	
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	(0.01)		(0.01)	
Glenmark Pharmaceuticals SP z.o.o., Poland	(0.18)		(0.17)	
Glenmark Pharmaceuticals S.R.L., Romania	(0.07)		(0.07)	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	17.58		18.56	
Glenmark Uruguay S.A., Uruguay	(693.00)		(648.04)	
Glenmark Pharmaceuticals Colombia SAS, Colombia	14.01		2.57	
Glenmark Pharmaceuticals Kenya Ltd, Kenya	918.29		702.14	
Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	67.34		46.67	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	82.22		73.35	
Glenmark Pharmaceuticals Canada Inc., Canada	24.11		41.42	
Glenmark Pharmaceuticals B.V., Netherlands	(0.01)		(18.42)	
Glenmark Specialty S A, Switzerland	1,464.45		1,218.39	
Glenmark Ukraine LLC, Ukraine	106.92		106.68	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	60.30		32.13	
Viso Farmaceutica S.L.U., Spain	-		(6.55)	
Glenmark Foundation	(1.00)		(1.00)	
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore	(27.91)		-	
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	11,104.15		-	
<b>Share application money pending allotment</b>		155.28		252.80
Glenmark Dominicana, SRL, Dominican Republic	0.04		0.04	
Glenmark Pharmaceuticals Venezuela., C.A, Venezuela	10.61		10.61	
Glenmark Pharmaceuticals Peru SAC., Peru	61.11		212.66	
Glenmark Pharmaceuticals Colombia SAS, Colombia	37.32		29.49	
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	46.20		-	

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 28- Research and Development Expenditure

During the year, the Company's research and development expenditure is ₹ 4,401.25 (2018 - ₹ 4,536.81).

## Note 29 - Earnings Per Share (EPS)

The basic earnings per share for the year ended 31 March 2019 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 2019	Year ended 31 March 2018
Profit from continuing operations	14,883.03	8,658.61
Profit from discontinued operations	1,338.09	1,484.86
Profit for the year	16,221.12	10,143.47
Weighted average number of shares outstanding during the year for basic EPS	282,168,156	282,168,156
Effect of dilutive potential ordinary shares:		
Employee stock options	10,240	37,045
Weighted average number of shares outstanding during the year for diluted EPS	282,178,396	282,205,201
<b>Basic EPS, in ₹</b>		
From continuing operations	52.75	30.69
From discontinued operations	4.74	5.26
Total basic earnings per share from continuing and discontinued operations	57.49	35.95
<b>Diluted EPS, in ₹</b>		
From continuing operations	52.75	30.69
From discontinued operations	4.74	5.26
Total diluted earnings per share from continuing and discontinued operations	57.49	35.95

## Note 30 - Commitments and Contingencies

Particulars	As at 31 March 2019	As at 31 March 2018
<b>(i) Contingent Liabilities</b>		
<b>Claims against the Company not acknowledged as debts</b>		
Labour dispute	32.12	29.32
Disputed taxes and duties		
- Direct tax	124.23	149.29
- Indirect tax (Excise duty, Service tax and Value added tax)	222.27	112.49

The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

- (a) In January 2014, the National Pharmaceutical Pricing Authority (NPPA) issued a demand notice of ₹ 122.36 as overcharging liability of product "Doxovent 400 mg tab" for the period February 2010 to May 2013. The notice also envisaged a payment of ₹33.33 towards interest @15% p.a. on the overcharged amount up to 31 January 2014. The Company had filed a petition under Article 32 with the Hon'ble Supreme Court of India (Hon'ble Court), challenging the issue of the above mentioned demand notice on various grounds. This petition has been tagged along with other petitions filed by other pharmaceutical companies as well, pending before Hon'ble Court relating to the inclusion criteria of certain drugs including "Theophylline" in the schedule of the DPCO, 1995. The Hon'ble Court passed an ad-interim order stating that no coercive steps be taken against the Company towards the said demand. Whilst the matter was pending before the Hon'ble Court, in Oct 2015 NPPA issued a fresh

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

demand notice of ₹ 122.36 as overcharging liability and ₹ 63.85 as interest thereon calculated upto 30 September 2015 to which the Company has responded stating that the matter was sub-judice. On 20 July 2016 Hon'ble Court heard Glenmark's petition and ordered the petition to be transferred back to Hon'ble Delhi High Court to be heard on merits subject to deposit of 50% of the overcharged claimed amount. Glenmark has deposited ₹ 61.15 (50% of the overcharged claimed amount). The pleadings have been completed and matter is pending to be listed in the Hon'ble Delhi High Court for hearing. The Company based on legal advice, has an arguable case on merits as well as with regard to mitigation of the demand. The matters are sub-judice before the Hon'ble Court.

- (b) On 10 March 2016 Ministry of Health and Family Welfare (MoH) issued notifications prohibiting manufacture for sale, sale and distribution for human use of several Fixed Dose Combination ("FDC") with immediate effect.

Several products of the Company are also covered in the notified prohibited "FDC's". The Company has filed five writ petitions in Hon'ble Delhi High Court challenging the notifications issued. The Hon'ble Delhi High Court has granted interim relief to the Company by staying the notifications banning the FDC's. The company based on legal advice, has an arguable case on merits though the liability in this case cannot be computed. In an adverse scenario, the Company would be restricted from manufacturing, selling and marketing the impacted FDC's.

The matter was clubbed with other petition of other companies before the Supreme Court of India (Hon'ble Court). The Hon'ble Court directed the Drug Technical Advisory Board (DTAB) as sub-committee to examine the ban of drugs. DTAB appointed an expert committee under the chair of Dr. Nilima Kshirsagar to examine the list of banned FDC. Company made due written and oral representations before the Committee in relation to its affected products. The committee has submitted its report to the Ministry of Health. Meanwhile taking the proactive approach the Company has revised the composition of the affected FDC's for its domestic market. Based on the Nilima Kshirsagar Committee Report, MoH on 7 September 2018 issued series of notification which has prohibited the manufacture for sale, sale or distribution for human use of 328 FDCs with immediate effect. It has also restricted the manufacture, sale or distribution of six FDCs subject to certain conditions. The Company filed Writ petitions in the Delhi High Court against the 7 notifications in respect of its affected FDCs which were still circulating in the market and obtained an ad interim stay, on the notifications allowing the Company to liquidate its affected FDCs. Since then the Company on 27 March 2019, withdrew its Writs except for one product meant for exports and the Company continues to enjoy an ad-interim protection.

## (ii) Commitments

- (a) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2019 aggregate ₹ 1,260.98 (2018 - ₹ 1,053.51)
- (b) Estimated amount of contracts remaining to be executed on other than capital account, net of advances, not provided for as at 31 March 2019 aggregate ₹ 870.64 (2018 - ₹5,611.47 )

Particulars	As at 31 March 2019	As at 31 March 2018
<b>(iii) Others</b>		
(a) <b>Guarantees</b>		
Bank guarantees	176.46	138.78
(b) Letter of comfort on behalf of subsidiaries :		
Glenmark Holding SA., Switzerland	23,360.84	34,143.94
Glenmark Impex L.L.C., Russia	-	129.64
Glenmark Farmaceutica Ltda Brazil	-	907.48
Glenmark Pharmaceuticals S.R.L Romania	-	129.64
Glenmark Pharmaceuticals S.R.O, Czech Republic	-	19.45
Glenmark Generics SA., Argentina	138.64	129.64
Glenmark Pharmaceuticals Inc, USA	10,051.40	9,593.36
Glenmark Pharmaceuticals FZE - UAE	-	12.96
Glenmark Life Sciences Limited, (Formerly known as Zorg Laboratories Private Limited), India	2,703.48	-

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 31 - Leases

The Company has taken on lease/leave and licence godowns/residential & office premises at various locations.

- The Company's significant leasing arrangements are in respect of the above godowns & premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to the statement of profit and loss as rent is presented in note 25.
- The leasing arrangements which are cancellable between 11 months to 5 years are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given towards deposit and unadjusted advance rent is recoverable from the lessor.
- The Company has entered into operating lease agreements for the rental of its office premises for a period of 3 to 7 years.
- Future obligations on non-cancellable operating lease

Minimum lease payments	31 March 2019	31 March 2018
Due within one year	233.53	197.33
Due later than one year and not later than five years	884.49	176.37
Due later than five years	133.84	8.15
<b>Total</b>	<b>1,251.86</b>	<b>381.85</b>

## Note 32 - Disclosure Pursuant to Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 186 of Companies Act, 2013

Particulars	Maximum amount outstanding during the year		As at	
	2018-2019	2017-2018	31 March 2019	31 March 2018
<b>a) Loans and advances to subsidiaries/enterprise</b>				
Glenmark Holding S.A., Switzerland	63,106.53	43,419.33	62,333.00	32,752.31
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	77.46	65.73	74.55	65.73
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	10.64	9.46	10.64	9.42
Glenmark Pharmaceuticals Kenya Ltd; Kenya	149.03	132.81	138.64	129.65
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	84.89	71.37	82.22	71.37
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	0.21	-	0.21	-
			<b>62,639.26</b>	<b>33,028.48</b>

Particulars	As at	
	31 March 2019	31 March 2018
<b>b) Receivable from subsidiary companies</b>		
Glenmark Pharmaceuticals S.A., Switzerland	5,086.00	3,305.68
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	275.66	279.05
Glenmark Philippines Inc., Philippines	111.89	136.72
Glenmark Impex L.L.C., Russia	1,579.53	2,165.26
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	355.64	286.93
Glenmark Pharmaceuticals Venezuela., C.A, Venezuela (provided for)	1,558.20	1,558.20
Glenmark Pharmaceuticals Peru SAC., Peru	69.69	98.92



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

Particulars	As at 31 March 2019	As at 31 March 2018
Glenmark Pharmaceuticals Europe Ltd., U.K.	-	81.86
Glenmark Pharmaceuticals s.r.o., Czech Republic	1.56	285.70
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	6.95	9.14
Glenmark Pharmaceuticals Kenya Ltd, Kenya	779.65	572.49
Glenmark Pharmaceuticals Colombia SAS, Colombia	14.01	2.57
Glenmark Pharmaceuticals Mexico S.A. DE C.V. Mexico	67.34	46.67
Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	405.57	403.72
Glenmark Pharmaceuticals Inc., USA	4,326.02	19,731.89
Glenmark Generics SA., Argentina	0.44	0.42
Glenmark Pharmaceuticals Canada Inc., Canada	24.11	41.42
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-	1.98
Glenmark Specialty S A, Switzerland	1,464.45	1,218.39
Glenmark Ukraine LLC, Ukraine	106.92	106.68
Glenmark-Pharmaceuticals Ecuador S.A., Ecuador	60.30	32.13
<b>c) Receivable from subsidiary against business sale</b>		
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	11,621.94	-
<b>d) Payable to subsidiaries</b>		
Glenmark Pharmaceuticals FZE., United Arab Emirates	204.60	120.08
Glenmark Farmaceutica Ltda., Brazil	97.42	178.67
Glenmark Pharmaceuticals (Europe) R&D Ltd., U.K.	117.52	192.36
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	0.01	0.01
Glenmark Pharmaceuticals Europe Ltd., U.K.	851.97	-
Glenmark Uruguay S.A., Uruguay	693.00	648.04
Glenmark Pharmaceuticals SP z.o.o.	0.18	0.17
Glenmark Pharmaceuticals S.R.L., Romania	0.07	0.07
Glenmark Pharmaceuticals B.V., Netherlands	0.01	18.42
Viso Farmaceutica S.L.U., Spain	-	6.55
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore	27.91	-
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	517.99	-

e) Movement of shares during the year	No. of Shares in Million			
	As at 1 April 2018	Invested during the Year	Sold during the Year	Balance as at 31 March 2019
Investments in Subsidiary Companies - Unquoted - non trade				
Glenmark Pharmaceuticals Peru SAC., Peru	22.30	0.03	-	22.33
Glenmark Pharmaceuticals Colombia SAS, Colombia	0.12	0.04	-	0.16
Glenmark Pharmaceuticals Singapore Pte. Ltd., Singapore	-	0.65	-	0.65
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited), India	-	1.96	-	1.96

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 33- Fair Value Measurements

### Financial instruments by category

Particulars	As at 31 March 2019					As at 31 March 2018			
	FVTPL	FVOCI	Amortised cost	Total carrying value	Total fair value	FVTPL	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>									
Non-current financial assets	-	-	368.01	368.01	368.01	-	380.91	380.91	380.91
Loans to related parties	-	-	62,639.26	62,639.26	62,639.26	-	33,028.48	33,028.48	33,028.48
Trade receivables	-	-	20,871.31	20,871.31	20,871.31	-	38,289.08	38,289.08	38,289.08
Cash and cash equivalents	-	-	2,549.97	2,549.97	2,549.97	-	1,760.47	1,760.47	1,760.47
Bank balances other than cash and cash equivalents	-	-	14.87	14.87	14.87	-	13.35	13.35	13.35
Investments	45.80	150.00	100.02	295.82	295.82	46.59	100.02	146.61	146.61
Other current financial assets	-	-	13,123.42	13,123.42	13,123.42	-	1,937.10	1,937.10	1,937.10
<b>Total</b>	<b>45.80</b>	<b>150.00</b>	<b>99,666.86</b>	<b>99,862.66</b>	<b>99,862.66</b>	<b>46.59</b>	<b>75,509.41</b>	<b>75,556.00</b>	<b>75,556.00</b>
<b>Financial Liabilities</b>									
Long term borrowings	464.44	-	27,850.08	28,314.52	28,314.52	-	26,860.29	26,860.29	26,860.29
Non-current financial liabilities	-	-	885.06	885.06	885.06	-	26.00	26.00	26.00
Trade payables	-	-	16,676.64	16,676.64	16,676.64	-	15,549.53	15,549.53	15,549.53
Short term borrowings	-	-	3,030.30	3,030.30	3,030.30	-	2,950.44	2,950.44	2,950.44
Other current financial liabilities	-	-	1,412.12	1,412.12	1,412.12	-	1,848.86	1,848.86	1,848.86
<b>Total</b>	<b>464.44</b>	<b>-</b>	<b>49,854.20</b>	<b>50,318.64</b>	<b>50,318.64</b>	<b>-</b>	<b>47,235.12</b>	<b>47,235.12</b>	<b>47,235.12</b>

Investment in subsidiaries are carried at cost

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 Company. The carrying amount of these assets approximates their fair value.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates to their fair value.

The Bonds are interest bearing instruments with an embedded derivative instrument of conversion option. The instrument's value predominately consist of liability measured at amortised cost; the embedded derivative is measured at FVTPL.

### Fair value hierarchy :

Level 2 : All FVTPL and FVOCI financial assets and liabilities are classified under level 2 of fair value hierarchy except quoted investments amounting to ₹1.00 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 34 - Note on Expenditure on Corporate Social Responsibility

Following is the information regarding projects undertaken and expenses incurred on CSR activities during the year ended 31 March 2019:

- i Gross amount required to be spent by the Company during the year - ₹ 382.50 (2018 - ₹ 384.79)
- 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	36.95	-	36.95
Promoting health care including preventive health care	68.03	-	68.03
Reducing child mortality and improving maternal health	141.76	-	141.76
Training to promote olympic sports	64.00	-	64.00
Administrative expenses	0.75	-	0.75
<b>Total</b>	<b>311.49</b>	<b>-</b>	<b>311.49</b>

## Note 35 - Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks which results from the Company's operating and investing activities. The Company focuses on actively securing its short to medium term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, accounts receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and deposits are invested with banks.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

The Company's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Company to fair value interest-rate risk.

### Foreign Currency sensitivity

The foreign currency sensitivity analysis has been performed in relation to US Dollar (USD), Euro (EUR) and Russian ruble(RUB).

US Dollar conversion rate was ₹ 64.82 at the beginning of the year and scaled to a high of ₹ 74.21 and to low of ₹ 64.76. The closing rate is ₹ 69.32. 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.

# Standalone 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 2019		31 March 2018	
	USD (million)	INR	USD (million)	INR
<b>Short-term exposure</b>				
Financial assets	232.73	16,133.21	476.90	30,913.86
Financial liabilities	(59.57)	(4,129.49)	(79.73)	(5,168.35)
<b>Total</b>	<b>173.16</b>	<b>12,003.72</b>	<b>397.17</b>	<b>25,745.51</b>
<b>Long term exposure</b>				
Financial assets	903.61	62,639.05	509.52	33,028.48
Financial liabilities	(427.13)	(29,609.01)	(421.25)	(27,306.95)
<b>Total</b>	<b>476.48</b>	<b>33,030.04</b>	<b>88.27</b>	<b>5,721.53</b>

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(4,503.38)	(3,146.70)
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	4,503.38	3,146.70
Equity	-	-

EUR conversion rate was ₹ 79.86 at the beginning of the year and scaled to a high of ₹ 85.59 and to low of ₹ 77.69. The closing rate is ₹ 77.76. 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 2019		31 March 2018	
	EUR (million)	INR	EUR (million)	INR
<b>Short term exposure</b>				
Financial assets	0.33	25.30	3.48	277.95
Financial liabilities	(11.99)	(932.46)	(0.60)	(47.92)
<b>Total</b>	<b>(11.66)</b>	<b>(907.16)</b>	<b>2.88</b>	<b>230.03</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	90.72	(23.00)
Equity	-	-

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(90.72)	23.00
Equity	-	-

RUB conversion rate was ₹ 1.13 at the beginning of the year and scaled to a high of ₹ 1.13 and to low of ₹ 0.99. The closing rate is ₹ 1.06. 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 2019		31 March 2018	
	RUB (million)	INR	RUB (million)	INR
<b>Short term exposure</b>				
Financial assets	1,736.99	1,832.85	1,760.03	1,993.95
Financial liabilities	-	-	-	-
<b>Total</b>	<b>1,736.99</b>	<b>1,832.85</b>	<b>1,760.03</b>	<b>1,993.95</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

If the INR had strengthened against the RUB by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(183.28)	(199.40)
Equity	-	-

If the INR had weakened against the RUB by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	183.28	199.40
Equity	-	-

## Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term borrowings. The Company has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate risk associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Company has outstanding borrowings of USD Nil (2018 - USD Nil), therefore an interest rate sensitivity analysis is not performed.

The bank deposits are placed on fixed rate of interest of approximately 4.50% to 6.60%. As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## 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	As at
	31 March 2019	31 March 2018
Cash & cash equivalents	2,549.97	1,760.47
Bank balances other than cash and cash equivalents	14.87	13.35
Trade receivables	20,871.31	38,289.08
Current financial assets	13,123.42	1,937.10
Non current financial assets	95,694.79	65,536.23
<b>Total</b>	<b>132,254.36</b>	<b>107,536.23</b>

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of upto 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. In accordance with Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Given below is ageing of accounts receivable spread by period of six months:

Particulars	As at	As at
	31 March 2019	31 March 2018
Outstanding for more than 6 months	2,351.18	1,785.80
Others	18,520.13	36,503.28
<b>Total</b>	<b>20,871.31</b>	<b>38,289.08</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company's management considers that all the above financial assets that are not impaired for each of the reporting dates and are of good credit quality, including those that are past due. None of the Company's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Company's credit risk exposure towards any single counterparty or any group of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## Liquidity risk analysis

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.



# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

As at 31 March 2019, the Company's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current
	Within 1 year	1 to 5 years
Trade payable	16,676.64	-
Financial liabilities	1,412.12	-
Short term borrowings	3,030.30	-
Long-term borrowings	-	28,314.52
Other non-current financial liabilities	-	885.06
<b>Total</b>	<b>21,119.06</b>	<b>29,199.58</b>

## Note 36 - Capital Management Policies and Procedures

The Company objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the balance sheet.

Particulars	31 March 2019	31 March 2018
Total debt	31,344.82	29,810.73
Less: Cash & cash equivalents	2,549.97	1,760.47
<b>Net debt (A)</b>	<b>28,794.85</b>	<b>28,050.26</b>
<b>Total equity (B)</b>	<b>119,420.89</b>	<b>103,914.41</b>
<b>Net debt to equity ratio ( A/B)</b>	<b>24.11%</b>	<b>26.99%</b>

Dividends	31 March 2019	31 March 2018
(i) Equity shares		
Final dividend paid during the year ended	680.33	679.22

(ii) Dividends not recognised at the end of the reporting period.

In addition to the above dividends, since year end the Board of Directors have recommended the payment of a final dividend of ₹ 2 (2018 - ₹ 2) per fully paid up equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## Note 37 - Revenue

The Government of India introduced the Goods and Service Tax (GST) with effect from 1 July 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for the year ended 31 March 2018 is reported net of GST. The revenue for year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, income from operations for the year ended 31 March 2019 and 31 March 2018 are not comparable.

## Note 38 - Comparatives

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

## Note 39 - Exceptional Items

During the year ended 31 March 2019, the Company sold of its Orthopaedic and Pain management India business (Ortho India business) valued at ₹ 6,350 to Integrace Private Limited (Integrace) by the way of slump sale and recognized gain of ₹ 3,451.85 in Statement of Profit and Loss.

# Standalone NOTES TO THE FINANCIAL STATEMENTS

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

## Note 40 - Discontinued Operations

On 25 September 2018, Shareholders of the Company approved the transfer of Active Pharmaceutical Ingredients (API) business to its wholly owned subsidiary, Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited) as a going concern by way of a slump sale.

On 1 January 2019, the Company completed the transfer of the Company's Active Pharmaceuticals Ingredient (API) business to Glenmark Life Sciences Limited, a wholly owned subsidiary of the Company.

The financial performance and cash flow information presented are for the nine months ended 31 December 2018 and the year ended 31 March 2018

Particulars	For the nine months ended 31 December 2018	For the year ended 31 March 2018
Revenue (includes other income)*	7,042.98	8,881.06
Expenditure	5,014.64	6,634.52
Profit before tax	2,028.34	2,246.54
Income tax expenses	690.25	761.68
Profit after tax	1,338.09	1,484.86

\* Other income for nine months ended ₹ 18.42 (2018 - ₹ 4.30)

Net increase /(decrease) in cash generated from discontinued operation	For the nine months ended 31 December 2018	For the year ended 31 March 2018
Net cash inflow from operating activities	(1,341.19)	2,775.34
Net cash inflow/ (outflow) from investing activities	(180.15)	(727.86)
Net cash inflow/ (outflow) from financing activities	1,521.73	(2,047.45)
Net increase /(decrease) in cash generated from discontinued operation	0.39	0.03

The carrying amounts of assets and liabilities are as follows :

Particulars	As at 31 December 2018	As at 31 March 2018
Tangible assets and Intangible asset	5,298.47	5302.58
Trade receivables	3,634.43	3673.65
Inventory	4,596.56	2964.05
Other asset	805.17	407.46
<b>Total assets</b>	<b>14,334.63</b>	<b>12347.74</b>
Trade payables	2,555.02	1790.98
Other liabilities	157.67	-
<b>Total liabilities</b>	<b>2,712.69</b>	<b>1790.98</b>
<b>Receivable against sale of business</b>	<b>11,621.94</b>	<b>-</b>

## Note 41 - Authorisation of Financial Statements

The financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 29 May 2019.

As per our report of even date.

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership Number - 504662

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Independent Auditor's Report

To the Members of Glenmark Pharmaceuticals Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

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 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows 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.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment 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, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2019 ('the current period'). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of intangible assets</b></p> <p>As at 31 March 2019, the Group is carrying intangible assets aggregating to ₹ 15,177.07 million in its consolidated financial statements relating to multiple Cash Generating Units ("CGU's"). These intangibles are subject to test of impairment by the management where for each reporting period in case of intangible assets having indefinite useful life and when impairment indicators exist in case of all other intangible assets, in accordance with the applicable accounting standards.</p> <p>The carrying value of intangible assets will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations.</p>	<p><b>Our audit included, but was not limited to, the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for identification of impairment indicators for intangible assets and impairment testing of such assets;</li> <li>• Tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified assets;</li> <li>• Involved auditor's experts to assess the appropriateness of the valuation methodologies;</li> </ul>

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p>In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the future cash flow forecasts, principally relating to long-term revenue growth rates, terminal values, operating profit margins, external market conditions and the discount rate used, and judgments relating to the probability of scientific success and commercial success of asset either through out-licensing or subsequent product launches. The assessment is performed for each intangible asset.</p> <p>Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of intangible assets is considered to be complex and determined to be a key audit matter in our current period audit.</p>	<ul style="list-style-type: none"> <li>• Evaluated management's assumptions, including long-term revenue growth rates, operating profit margins, terminal values, and discount rates based on our understanding of the business of the respective CGUs, past results of commercial successes and external factors such as industry trends and forecasts;</li> <li>• Assessed the management process for determination of stage wise progress of the intangible assets, how it is monitored and used in the valuation methodologies for the impairment testing;</li> <li>• Evaluated historical accuracy of forecasts done by the management in prior periods, including the planned progress in the intangible asset to actual progress;</li> <li>• Obtained and evaluated sensitivity analysis performed by the management on key assumptions including implied growth rates during explicit period, terminal growth rate, progress in the stage of intangible asset and discount rate;</li> <li>• Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for the respective intangible asset to evaluate sufficiency of headroom between recoverable value and carrying amounts;</li> <li>• Tested the mathematical accuracy of the management working.</li> <li>• Evaluated the adequacy of disclosures given in the consolidated financial statements with respect to intangible assets including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards.</li> </ul>
<p><b>Revenue recognition in US Subsidiary</b></p> <p>The Group's sales to customers in the United States of America ('US') fall under certain commercial and governmental reimbursement schemes of which the most significant ones are chargebacks, failure to supply penalties and Medicaid Drug Rebate Program ('Medicaid'). The provision recognised as at 31 March 2019 for revenue deductions related to such items aggregated to ₹ 96,875.66 million.</p> <p>These arrangements result in deductions to gross sales recognised by the Group, and require the management to estimate and recognise obligations of the Group to provide such deductions to its customers for sales made during the reporting period.</p> <p>Accordingly, the Group has recognised an accrual of ₹ 96,875.66 million as at 31 March 2019 towards these arrangements and has adjusted revenues to the extent of ₹ 96,875.66 million pertaining to Group's US operations during the year ended 31 March 2019. Refer Notes 19 to the consolidated financial statements.</p>	<p><b>Our audit included, but was not limited to, the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management process for estimation and accounting treatment of transactions arising from various discount schemes, mandated contracts, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements, pertaining to Group's revenue operations in US;</li> <li>• Evaluated the design and tested the operating effectiveness of controls implemented by the Group for approval of such schemes, for recording of such transactions and obligations arising from such arrangements completely and accurately, and for ensuring appropriate accounting treatment thereof;</li> <li>• Tested the calculations for accruals under applicable schemes by testing the data with supporting documents such as Group's stated commercial policies, terms of underlying contracts inspected on a sample basis, stock lying at wholesalers, historical levels of product returns, and wholesale acquisition cost (WAC) determined for such calculations;</li> </ul>

**Key audit matter**

Effective 1 April 2018, the Group has adopted Ind AS 115, Revenue from Contracts with Customers. Ind AS 115 requires the management to estimate the amount of variable consideration to which it will be entitled to the extent it is not highly probable that such amount will reverse. Variable consideration may include discounts and sales returns. The estimate depends on contractual terms, relevant regulations, historical experience, as well as forecasts of sales volumes by sales channel. Additionally, dispensing of the product and the final determination of the net selling price may occur several months later.

We focused on this area since these arrangements are complex and determining appropriate accruals and adjustments requires significant judgement and estimation by management. This judgement is particularly complex in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid. Considering the materiality of the amount involved and high estimation uncertainty requiring significant judgement as discussed above, we determined this matter to be a key audit matter for the current period audit.

**How our audit addressed the key audit matter**

- Tested credit notes issued and payments made during the year under such schemes and arrangements, on a sample basis, from underlying supporting documents such as contracts, sales data and satisfaction of eligibility criteria as per terms of the scheme;
- Tested subsequent settlements, payments and rebates given to customers under various schemes and arrangements to determine adequacy of the accruals made at year end;
- Evaluated the historical accuracy of the Group's estimates of year-end accruals relating to such arrangements made in previous years;
- Reviewed related contracts, and performed procedures to validate contractual terms and inventory levels of significant customers and wholesalers;
- Identified and tested specific journal entries such as those manually posted directly to revenue, outside of expected hours, or by unexpected individuals and for large or unusual amounts;
- Agreed a sample of revenue transactions to customers' cash deposits and withdrawals;
- Performed test of details on a sample of revenue transactions recorded during the year, including specific periods before and after the year-end. For the samples selected, inspected supporting documents, including contracts and related amendments for revisions to performance obligations or price terms, and invoices;
- Evaluated the adequacy and appropriateness of the disclosures made in the accompanying consolidated financial statements relating to such arrangements in accordance with the requirements of the accounting standards.

**Recoverability of deferred tax assets**

Refer note 3.13 of Summary of significant accounting policies and other explanatory information and the note 7 of the consolidated financial statements of the Group for the year ended 31 March 2019. At the balance sheet date, deferred tax assets recognised for carried forward tax losses amounted to ₹ 5,315.32 million

The assessment of meeting the recognition criteria as well as assessment of recoverability of deferred tax assets within the period prescribed under the tax laws, as applicable for the respective subsidiaries of the Group involves use of significant assumptions and estimates. Determining forecasts of future results and taxable profits includes key assumptions such as future growth rates and market conditions. The projected cash flows are assessed using a number of scenarios to cover reasonable changes in the assumptions underlying the projections.

Any change in these assumptions could have a material impact on the carrying value of deferred tax assets. These assumptions and estimates are judgmental, subjective and depend on the future market and economic conditions.

**Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to, the following:**

- Evaluated the design and tested the operating effectiveness of key controls implemented by the Group over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws of the respective entities in the Group;
- Involved auditor's experts to assess the appropriateness of the deferred tax asset balance recognized in the balance sheet.;
- Discussed with the management the key reasons for the tax losses and if they are temporary;
- Reconciled the future taxable profit projections to future business plans of the Company as approved by the Board of Directors of the respective entities;

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**Key audit matter**

Owing to the significance of the balances and complexities involved as described above, we have considered recoverability of such deferred tax assets recognised on carried forward tax losses as a key audit matter.

**How our audit addressed the key audit matter**

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- Tested and challenged management's judgements relating to the forecasts of future taxable profits and evaluated the reasonableness of the assumptions, including future growth rate underlying the preparation of these forecasts based on historical data trends.;
- Tested the mathematical accuracy of the projections including sensitivity analysis performed by management and performed independent sensitivity analysis to the key assumptions mentioned above to determine inputs leading to high estimation uncertainty of the cash flow projections.
- Assessed any restrictions in the local tax legislation impacting the utilisation;
- Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes;

Re-computed the amount of deferred tax assets as appearing in the financial statements confirming the amounts of carried forward tax losses and unabsorbed depreciation.

Assessed the appropriateness of the disclosures included in note 7 in respect of the deferred tax balances.

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## Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is made available to us.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the

preparation of these consolidated financial statements 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 changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. 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.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going



concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those Board of Directors are also responsible for overseeing the Group's financial reporting process

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

15. We did not audit the financial statements of 41 subsidiaries, whose financial statements reflects total assets (before intra-group eliminations) of ₹ 168,664.10 million and net assets (before intra-group eliminations) of ₹ 44,322.24 million as at 31 March 2019 and total revenues (before intra-group eliminations) of ₹ 70,431.96 million and net cash outflows amounting to ₹ 3780.82 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 report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, 41 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries or International Standards of Auditing, as the case may be. The Holding Company's management has converted the financial statements of such subsidiaries located outside India IFRS to accounting principles generally accepted in India. We have audited

these conversion adjustments made by the Holding Company's management. Our opinion, and matters identified and disclosed under key audit matters Section above, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

The Group has prepared a separate set of consolidated financial results for the year ended 31 March 2019 in accordance with the recognition and measurement principles laid down in International Financial Reporting Standard issued by the IASB, as permitted by SEBI Circulars CIR/CFD/DIL/1/2010 dated 5 April 2010 and also under Regulation 33 of the SEBI (Listing disclosures Requirements) Regulations 2015, on which we have issued a separate auditor's report dated 29 May 2019. Our Opinion is not modified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

16. 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 and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the directors of the Group companies

covered under the Act, are disqualified as on 31 March 2019 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 its subsidiary companies covered under the Act, 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 Auditors) 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 as detailed in Note 31 to the consolidated financial statements.;
  - ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies during the year ended 31 March 2019;
  - iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2019

## Annexure A

### Annexure A to the Independent Auditor's Report of even date to the members of Glenmark Pharmaceuticals Limited on the Consolidated Financial Statements for the year ended 31 March 2019.

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Glenmark Pharmaceuticals Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company, as at 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of 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.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company's as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the 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 includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company as aforesaid.

#### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include 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 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 controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2019

# Consolidated BALANCE SHEET- Ind AS

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

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	20,978.12	18,958.10
Capital work-in-progress	3	12,343.68	9,933.40
Goodwill	4	547.35	521.04
Intangible assets	5	15,177.07	10,816.38
Intangible assets under development	5	1,645.70	1,285.32
Financial assets	6		
i. Investments		296.59	146.61
ii. Other financial assets		501.87	401.18
Deferred tax assets (net)	7	13,829.51	13,202.60
Other non-current assets	8	599.77	802.23
<b>Total non-current assets</b>		<b>65,919.66</b>	<b>56,066.86</b>
<b>Current assets</b>			
Inventories	9	22,520.74	20,305.85
Financial assets	10		
i. Trade receivables		21,945.90	23,318.07
ii. Cash and cash equivalents		9,362.78	12,333.56
iii. Bank balances other than cash and cash equivalents		14.87	13.35
iv. Other financial assets		2,802.66	3,856.42
Other current assets	11	10,321.30	10,059.67
<b>Total current assets</b>		<b>66,968.25</b>	<b>69,886.92</b>
<b>Total assets</b>		<b>132,887.91</b>	<b>125,953.78</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12 & 13	282.17	282.17
Other equity		55,769.67	51,352.60
<b>Equity attributable to owners of Glenmark Pharmaceuticals Limited</b>		<b>56,051.84</b>	<b>51,634.77</b>
Non-controlling interests		(3.77)	(3.70)
<b>Total equity</b>		<b>56,048.07</b>	<b>51,631.07</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities	14		
i. Borrowings		35,737.54	41,417.78
ii. Other non-current financial liabilities		885.06	26.00
Other non-current liabilities	15	6.30	-
<b>Total non-current liabilities</b>		<b>36,628.90</b>	<b>41,443.78</b>
<b>Current liabilities</b>			
Financial liabilities	16		
i. Borrowings		3,030.24	2,950.44
ii. Trade payables			
- Total outstanding dues of Micro enterprises and Small enterprises		1,109.99	978.25
- Total outstanding dues of other than Micro enterprises and Small enterprises		21,097.52	17,719.59
iii. Other current financial liabilities		9,012.69	5,657.89
Other current liabilities	17	1,119.44	1,248.12
Provisions	18	4,383.50	4,040.38
Current tax liabilities		457.56	284.26
<b>Total current liabilities</b>		<b>40,210.94</b>	<b>32,878.93</b>
<b>Total liabilities</b>		<b>76,839.84</b>	<b>74,322.71</b>
<b>Total equity and liabilities</b>		<b>132,887.91</b>	<b>125,953.78</b>

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated STATEMENT OF PROFIT AND LOSS - Ind AS

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

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Income</b>			
Revenue from operations	19	98,654.68	91,030.70
Other income	20	2,081.37	914.00
<b>Total income</b>		<b>100,736.05</b>	<b>91,944.70</b>
<b>Expenses</b>			
Cost of materials consumed	21	24,447.12	21,501.10
Purchases of stock-in-trade	22	9,762.98	7,547.45
Changes in inventories of work-in-process, stock-in-trade and finished goods	23	(586.68)	1,337.12
Employee benefit expense	24	20,560.70	18,718.41
Finance costs	25	3,345.85	2,855.67
Depreciation, amortisation and impairment expense	3 & 5	3,259.05	3,018.76
Other expenses	26	28,612.56	25,772.89
<b>Total expenses</b>		<b>89,401.58</b>	<b>80,751.40</b>
<b>Profit before exceptional items and tax</b>		<b>11,334.47</b>	<b>11,193.30</b>
Exceptional items	41	1,671.82	-
<b>Profit before tax</b>		<b>13,006.29</b>	<b>11,193.30</b>
<b>Tax expense</b>			
Current tax	7	4,765.42	3,256.90
Deferred tax		(1,009.06)	(102.30)
<b>Total Tax expense</b>		<b>3,756.36</b>	<b>3,154.60</b>
<b>Profit for the year</b>		<b>9,249.93</b>	<b>8,038.70</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Remeasurement of the post-employment benefit obligation		(259.39)	41.96
- Income tax relating to the above		45.80	(3.25)
<b>Items that will be reclassified to profit or loss</b>			
- Exchange differences on translating foreign operations		(3,710.57)	(778.78)
- Income tax relating to the above		(229.50)	-
<b>Other comprehensive income / (loss) for the year</b>		<b>(4,153.66)</b>	<b>(740.07)</b>
<b>Total comprehensive income for the year</b>		<b>5,096.27</b>	<b>7,298.63</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		0.11	0.92
Equity shareholders of Glenmark Pharmaceuticals Limited		5,096.16	7,297.71
<b>Earnings per equity share of ₹1 each</b>			
Basic (in ₹)	30	32.78	28.49
Diluted (in ₹)		32.78	28.49

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated STATEMENT OF CHANGES IN EQUITY - Ind AS

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

## A Equity share capital

Particulars	Amount
<b>Balance as at 1 April 2017</b>	
Equity share capital	282.17
- Shares issued during the year	-
<b>Balance as at 31 March 2018</b>	282.17
- Shares issued during the year	-
<b>Balance as at 31 March 2019</b>	282.17

Refer notes 12 and 13 for details on equity share capital

## B Other equity

Particulars	Reserves and surplus						Other comprehensive income	Total attributable to owners of Glenmark Pharmaceuticals Limited	Non Controlling interest	Total Shareholders' equity
	Securities premium reserve	Capital reserve	General Reserve	Capital redemption reserve	Stock compensation reserve	Retained earnings	Currency Translation reserve			
<b>Balance as at 1 April 2018</b>	16,853.60	1.00	1,455.13	200.00	105.08	47,793.59	(15,055.80)	51,352.60	(3.70)	51,348.90
Dividends to equity shareholders (including dividend distribution tax) (refer note 37)	-	-	-	-	-	(680.33)	-	(680.33)	-	(680.33)
Employee share based compensation (refer note 13(VI))	-	-	-	-	1.07	-	-	1.07	-	1.07
Transaction with non controlling interest	-	-	-	-	-	0.18	-	0.18	(0.18)	-
<b>Transactions with owners</b>	-	-	-	-	1.07	(680.15)	-	(679.08)	(0.18)	(679.26)
Profit for the year	-	-	-	-	-	9,249.82	-	9,249.82	0.11	9,249.93
<b>Other Comprehensive Income:</b>										
Exchange difference on translation of foreign operations (net of tax)	-	-	-	-	-	-	(3,940.07)	(3,940.07)	-	(3,940.07)
Remeasurement of the net defined benefit plans (net of tax) (refer note 27)	-	-	-	-	-	(213.59)	-	(213.59)	-	(213.59)
<b>Total Comprehensive Income</b>	-	-	-	-	-	9,036.23	(3,940.07)	5,096.16	0.11	5,096.27
<b>Balance as at 31 March 2019</b>	16,853.60	1.00	1,455.13	200.00	106.15	56,149.67	(18,995.87)	55,769.67	(3.77)	55,765.90

Particulars	Reserves and surplus						Other comprehensive income	Total attributable to owners of Glenmark Pharmaceuticals Limited	Non Controlling interest	Total Shareholders' equity
	Securities premium reserve	Capital reserve	General Reserve	Capital redemption reserve	Stock compensation reserve	Retained earnings	Currency Translation reserve			
<b>Balance as at 1 April 2017</b>	16,853.60	1.00	1,455.13	200.00	14.44	40,395.93	(14,277.02)	44,643.08	(4.23)	44,638.85
Dividends to equity shareholders (including dividend distribution tax) (refer note 37)	-	-	-	-	-	(679.22)	-	(679.22)	-	(679.22)
Employee share based compensation (refer note 13(VI))	-	-	-	-	90.64	-	-	90.64	-	90.64
Transaction with non controlling interest	-	-	-	-	-	0.39	-	0.39	(0.39)	-
<b>Transactions with owners</b>	-	-	-	-	90.64	(678.83)	-	(588.19)	(0.39)	(588.58)
Profit for the year	-	-	-	-	-	8,037.78	-	8,037.78	0.92	8,038.70
<b>Other Comprehensive Income:</b>										
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(778.78)	(778.78)	-	(778.78)
Remeasurement of the net defined benefit plans (net of tax) (refer note 27)	-	-	-	-	-	38.71	-	38.71	-	38.71
<b>Total Comprehensive Income</b>	-	-	-	-	-	8,076.49	(778.78)	7,297.71	0.92	7,298.63
<b>Balance as at 31 March 2018</b>	16,853.60	1.00	1,455.13	200.00	105.08	47,793.59	(15,055.80)	51,352.60	(3.70)	51,348.90

See accompanying notes to the consolidated financial statements.

As per our report of even date.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm Registration Number : 001076N/N500013

**Ashish Gupta**

Partner

Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**

Chairman & Managing Director

DIN : 00050607

**V S Mani**

Executive Director & Global Chief Financial Officer

DIN : 01082878

**Cherylann Pinto**

Executive Director

DIN : 00111844

**Harish Kuber**

Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019



# Consolidated STATEMENT OF CASH FLOWS - Ind AS

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

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. Cash inflow/(outflow) from operating activities</b>		
Profit before tax	13,006.29	11,193.30
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation, impairment and amortisation	3,259.05	3,018.76
Finance costs	3,345.85	2,855.67
Interest income	(27.00)	(89.36)
Dividend income	(7.03)	(7.72)
(Profit)/loss on sale of property, plant and equipments	(5.98)	20.69
Employee benefit obligation	293.68	242.46
Provision for doubtful debts / expected credit losses	19.62	42.61
Employee share based compensation expense	1.07	90.64
Provision for sales returns	80.00	320.00
Exceptional item	(1,671.82)	-
Gain on extinguishment of FCCB liability	(153.72)	-
Unrealised exchange (gain)/loss	(1,835.37)	(780.99)
<b>Operating profit before working capital changes</b>	<b>16,304.64</b>	<b>16,906.06</b>
<b>Changes in operating assets and liabilities</b>		
- Decrease in trade receivables	444.31	1,032.11
- (Increase)/ Decrease in inventories	(4,287.02)	1,352.97
- (Increase) in other assets	711.44	(1,302.61)
- Increase in trade payable and other liabilities	4,494.68	2,008.13
<b>Net changes in operating assets and liabilities</b>	<b>1,363.41</b>	<b>3,090.60</b>
Income taxes paid	(4,426.34)	(3,516.12)
<b>Net cash generated from operating activities</b>	<b>13,241.71</b>	<b>16,480.54</b>
<b>B. Cash inflow/(outflow) from investing activities</b>		
Restricted cash	(750.79)	(2.04)
Interest received	26.64	88.13
Dividend received	7.03	7.72
(Increase)/ Decrease in non current asset	(21.87)	-
Investment in shares	(150.00)	-
Proceeds from sale of Orthopaedic and Pain management India business (net)	6,218.89	-
Payments for Purchase of Property, plant and equipment and Intangible assets (including Capital work in progress)	(12,371.71)	(10,446.40)
Proceeds from sale of property, plant and equipment and Intangible assets	51.88	219.16
<b>Net cash (used in) investing activities</b>	<b>(6,989.93)</b>	<b>(10,133.43)</b>
<b>C. Cash inflow/(outflow) from financing activities</b>		
Proceeds from long-term borrowings	6,695.81	5,795.10
Repayments of long-term borrowings	(10,506.08)	(8,693.93)
FCCB premium paid on buy back	(318.85)	-
Proceeds from /(repayment) of short-term borrowings (net)	117.36	1,022.69
Interest paid	(2,696.78)	(2,130.03)
Dividend paid (including tax on dividend)	(678.81)	(678.82)
<b>Net cash (used in) financing activities</b>	<b>(7,387.35)</b>	<b>(4,684.99)</b>

# Consolidated STATEMENT OF CASH FLOWS - Ind AS

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

	Year ended 31 March 2019	Year ended 31 March 2018
Effect of exchange rate changes on cash and cash equivalents	(1,835.21)	(107.80)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(2,970.78)</b>	<b>1,769.92</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,333.56</b>	<b>10,563.64</b>
<b>Cash and cash equivalents at the end of the year (refer note - 10(ii))</b>	<b>9,362.78</b>	<b>12,333.56</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	10.39	7.17
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	9,352.39	12,326.39
	<b>9,362.78</b>	<b>12,333.56</b>

## Note :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'.
- Figures in bracket indicate cash outflow.
- Reconciliation of Financing Activities

Particulars	As at 31 March 2018	Borrowings made during the year	Amount buyback*/ repaid during the year	FCCB premium and Issue cost	Exchange difference	As at 31 March 2019
Long term borrowings	43,443.41	6,695.81	(10,506.08)	353.42	1,469.87	41,456.44
Short term borrowings	2,950.44	117.36	-	-	(37.57)	3,030.24

\* Refer note 14(i) on buyback of foreign currency convertible bonds (FCCB)

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership Number - 504662

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**Cherylann Pinto**  
Executive Director  
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**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 1 – Background Information and Summary of Significant Accounting Policies

### 1. Nature of Operations

Glenmark Pharmaceuticals Limited ("Glenmark" or the "Company") and its subsidiaries (together referred to as "the Group") are primarily engaged in the business of development, manufacture and marketing of pharmaceutical products both formulation and active pharmaceuticals ingredient to regulated and semi regulated markets. The Group has a significant presence in branded generics markets across emerging economies including India and also has a fast growing generics business in the United States and Europe. The Group is actively involved in the discovery of new molecules both NCEs (new chemical entities) and NBEs (new biological entities).

The Group's research and development facilities are located at Mahape, Sinner, Turbhe and Talaja in India, and at La Chaux-de-fonds in Switzerland. The manufacturing facilities of the Group in India are located at Nasik, Colvale, Baddi, Nalagarh, Ankleshwar, Mohol, Kurkumbh, Sikkim, Indore, Dahej and Aurangabad. Overseas manufacturing facilities are located in Czech Republic, Argentina, La Chaux-de-fonds in Switzerland and Monroe (USA).

### 2. General Information and Basis of Preparation and Measurement

Glenmark Pharmaceuticals Limited is the Group's ultimate parent company and is a public limited company incorporated in Mumbai, India. The registered office of the Company is at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai – 400026, India.

The Company's shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

These consolidated financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

These consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. Amounts in figures presented have been rounded to INR million unless otherwise stated.

### 3. Summary of Significant Accounting Policies

"The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The significant accounting policies that are used in the preparation of these consolidated financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the consolidated financial statements.

The preparation of consolidated financial statements in conformity with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 and 4.1.

#### 3.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best 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

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 3.2. Basis of Consolidation

These consolidated financial statements include financial statements of the Company and all of its subsidiaries drawn up to the dates specified in Note 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 consolidated 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.

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.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of profit and loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

### 3.4. Foreign currency transactions and foreign operations

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements

are recognized in the consolidated statement of profit and loss in the period in which they arise.

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income/ (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 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

#### Applicable upto 31 March 2018

##### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade discounts and allowances, but inclusive of excise duty (up to 30 June 2017). Revenue includes shipping and handling costs billed to the customer.

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers. Significant risks and rewards in respect of ownership of active pharmaceutical ingredients are transferred upon delivery of the products to the customers.

Revenue from contract research is recognised in the consolidated statement of profit and loss when right to receive a non-refundable payment from out-licensing partner is established and such non-refundable amount is representative of work already done by the Group.

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

## Services

Revenue from services rendered is recognised in the consolidated statement of profit and loss over the period the underlying services are performed.

## Export entitlements

Export entitlements from government authorities are recognised in the consolidated statement of profit and loss when the right to receive incentive as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## Other income

Other income consists of interest income on funds invested in financial assets, dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in the consolidated statement of profit and loss, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the consolidated statement of profit and loss on the date that the Group's right to receive payment is established.

## Applicable with effect from 01 April 2018

The Group has applied Ind AS 115 'Revenue from contracts with customers' with effect from 1 April 2018. Ind AS 115 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations are satisfied.

Group adopted Ind AS applying the modified retrospective approach. Ind AS 115 did not have a material impact on the amount or timing of recognition of reported revenue.

The Group receives revenue for supply of goods to external customers against orders received. The majority of contracts that Group enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical and consumer healthcare products. The average duration of a sales order is less than 12 months.

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

Group enters into development and marketing collaborations and out-licences of the Group's compounds or products to other parties. These contracts give rise to fixed and variable consideration from upfront payments, development milestones, sales-based milestones and royalties. Income dependent on the



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

achievement of a development milestone is recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, which is usually when the related event occurs. Sales-based milestone income is recognised when it is highly probable that the sales threshold will be reached.

Sales-based royalties on a licence of intellectual property are not recognised until the relevant product sale occurs. If the time between the recognition of revenue and payment from the customer is expected to be more than one year and the impact is material, the amount of consideration is discounted using appropriate discount rates.

Goods and Service Tax and other value added taxes are excluded from revenue.

## 3.6. Property, Plant and Equipment

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the consolidated statement of profit and loss".

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group its cost can be measured reliably and it has a useful life of at least twelve months. The costs of other repairs and maintenance are recognised in the consolidated statement of profit and loss as incurred.

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment

recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### Depreciation

Depreciation is recognised in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The below given useful lives best represent the useful lives of these assets based on internal assessment and supported by technical advice where necessary which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

#### The estimated useful lives are as follows:

Factory and other buildings	26 - 61 years
Plant and machinery	1 - 21 years
Furniture, fixtures and office equipment	1 - 21 years
Vehicles	1 - 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

## 3.7. Borrowing Costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

## 3.8. Intangible Assets

### Goodwill

Goodwill arises upon the acquisition of 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.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Acquisitions prior to the Group's date of transition to Ind AS :

As part of its transition to Ind AS, the Group elected to restate only those business combinations that occurred on or after 1 April 2015. In respect of acquisitions prior to 1 April 2015, goodwill represents the amount recognised under previous GAAP.

## Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the consolidated statement of profit and loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Group, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the consolidated statement of profit and loss as incurred.

The Group's internal drug development expenditure is capitalised only if they meet the recognition criteria as mentioned above. Where uncertainties exist that the said criteria may not be met, the expenditure is recognised in the consolidated statement of profit and loss as incurred. Where the recognition criteria are met, intangible assets are recognised. Based on the management estimate of the useful lives, indefinite useful life assets are tested for impairment and assets with limited life are amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licenced to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

Payments to in-license products and compounds from third parties generally taking the form of up-front payments and milestones are capitalised and amortised on a straight-line basis, over their useful economic lives from when the asset is available for use. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful life are indeterminable till then.

The Group monetized the molecules under development, as active market exist at each stage / phase wise molecules developments, either through out licensing arrangement or subsequent product launches. Accordingly the molecules under development, which meets criteria under Ind AS 38 Intangibles assets, are classified as intangibles assets.

## De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in the consolidated statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the the consolidated 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, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the the consolidated statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software.

## Amortisation

Amortisation of intangible assets, other than goodwill, intangible assets not available for use and intangible assets having indeterminable life, is recognised in the consolidated statement of profit and loss on a straight-line basis over the estimated useful lives from the date that they are available for use.

The estimated useful lives of intangible assets are 1 - 10 years.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

### 3.9. Impairment Testing of Property, Plant and Equipment, Goodwill and Intangible Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the consolidated statement of profit and loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.10. Investments and financial assets

#### Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit and loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represents solely payment of principal and interest.

#### Measurement of debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured

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at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit and loss and recognised in other income/(expenses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL) : Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated statement of profit and loss and presented net in the consolidated statement of profit and loss within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in other income.

## Measurement of equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the consolidated statement of profit and loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expenses) in the

consolidated statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash

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flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## 3.11. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

Group presents the hybrid contract in consolidated balance sheet as a single contractual arrangement. The embedded derivative component is classified as at FVTPL for measurement purposes; the host contract, as a financial liability is measured at amortised cost using the effective interest method.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial is recognised as an asset / liability based on the underlying reason for the difference. Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method. Borrowings are derecognised from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit and loss. The gain / loss is recognised in other equity in case of transaction with shareholders. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

## 3.12. Inventories

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, raw material, packing material

are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

## 3.13. Accounting for Income Taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the consolidated statement of profit and loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and
- Taxable temporary differences relating to investments in subsidiaries to the extent the Group is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised / settled simultaneously.

## 3.14. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

### Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during

the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### Land acquired on long term leases

The Group has capitalised the land acquired on long term lease. Such leases are acquired on payment of an upfront amount and do not carry any other minimum lease payments/other rentals over the lease term. The asset is initially recognised at the value of the upfront premium/charges paid to acquire the lease.

### Operating leases

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's consolidated balance sheet. Payments made under operating leases are recognised in the consolidated statement of profit and loss over the term of the lease.

## 3.15. Equity

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any income tax effects.

Securities premium includes any premium received on the issue of share capital. Any transaction costs associated with the issue of shares is deducted from Securities premium, net of any related income tax benefits.

Foreign currency translation differences are included in the currency translation reserve.

Retained earnings include all current and prior period results, as disclosed in the consolidated statement of profit and loss.

## 3.16. Employee Benefits

### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate



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entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the consolidated statement of profit and loss as incurred.

## Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability/(asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability/(asset) is recognised in the balance sheet.

### Defined benefit costs are recognised as follows:

- Service cost in the consolidated statement of profit and loss
- Net interest on the net defined benefit liability/(asset) in the consolidated statement of profit and loss
- Remeasurement of the net defined benefit liability/(asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the consolidated statement of profit and loss in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments.

Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the consolidated statement of profit and loss.

## Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Group's policy and receive cash in lieu thereof. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the date of balance sheet. Such measurement is based on actuarial valuation as at the date of balance sheet carried out by a qualified actuary.

## Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary retirement. Termination benefits for voluntary retirement are recognised as an expense if the Group has made an offer encouraging voluntary retirement, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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## 3.17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cash flows associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated balance sheet.

Any amount that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset upto the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

## 3.18. Share based Compensation

All employee services received in exchange for the grant of any equity-settled share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in the consolidated statement of profit and loss with a corresponding credit to equity (Stock compensation reserve). If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication

that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as Securities premium.

## 4. Critical Accounting Estimates and Significant Judgement In Applying Accounting Policies

When preparing these consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Group's accounting policies, the following judgments have been made apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial information. Judgements are based on the information available at the date of balance sheet.

### Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification. The Group has also used Appendix C to Ind AS 17 for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- a) 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 Group's latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilise without a time limit,

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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.

## Revenue

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

## 4.1. Estimation Uncertainty

The preparation of these consolidated financial statements is in conformity with Ind AS and requires the application

of judgement by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimates of life of various tangible and intangible assets, and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

## Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The useful 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.

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## Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. Refer note 4 and 5 for impairment testing assumptions for intangibles and goodwill.

## Current and deferred income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## Expected credit loss

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables.
- ii Financial assets measured at amortised cost other than trade receivables.

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as ii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has

not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance."

The consolidated financial statements have been prepared using the measurement basis specified by Ind AS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 5. Standards issued but not yet effective:

### Ind AS 116 – Leases

On 30 March 2019, the Ministry of Corporate Affairs issued Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IND AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as at annual periods beginning on or after 1 April 2019,.

The Group will adopt this standard using modified retrospective method effective 1 April 2019, and accordingly, the comparative for year ended 31 March 2018 and 2019, will not be retrospectively adjusted. The Group has elected certain available practical expedients on transition.

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## Appendix C to Ind AS 12 - Uncertainty over income tax treatments

On 30 March 2019, Ministry of Corporate Affairs issued Appendix C to Ind AS 12, which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The effective date for adoption of Appendix C to Ind AS 12 is 1 April 2019. The Group will apply Appendix C to Ind AS 12 prospectively from the effective date and the effect on adoption of Ind AS 12 on the financial statement is insignificant.

## Amendment to Ind AS 12 – Income Taxes

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognise the income tax consequences of dividends on financial

instruments classified as equity should be recognised according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised. The effective date of these amendments is annual periods beginning on or after 1 April 2019. The Group is currently assessing the impact of this amendment on the Group's consolidated financial statements.

## Amendment to Ind AS 19 - Plan Amendment, Curtailment or Settlement

On 30 March 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the remeasurement using the assumptions used for the remeasurement; and determine the net interest for the remaining period based on the remeasured net defined benefit liability or asset. These amendments are effective for annual reporting periods beginning on or after 1 April 2019. The Group will apply the amendment from the effective date and the effect on adoption of the amendment on the consolidated financial statement is insignificant.

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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 2019	31 March 2019	31 March 2018
Glenmark Pharmaceuticals (Europe) R&D Ltd.	31 March	United Kingdom	GHSA	100%	100%
Glenmark Pharmaceuticals Europe Ltd.	31 March	United Kingdom	GPL	100%	100%
Glenmark Pharmaceuticals S.R.O. (GP S.R.O.)	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals SK, S.R.O.	31 March	Slovak Republic	GP S.R.O.	100%	100%
Glenmark Pharmaceuticals S. A. (GPSA)	31 March	Switzerland	GHSA	100%	100%
Glenmark Holding S. A., (GHSA)	31 March	Switzerland	GPL	100%	100%
Glenmark Pharmaceuticals S.R.L	31 March	Romania	GHSA	100%	100%
Glenmark Pharmaceuticals SP z.o.o.	31 March	Poland	GHSA	100%	100%
Glenmark Pharmaceuticals Inc.	31 March	USA	GHSA	100%	100%
Glenmark Therapeutics Inc.	31 March	USA	GHSA	100%	100%
Glenmark Farmaceutica Ltda	31 March	Brazil	GHSA	100%	100%
Glenmark Generics SA	31 March	Argentina	GHSA	100%	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	31 March	Mexico	GPL	100%	100%
Glenmark Pharmaceuticals Peru SAC	31 March	Peru	GPL	100%	100%
Glenmark Pharmaceuticals Colombia SAS.	31 March	Colombia	GPL	100%	100%
Glenmark Uruguay S.A. (GU S.A.)	31 March	Uruguay	GPL	100%	100%
Glenmark Pharmaceuticals Venezuela, C.A	31 March	Venezuela	GPL	100%	100%
Glenmark Dominicana SRL	31 March	Dominican Republic	GPL	100%	100%
Glenmark Pharmaceuticals Egypt S.A.E.	31 March	Egypt	GPL	100%	100%
Glenmark Pharmaceuticals FZE	31 March	United Arab Emirates	GPL	100%	100%
Glenmark Impex L.L.C	31 March	Russia	GPL	100%	100%
Glenmark Philippines Inc.	31 March	Philippines	GPL	100%	100%
Glenmark Pharmaceuticals (Nigeria) Ltd	31 March	Nigeria	GPL	100%	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	31 March	Malaysia	GPL	100%	100%
Glenmark Pharmaceuticals (Australia) Pty Ltd,	31 March	Australia	GPL	100%	100%
Glenmark South Africa (pty) Ltd (GSAPL)	31 March	South Africa	GPL	100%	100%
Glenmark Pharmaceuticals South Africa (pty) Ltd	31 March	South Africa	GSAPL	100%	100%
Glenmark Pharmaceuticals (Thailand) Co. Ltd	31 March	Thailand	GPL	49%	49%
Glenmark Pharmaceuticals B.V.	31 March	Netherland	GHSA	100%	100%
Glenmark Arzneimittel Gmbh	31 March	Germany	GHSA	100%	100%
Glenmark Pharmaceuticals Canada Inc.	31 March	Canada	GHSA	100%	100%
Glenmark Pharmaceuticals Kenya Ltd	31 March	Kenya	GPL	100%	100%
Glenmark Therapeutics AG	31 March	Switzerland	GPL	100%	100%
Viso Farmaceutica S.L.U.	31 March	Spain	GHSA	100%	100%
Glenmark Specialty SA	31 March	Switzerland	GHSA	100%	100%
Glenmark Pharmaceuticals Distribution S.R.O.	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals Nordic AB	31 March	Sweden	GHSA	100%	100%
Glenmark Ukraine LLC	31 March	Ukraine	GHSA	100%	100%
Glenmark-Pharmaceuticals Ecuador S.A.	31 March	Ecuador	GPL	100%	100%
Glenmark Pharmaceuticals Singapore Pte. Ltd.	31 March	Singapore	GPL	100%	-
Glenmark Biotherapeutics SA	31 March	Switzerland	GPSA	100%	-
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited)	31 March	India	GPL	100%	-

## Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities



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## Note 3- Property, Plant and Equipment

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total	Capital work-in-progress
<b>Cost</b>										
<b>Balance as at 1 April 2018</b>	<b>106.98</b>	<b>405.90</b>	<b>7,266.63</b>	<b>1,689.53</b>	<b>15,148.70</b>	<b>1,307.95</b>	<b>1,885.09</b>	<b>356.80</b>	<b>28,167.58</b>	<b>9,933.40</b>
- Other acquisitions	-	-	1,054.19	45.16	1,740.48	174.78	413.71	106.47	3,534.78	4,270.03
- Disposals/Transfers	-	-	(7.77)	(39.13)	(64.51)	(6.54)	(24.30)	(124.34)	(266.59)	(2,235.84)
- Translation adjustment	14.18	(0.65)	357.26	15.46	43.33	0.19	102.48	(6.72)	525.52	376.09
<b>Balance as at 31 March 2019</b>	<b>121.16</b>	<b>405.25</b>	<b>8,670.31</b>	<b>1,711.00</b>	<b>16,868.00</b>	<b>1,476.38</b>	<b>2,376.98</b>	<b>332.21</b>	<b>31,961.29</b>	<b>12,343.68</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2018</b>	-	<b>59.54</b>	<b>1,037.15</b>	<b>647.82</b>	<b>4,944.76</b>	<b>867.46</b>	<b>1,464.16</b>	<b>188.59</b>	<b>9,209.48</b>	-
- Depreciation charge for the year	-	7.07	170.53	100.62	1,053.29	117.77	239.59	58.01	1,746.88	-
- Disposals/Transfers	-	-	(6.21)	(38.48)	(49.27)	(7.29)	(20.76)	(92.25)	(214.26)	-
- Translation adjustment	-	(0.05)	128.08	22.09	9.40	0.50	81.49	(0.44)	241.07	-
<b>Balance as at 31 March 2019</b>	-	<b>66.56</b>	<b>1,329.55</b>	<b>732.05</b>	<b>5,958.18</b>	<b>978.44</b>	<b>1,764.48</b>	<b>153.91</b>	<b>10,983.17</b>	-
<b>Carrying value</b>										
As at 1 April 2018	106.98	346.36	6,229.48	1,041.71	10,203.94	440.49	420.93	168.21	18,958.10	9,933.40
<b>As at 31 March 2019</b>	<b>121.16</b>	<b>338.69</b>	<b>7,340.76</b>	<b>978.95</b>	<b>10,909.82</b>	<b>497.94</b>	<b>612.50</b>	<b>178.30</b>	<b>20,978.12</b>	<b>12,343.68</b>
<b>Particulars</b>	<b>Freehold land</b>	<b>Leasehold land</b>	<b>Factory building</b>	<b>Other building</b>	<b>Plant and equipment</b>	<b>Furniture and fixture</b>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Total</b>	<b>Capital work-in-progress</b>
<b>Cost</b>										
<b>Balance as at 1 April 2017</b>	<b>107.25</b>	<b>405.88</b>	<b>6,574.48</b>	<b>1,536.19</b>	<b>13,823.53</b>	<b>1,171.52</b>	<b>1,668.04</b>	<b>320.79</b>	<b>25,607.68</b>	<b>6,295.50</b>
- Other acquisitions	-	0.75	674.04	190.43	1,387.65	102.12	219.83	97.95	2,672.77	5,084.81
- Disposals/Transfers	-	(0.59)	(7.34)	(28.18)	(121.35)	35.11	(24.12)	(55.40)	(201.87)	(1,458.20)
- Translation adjustment	(0.27)	(0.14)	25.45	(8.91)	58.87	(0.80)	21.34	(6.54)	89.00	11.29
<b>Balance as at 31 March 2018</b>	<b>106.98</b>	<b>405.90</b>	<b>7,266.63</b>	<b>1,689.53</b>	<b>15,148.70</b>	<b>1,307.95</b>	<b>1,885.09</b>	<b>356.80</b>	<b>28,167.58</b>	<b>9,933.40</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2017</b>	-	<b>53.03</b>	<b>879.46</b>	<b>558.99</b>	<b>4,047.70</b>	<b>730.99</b>	<b>1,330.40</b>	<b>170.14</b>	<b>7,770.71</b>	-
- Depreciation charge for the year	-	7.14	142.48	98.23	942.51	104.10	144.35	65.01	1,503.82	-
- Disposals/Transfers	-	(0.59)	(0.78)	(9.08)	(81.45)	32.86	(23.75)	(42.54)	(125.33)	-
- Translation adjustment	-	(0.04)	15.99	(0.32)	36.00	(0.49)	13.16	(4.02)	60.28	-
<b>Balance as at 31 March 2018</b>	-	<b>59.54</b>	<b>1,037.15</b>	<b>647.82</b>	<b>4,944.76</b>	<b>867.46</b>	<b>1,464.16</b>	<b>188.59</b>	<b>9,209.48</b>	-
<b>Carrying value</b>										
As at 1 April 2017	107.25	352.85	5,695.02	977.20	9,775.83	440.53	337.64	150.65	17,836.97	6,295.50
<b>As at 31 March 2018</b>	<b>106.98</b>	<b>346.36</b>	<b>6,229.48</b>	<b>1,041.71</b>	<b>10,203.94</b>	<b>440.49</b>	<b>420.93</b>	<b>168.21</b>	<b>18,958.10</b>	<b>9,933.40</b>

Note:

- The Group's property, plant and equipment at certain locations have been pledged as security for short term borrowings disclosed under Note 16 (f).
- Additions include borrowing costs capitalised of ₹ 187.71 (2018- ₹ 219.25 ). The borrowing costs have been capitalised at a weighted average rate of 5.44% (2018 - 4.88%).

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 4 - Goodwill

The net carrying amount of goodwill can be analysed as follows:

Particulars	31 March 2019	31 March 2018
Opening balance	521.04	478.92
Effect of translation adjustments	26.31	42.12
<b>Closing balance</b>	<b>547.35</b>	<b>521.04</b>

## Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the cash generating unit (CGU) expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows

Particulars	As at 31 March 2019	As at 31 March 2018
Europe	527.06	510.53
ROW	20.29	10.51
<b>Goodwill</b>	<b>547.35</b>	<b>521.04</b>

At the year end, the goodwill was tested for impairment based on conditions at that date.

The recoverable amount of each CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate, reflective of underlying markets.

Particulars	Long term growth Rates		Discount Rates	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Europe & ROW	2%	2%	7.00-8.00%	7.00-8.00%

## Long term growth rates

The long term growth rates reflect the long-term average growth rates for the product lines and industry. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates for the foreseeable future.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 5 - Intangible Asset

Intangible assets comprise the following

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
<b>Cost</b>				
<b>Balance as at 1 April 2018</b>	<b>1,913.51</b>	<b>23,077.34</b>	<b>24,990.85</b>	<b>1,285.32</b>
- Additions	200.09	5,878.99	6,079.08	454.33
- Disposals/transfers	(7.17)	(0.46)	(7.63)	(105.55)
- Translation adjustment	37.88	1,663.86	1,701.74	11.60
<b>Balance as at 31 March 2019</b>	<b>2,144.31</b>	<b>30,619.73</b>	<b>32,764.04</b>	<b>1,645.70</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2018</b>	<b>1,054.50</b>	<b>13,119.97</b>	<b>14,174.47</b>	<b>-</b>
- for the year	293.36	2,998.84	3,292.20	-
- on disposals/transfers	(0.01)	(0.29)	(0.30)	-
- Translation adjustment	22.55	98.05	120.60	-
<b>Balance as at 31 March 2019</b>	<b>1,370.40</b>	<b>16,216.57</b>	<b>17,586.97</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2018	859.01	9,957.37	10,816.38	1,285.32
<b>As at 31 March 2019</b>	<b>773.91</b>	<b>14,403.16</b>	<b>15,177.07</b>	<b>1,645.70</b>

Particulars	Computer software	Product development/ Brands	Total	Intangible assets under development
<b>Cost</b>				
<b>Balance as at 1 April 2017</b>	<b>1,779.16</b>	<b>19,833.41</b>	<b>21,612.57</b>	<b>785.62</b>
- Additions	179.93	2,919.23	3,099.16	494.81
- Disposals/transfers	(41.08)	(224.12)	(265.20)	(25.58)
- Translation adjustment	(4.50)	548.82	544.32	30.47
<b>Balance as at 31 March 2018</b>	<b>1,913.51</b>	<b>23,077.34</b>	<b>24,990.85</b>	<b>1,285.32</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2017</b>	<b>801.91</b>	<b>11,575.65</b>	<b>12,377.56</b>	<b>-</b>
- for the year (Refer note 41)	279.82	1,235.12	1,514.94	-
- on disposals/transfers	(24.15)	(70.16)	(94.31)	-
- Translation adjustment	(3.08)	379.36	376.28	-
<b>Balance as at 31 March 2018</b>	<b>1,054.50</b>	<b>13,119.97</b>	<b>14,174.47</b>	<b>-</b>
<b>Carrying value</b>				
As at 1 April 2017	977.25	8,257.76	9,235.01	785.62
<b>As at 31 March 2018</b>	<b>859.01</b>	<b>9,957.37</b>	<b>10,816.38</b>	<b>1,285.32</b>

At the year end, the intangibles with indefinite or indeterminable lives were tested for impairment based on conditions at that date. Based on such impairment testing, management has recorded an impairment loss (refer note 41). The impairment is on account of the change in competitive market, including pricing of the underlying products. In performing the impairment testing management considers various factors such as the size of the target market, competition, future possible price/volume erosion.

The recoverable amount of each assets/CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each assets/ CGU is determined by applying a suitable discount rate.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates in the foreseeable future. The terminal growth rate is 2% (2018- 2% ).

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the assets/CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each asset/CGU. The present value of the expected cash flows of each asset is determined by applying a discount rate in the range of 7% to 8%.

Segments to which Intangible assets with indefinite or indeterminable life are allocated as follows:

<b>As at 31 March 2019</b>	<b>India</b>	<b>North America</b>	<b>Europe</b>	<b>Total</b>
Intangible Assets	664.83	97.00	9,388.71	10,150.54
<b>Total</b>	<b>664.83</b>	<b>97.00</b>	<b>9,388.71</b>	<b>10,150.54</b>

<b>As at 31 March 2018</b>	<b>India</b>	<b>North America</b>	<b>Europe</b>	<b>Total</b>
Intangible Assets	666.66	90.71	5,861.40	6,618.77
<b>Total</b>	<b>666.66</b>	<b>90.71</b>	<b>5,861.40</b>	<b>6,618.77</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 6 - Non-Current Financial Assets

### (i) Investments

The investment in equity and preference shares amounting to ₹195.57 (31 March 2018 - ₹ 45.57 ) been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Group's equity investment in this entity cannot be reliably measured.

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unquoted</b>		
<b>(i) Equity Shares</b>		
289,832 ( 2018 - 289,832 ) Equity Shares of Narmada Clean Tech Ltd. of ₹10 each. <b>(FVTPL)</b>	2.90	2.90
1 (2018 -- 1) Time Share of Dalmia Resorts Limited, <b>(FVTPL)</b>	0.02	0.02
15,000,000 (2018- Nil ) Equity Shares of Integratec Private Limited of ₹ 10 each, <b>(FVOCI)</b>	150.00	-
<b>(ii) Preference shares</b>		
1,176,471(2018 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each <b>(FVTPL)</b>	42.65	42.65
1,000,000 (2018-1,000,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd <b>(at amortised cost)</b>	100.00	100.00
<b>(iii) Investments in Government securities</b>		
National Savings Certificate -Sixth Issue <b>(at amortised cost)</b>	0.02	0.02
<b>Total</b>	<b>295.59</b>	<b>145.59</b>
<b>Quoted</b>		
<b>(i) Equity Shares (FVTPL)</b>		
9,000 (2018 -- 9,000) Bank of India of ₹10 each	0.94	0.93
1,209 (2018 -- 1,209) IDBI Bank Limited of ₹10 each	0.06	0.09
<b>Total</b>	<b>1.00</b>	<b>1.02</b>
Aggregate carrying value of quoted investment	1.00	1.02
Aggregate market value of quoted investment	1.00	1.02
Aggregate carrying value of unquoted investment	295.59	145.59
Aggregate amount of impairment in value of investment in unquoted equity shares	-	-

### (ii) Other non-current financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unsecured</b>		
Security deposits considered good*	349.74	313.15
Bank deposit including margin money	152.13	88.03
<b>Total</b>	<b>501.87</b>	<b>401.18</b>

\*Security deposits represent rental, utility and trade deposits 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 2019	For the year ended 31 March 2018
Current income tax expense	4,765.42	3,256.90
Deferred income tax expense / (benefit)	(1,008.63)	1,989.37
Minimum Alternate Tax (MAT) Credit (Entitlement)/ utilisation	(0.43)	(2,091.67)
<b>Total</b>	<b>3,756.36</b>	<b>3,154.60</b>

Current income tax expense does not include ₹ 229.50 recognised on account of foreign exchange movement of items designated as net investment in foreign operations which is recognised in other comprehensive income.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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 consolidated statement of profit and loss can be reconciled as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income tax expense at tax rates applicable to individual entities</b>	6,589.10	3,601.76
<b>Tax adjustment for tax-exempt income</b>		
- Income exempt from tax	(1,950.08)	(1,865.88)
<b>Other tax adjustments</b>		
- Additional deduction for R & D Expenditure	(646.15)	(417.41)
- Unrecognised tax benefit on losses of subsidiaries (net)	218.82	1,146.13
- Disallowed expenses	120.85	107.02
- Other allowances / disallowances (net)	(576.18)	582.98
<b>Actual tax expense (net)</b>	<b>3,756.36</b>	<b>3,154.60</b>

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2018	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	Translation adjustment	As at 31 March 2019
<b>Deferred income tax assets - Non current</b>					
Provision for credit losses	235.27	99.47	-	(3.07)	331.67
Unused tax losses	5,633.26	105.26	-	(423.20)	5,315.32
MAT credit entitlement	9,459.52	(1.76)	-	(9.56)	9,448.20
Depreciation and other financial assets	1,957.72	440.38	45.80	8.67	2,452.57
<b>Total</b>	<b>17,285.77</b>	<b>643.35</b>	<b>45.80</b>	<b>(427.16)</b>	<b>17,547.76</b>
<b>Deferred income tax liabilities - Non current</b>					
Other current assets	116.21	(9.46)	-	0.80	107.55
Difference in depreciation on property, plant and equipment	2,504.67	(271.79)	-	(0.01)	2,232.87
Other taxable temporary difference	1,462.29	(84.46)	-	-	1,377.83
<b>Total</b>	<b>4,083.17</b>	<b>(365.71)</b>	<b>-</b>	<b>0.79</b>	<b>3,718.25</b>
<b>Net deferred income tax asset</b>	<b>13,202.60</b>	<b>1,009.06</b>	<b>45.80</b>	<b>(427.95)</b>	<b>13,829.51</b>

Particulars	As at 31 March 2017	Recognised in the consolidated statement of profit and loss	Recognised in other comprehensive income	Translation adjustment	As at 31 March 2018
<b>Deferred income tax assets - Non current</b>					
Provision for credit losses	223.28	12.00	-	(0.01)	235.27
Unused tax losses	5,975.33	(300.16)	-	(41.91)	5,633.26
MAT credit entitlement	7,367.85	2,091.67	-	-	9,459.52
Depreciation and other financial assets	1,967.02	(8.81)	(3.25)	2.76	1,957.72
<b>Total</b>	<b>15,533.48</b>	<b>1,794.70</b>	<b>(3.25)</b>	<b>(39.16)</b>	<b>17,285.77</b>
<b>Deferred income tax liabilities - Non current</b>					
Other current assets	111.33	0.91	-	3.97	116.21
Difference in depreciation on property, plant and equipment	2,309.46	229.20	-	(33.99)	2,504.67
Other taxable temporary difference	-	1,462.29	-	-	1,462.29
<b>Total</b>	<b>2,420.79</b>	<b>1,692.40</b>	<b>-</b>	<b>(30.02)</b>	<b>4,083.17</b>
<b>Net deferred income tax asset</b>	<b>13,112.69</b>	<b>102.30</b>	<b>(3.25)</b>	<b>(9.14)</b>	<b>13,202.60</b>



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income including taxable temporary differences in the future periods are reduced.

Deferred income taxes are not provided on undistributed earnings of subsidiaries outside India, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. The Company indefinitely reinvests all the accumulated undistributed earnings of subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the taxes payable when these earnings are remitted.

The unrecognised deferred tax for the year ended 31 March 2019 and 31 March 2018 is ₹ 373.55 and ₹ 719.86 respectively.

During the year ended 31 March 2019, the Group, based on probable future taxable profit, has recognized/(reversed) previously unrecognised/ recognised deferred tax assets of ₹ 26.40 (2018 - ₹ (426.27)).

Deferred tax assets on unused tax losses will get expire between period of 2 -7 years, except in a certain jurisdiction where there is no time bound for its expiry.

## Note 8 - Other Non-Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Prepaid expenses	5.92	5.63
Capital advances	364.65	413.75
Advance tax (net of provision)	229.20	382.85
<b>Total</b>	<b>599.77</b>	<b>802.23</b>

## Note 9 - Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	6,373.75	5,188.60
Packing materials	1,832.42	1,476.80
Work-in-process	3,744.09	2,577.04
Stores and spares	807.98	720.54
Finished goods	8,533.56	8,770.52
Stock-in-trade	1,228.94	1,572.35
<b>Total</b>	<b>22,520.74</b>	<b>20,305.85</b>

Refer note 16(i) for hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process

The Group recorded inventory write down (net) of ₹ 1,124.52 (2018 - ₹ 669.75). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-process and stock -in- trade in the consolidated statement of profit and loss.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 10 - Current Financial Assets

### (i) Trade Receivables

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unsecured</b>		
Considered good	21,945.90	23,318.07
Doubtful	764.09	753.30
Allowance for doubtful debts / expected credit losses	(764.09)	(753.30)
<b>Total</b>	<b>21,945.90</b>	<b>23,318.07</b>

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. All of the Group's trade receivables have been reviewed for indications of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 19.62 ( 2018 - ₹ 42.61) has been recorded. The movement in the expected credit losses can be reconciled as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	753.30	719.41
Amounts written off during the year	(8.83)	(8.72)
Provision for credit loss during the year (net)	19.62	42.61
<b>Closing balance</b>	<b>764.09</b>	<b>753.30</b>

### (ii) Cash And Cash Equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	9,352.39	12,326.39
Cash on hand	10.39	7.17
<b>Total</b>	<b>9,362.78</b>	<b>12,333.56</b>

### (iii) Bank Balances Other than Cash and Cash Equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Other bank balance - Dividend accounts (Refer note 1 below)	14.87	13.35
<b>Total</b>	<b>14.87</b>	<b>13.35</b>

Note 1 - Dividend accounts represent balances maintained in specific bank accounts for payment of dividends. The use of these funds is restricted and can only be used to pay dividends. The corresponding liability for payment of dividends is included in short term financial liability.

### (iv) Other Current Financial Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits-unsecured, considered good ( Refer note 1 below)	236.44	186.06
Export incentives	1,279.87	1,792.46
Bank deposit including margin money	688.85	-
Other receivables (unsecured)	597.50	1,877.90
<b>Total</b>	<b>2,802.66</b>	<b>3,856.42</b>

Note 1 - Security deposits represent rental, utility and trade deposits given in the normal course of business realisable within twelve months from the reporting date.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 11 - Other Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Advances recoverable in kind (unsecured)	2,497.84	2,804.72
Input taxes receivable	4,455.84	3,443.16
Advance to vendors	2,048.66	2,817.53
Prepaid expenses	1,318.96	994.26
<b>Total</b>	<b>10,321.30</b>	<b>10,059.67</b>

## Note 12 - Equity and Reserves

### a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders' meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 2,370,000,000 equity shares of ₹1 each.

### 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 (2018 - ₹ 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 provisions 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 consolidated 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 at the nominal capital value and excess through securities premium as the case may be.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 13 - Equity Share Capital

1. Share capital	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
<b>(I) Authorised</b>				
Equity Shares of ₹ 1 each	2,370,000,000	2,370.00	2,370,000,000	2,370.00
Cumulative redeemable non-convertible preference shares of ₹100 each	4,000,000	400.00	4,000,000	400.00
<b>Issued, subscribed and fully paid-up equity shares of Re 1 each</b>				
At the beginning of the year	282,168,156	282.17	282,168,156	282.17
Add: Issued during the year				
<b>At the end of the year</b>	<b>282,168,156</b>	<b>282.17</b>	<b>282,168,156</b>	<b>282.17</b>

(II) List of shareholders holding more than 5 % shares	As at 31 March 2019		As at 31 March 2018	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Saldanha Family Trust	45.45	128,241,936	45.45	128,241,936

(III) As at 31 March 2019, pursuant to Employee Stock Options Scheme 2016, 459,414 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.

### (IV) Right, Preference and restriction on shares

The Company presently has only one class of ordinary equity shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary equity shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

(V) In the period of five years immediately preceeding 31 March 2019, the Company has not allotted any shares as fully paid up pursuant to contracts without payment being received in cash. Further, the Company has neither issued bonus shares nor bought back any shares during the aforementioned period.

### (VI) Employee Stock Option Scheme, 2016 (ESOS)

The Company has formulated an Employee Stock Option Scheme 2016 ('ESOS') namely 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 - 6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Company on either the date of the grant or the closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. Pursuant to ESOS 2016, 459,414 options were outstanding, which upon exercise are convertible into equivalent number of equity shares. Employee stock compensation charged during the year is ₹1.07 (2018- ₹ 90.64).

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

	2019		2018	
	Number	weighted average price(₹)	Number	weighted average price(₹)
Outstanding at the beginning of the year	569,686	460.47	666,757	459.29
Granted during the year	111,666	169.53	25,306	198.30
Forfeited during the year	(221,938)	465.47	(122,377)	399.82
Exercised during the year	-	-	-	-
Outstanding at the end of the year	459,414	387.34	569,686	460.47

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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All of the above options outstanding as of 31 March 2019 are unvested.

All share based employee payments would be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options.

The fair values of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Particulars	31 March 2019	31 March 2018
Share price (₹)	600	600
Exercise price (₹)	600	600
Weighted average volatility rate	33%	30%
Dividend payout	200%	200%
Risk free rate	7.60%	7.80%
Average remaining life	1-28 months	1-28 months

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 2019	As at 31 March 2018
<b>Unsecured loans</b>		
Foreign currency convertible bonds (FCCB)	8,275.05	14,067.85
Senior notes	13,743.39	12,792.44
ECB facility	6,296.08	-
Term loan from banks	13,141.92	16,583.12
<b>Total</b>	<b>41,456.44</b>	<b>43,443.41</b>
Less: Current portion of long term borrowings	(5,718.90)	(2,025.63)
	<b>35,737.54</b>	<b>41,417.78</b>

In the year 2016, the Company had issued U.S. \$ 200,000,000, 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S.\$ 200,000,000, 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

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

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

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

As of 31 March 2019, none of the Bondholders have opted for the conversion option.

On 30 November, 2017, the Company confirmed the fixed exchange rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFIX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

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.

The FCC Bonds were partially buyback in October 2018 (see note below on buyback)

## **Buy back of the Company's U.S.\$200,000,000 2.00 % resettable onward starting equity-linked securities due 2022:**

In September 2018, The Company approved the launch of buyback of FCC Bonds ("Buyback FCCBs") from existing holders of FCC Bonds ("Buyback Bondholders") and MUFG Securities Asia Limited and J. P. Morgan Securities Limited were appointed as dealer managers, on behalf of the Company to buyback FCC Bonds at a buyback price of 105% of the principal amount outstanding (being U.S.\$ 262,500 for each U.S\$ 250,000 of FCC Bonds), up to an aggregate purchase price of U.S.\$ 100 million plus accrued and unpaid interest per FCC Bond. In October 2018, The Company agreed to buyback U.S.\$ 86.5mn in aggregate principal amount (representing 346 FCC Bonds in number of U.S\$ 250,000 denomination for each FCC Bond) of the FCC Bonds. These Buyback FCCBs represented 43.25% of the aggregate FCC Bonds. On the closing/settlement date, the Company paid an aggregate purchase price of U.S.\$ 90,825,000 for the Buyback FCCBs, plus accrued but unpaid interest. Following settlement, U.S.\$ 113.5mn in aggregate principal amount of FCC Bonds remained outstanding. The Company undertook buyback to monetize the opportunity available to reduce the external debt. Buyback FCCBs bought back by the Company got cancelled by the Company. The remaining FCC Bonds that have not been bought back by the Company remains outstanding. The Company utilised proceeds from an unsecured external commercial borrowing facility of up to U.S.\$100 million ("ECB Facility") from MUFG Bank, Ltd., Singapore Branch, to refinance such FCC Bonds. The Company has obtained a loan registration number ("LRN") from the Reserve Bank of India in this respect.

## **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.

## **U.S. \$ 90,825,000, ECB Facility (Notes) :**

Company has obtained loan registration number ("LRN") from RBI to raise an ECB Facility to the extent of US\$ 100 Mn. In October 2018, the Facility for US\$ 90,825,000 was raised and the proceeds were utilized for the purpose of repurchasing the FCC Bonds. The ECB Facility was raised from MUFG Bank Singapore with a maturity of 5 years. The interest rate for the first 3 years is 4.956% p.a and the interest for the subsequent 2 years is 5.25% p.a

The Group has availed term loans from banks at interest rates ranging between 3.89% - 6.92% p.a.



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

Maturity profile of long term borrowings

Year ending 31 March	31 March 2019	31 March 2018
2019	-	2,025.63*
2020	5718.90*	7,616.35
2021	6,729.82	6,292.94
2022	14,557.40	13,612.80
2023	11,003.30	14,342.35
2024	3,777.65	-

\* represents current maturity of long-term borrowings

## (ii) Other Non-Current Financial Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits from customers	885.06	26.00
<b>Total</b>	<b>885.06</b>	<b>26.00</b>

## Note 15 - Other Non Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Other liabilities	6.30	-
<b>Total</b>	<b>6.30</b>	<b>-</b>

## Note 16 - Current Financial Liabilities

### (i) Borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Secured loans</b>		
Loans repayable on demand from banks	61.12	197.43
<b>Unsecured loans</b>		
From banks	2,969.12	2,753.01
<b>Total</b>	<b>3,030.24</b>	<b>2,950.44</b>

Working Capital Facilities are secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets at certain locations.

The Group has not defaulted on repayment of loan and interest during the year.

The Group has taken working capital facility/ term loans from banks at interest rates ranging between 2.73% - 8.85% p.a.

### (ii) Trade Payables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payable outstanding dues to micro, small and medium enterprises under MSMED Act, 2006 [Refer note (i) below]	1,109.99	978.25
Trade payable outstanding dues to creditors other than micro, small and medium enterprises	21,096.52	17,631.71
Trade payables to related party (Refer note 29)	1.00	1.00
Acceptances	-	86.88
<b>Total</b>	<b>22,207.51</b>	<b>18,697.84</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note (i)

Dues to Micro and Small enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows :

Particulars	As at 31 March 2019	As at 31 March 2018
a) The principal amount remaining unpaid to any supplier at the end of the year	1,109.99	978.25
b) Interest due remaining unpaid to any supplier at the end of the year	-	-
c) The amount of interest paid by the buyer in terms of section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Group. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

## (iii) Other Current Financial Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long term debt	5,718.90	2,025.63
Interest accrued but not due	227.52	250.18
Unclaimed dividend*	14.87	13.35
Employee dues	158.39	244.29
Sundry creditors for capital goods	193.02	488.25
Accrued expenses	2,699.99	2,331.61
Other liabilities	-	304.58
<b>Total</b>	<b>9,012.69</b>	<b>5,657.89</b>

\*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

## Note 17 - Other Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	962.07	1,102.29
Other liabilities	157.37	145.83
<b>Total</b>	<b>1,119.44</b>	<b>1,248.12</b>

Other liabilities includes advance from customers and other such adjustable balances

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 18 - Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Provisions for employee benefits :</b>		
Provision for compensated absences (Refer note 27)	222.61	172.30
Provision for defined benefit plan (Refer note 27)	934.60	641.41
Other employee benefit obligation	-	5.13
Provision for sales return and rebate	3,226.29	3,221.54
<b>Total</b>	<b>4,383.50</b>	<b>4,040.38</b>

## Movement of Provision for sales return and rebate

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	3,221.54	1,603.01
Provided during the year	80.00	1,618.53
Utilised/ reversed during the year	(75.25)	-
<b>Balance at the end of the year</b>	<b>3,226.29</b>	<b>3,221.54</b>

## Note 19 - Revenue From Operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products (refer note 39 )	97,005.97	89,700.10
Sale of services	44.87	22.22
Other operating revenue *	1,603.84	1,308.38
<b>Total</b>	<b>98,654.68</b>	<b>91,030.70</b>

\* Other operating revenue primarily comprises of export incentives of ₹ 1,401.24 (2018 - ₹ 1,160.27) and sale of scrap ₹ 202.60 (2018 - ₹ 148.11).

The Group's revenue disaggregated by primary geographical markets is as follows:

Particulars	For the year ended 31 March 2019 Total revenue
India	31,298.97
North America	32,855.48
Latin America	5,219.38
Europe	14,643.91
Rest of the World (ROW)	14,636.94
<b>Total</b>	<b>98,654.68</b>

Reconciliation of revenue recognised in the consolidated statement of profit and loss with the contracted price

Particulars	For the year ended 31 March 2019
Revenue as per contracted price	210,496.84
Less : Trade discounts, sales and expiry returns	111,842.16
Sale of product, services and other operating revenue	<b>98,654.68</b>

## Contract liabilities from contracts with customers :

The Group records a contract liability when cash payments are received or due in advance of its performance.

Particulars	As at 31 March 2019
Contract liabilities from contracts with customers	28.29

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 20 - Other Income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Dividend income	7.03	7.72
Interest income	27.00	89.36
Profit on sale of fixed assets	5.98	-
Exchange gain (net)	1,773.75	687.33
Miscellaneous income (note (i))	267.61	129.59
<b>Total</b>	<b>2,081.37</b>	<b>914.00</b>

Note (i) During the year, the Company bought back U.S.\$86,500,000 in aggregate principal amount of the Foreign Currency Convertible Bonds (FCCB) resulting in gain on extinguishment of liability of ₹ 153.72.

## Note 21 - Cost of Materials Consumed

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of raw material and packing material	23,660.82	20,748.64
Consumption of stores and spares	786.30	752.46
<b>Total</b>	<b>24,447.12</b>	<b>21,501.10</b>

## Note 22 - Purchases of Stock-In-Trade

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Purchase of finished goods	9,762.98	7,547.45
<b>Total</b>	<b>9,762.98</b>	<b>7,547.45</b>

## Note 23 - Changes In Inventories of Work-In-Process, Stock-In-Trade and Finished Goods

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(Increase)/Decrease in stock of finished goods, work-in-process and stock-in-trade	(586.68)	1,337.12
<b>Total</b>	<b>(586.68)</b>	<b>1,337.12</b>
<b>(Increase)/Decrease in stocks</b>		
At the year end		
Finished goods	8,533.56	8,770.52
Work-in-process	3,744.09	2,577.04
Stock-in-trade	1,228.94	1,572.35
	<b>13,506.59</b>	<b>12,919.91</b>
At the beginning of the year		
Finished goods	8,770.52	9,544.98
Work-in-process	2,577.04	2,875.53
Stock-in-trade	1,572.35	1,836.52
	<b>12,919.91</b>	<b>14,257.03</b>
<b>Total</b>	<b>(586.68)</b>	<b>1,337.12</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 24 - Employee Benefit Expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	18,994.74	17,237.70
Contribution to provident and other funds and Retirement benefits (Refer note 27)	1,379.74	1,209.30
Employee stock compensation cost	1.07	90.64
Staff welfare expenses	185.15	180.77
<b>Total</b>	<b>20,560.70</b>	<b>18,718.41</b>

## Note 25 - Finance Costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest expenses on</b>		
- Term loan	1,297.68	967.22
- Interest on foreign currency convertible bonds	1,024.48	1,148.42
- Interest on senior notes and ECB facility	781.52	673.79
- Others	242.17	66.24
<b>Total</b>	<b>3,345.85</b>	<b>2,855.67</b>

## Note 26 - Other Expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Labour charges	1,041.42	838.47
Excise duty expenses	-	286.51
Power, fuel and water charges	1,431.16	1,166.14
Repairs and maintenance - plant and machinery	116.39	121.44
Repairs and maintenance - building	83.40	80.62
Repairs and maintenance - others	1,207.12	933.04
Rent, rates and taxes	1,168.46	942.21
Other manufacturing expenses	452.25	710.02
Consumables	3,564.68	3,049.83
Selling and Marketing expenses	1,558.09	1,198.52
Sales promotion expenses	7,151.33	6,430.35
Travelling expenses	2,320.59	2,241.58
Freight outward	2,541.37	2,341.00
Telephone expenses	103.45	118.38
Provision for doubtful debts / expected credit loss (net)	19.62	42.61
Insurance	221.25	149.01
Electricity charges	221.39	208.61
Auditors remuneration		
- Audit fees	91.28	62.64
- Other services	1.20	0.25
- Reimbursement of expenses	1.60	2.30
Corporate social responsibility expense (Refer Note 35)	313.31	293.31
Legal and professional charges	2,335.14	1,737.69
Director sitting fees (refer note 29)	9.06	8.80
Loss on sale of property, plant and equipments (net)	-	20.69
Other expenses	2,659.00	2,788.87
<b>Total</b>	<b>28,612.56</b>	<b>25,772.89</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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 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 2019	31 March 2018
Current service cost	169.48	159.30
Curtailment and past service cost	(11.55)	-
<b>Personnel expenses</b>	<b>157.93</b>	<b>159.30</b>
Net interest on defined benefit schemes	27.76	21.48
Administration cost (excluding cost for managing plan assets)	0.46	0.42
<b>Net periodic expense</b>	<b>186.15</b>	<b>181.20</b>

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

Particulars	31 March 2019	31 March 2018
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	(29.08)	-
Based on adjustment of financial assumptions	138.49	(57.48)
Due to liability experience adjustment	108.79	31.89
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	41.19	(16.37)
<b>Total remeasurement (benefit)/loss recognised in the statement of other comprehensive income</b>	<b>259.39</b>	<b>(41.96)</b>

The following tables show the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's defined benefit plans.

Particulars	31 March 2019	31 March 2018
Present value of funded obligations	1,993.97	1,485.50
Fair value of plan assets	(1,059.37)	(844.09)
Net defined benefit liability	934.60	641.41
Being:		
Retirement benefit assets	-	-
<b>Retirement benefit liabilities</b>	<b>934.60</b>	<b>641.41</b>



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

The movements in the net defined benefit liability recognised within the consolidated statement of financial position are as follows:

Particulars	31 March 2019	31 March 2018
Beginning balance	641.41	601.26
Addition during the year	5.13	-
Cost recognised in income statement	186.15	181.20
Remeasurement (gains) / losses recognised in other comprehensive income	258.84	(41.96)
Actual employer contributions	(93.20)	(55.53)
Benefits paid	(66.32)	(62.06)
Exchange differences	2.59	18.50
<b>Closing balance</b>	<b>934.60</b>	<b>641.41</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	1,485.50	1,351.40
Addition during the year	5.13	-
Current service cost	169.48	159.30
Interest cost on the defined benefit obligations	57.84	46.40
Actual employee contributions	50.37	36.31
Curtailement and past service cost	(11.55)	-
Actual benefit payments	10.78	(117.42)
Actuarial (gains)/losses - Demographic assumptions	(29.08)	-
Actuarial (gains)/losses - Financial assumptions	138.49	(57.48)
Actuarial (gains)/losses - Liability experience	108.79	31.89
Administration cost (excluding cost for managing plan assets)	0.46	0.42
Exchange differences	7.76	34.68
<b>Closing balance</b>	<b>1,993.97</b>	<b>1,485.50</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	844.09	750.14
Interest income on plan assets	30.08	24.92
Actual employer contributions	92.66	55.53
Actual employee contributions	50.37	36.31
Actual benefit payments	77.64	(55.36)
Actual return on assets (excluding interest income on plan assets)	(41.19)	16.37
Exchange differences	5.72	16.18
<b>Closing balance</b>	<b>1,059.37</b>	<b>844.09</b>

The Group expects to contribute ₹ 421.63 to its defined benefit plans in 2019-20.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2019 and the following year's are as follows:

Particulars	31 March 2019	31 March 2018
Discount rate (weighted average)	0.60%-8.79%	0.90%-7.80%
Rate of compensation increase (weighted average)	1.50%-5.31%	1.50%-3.00%
Inflation rate (weighted average)	0.24%-3.75%	1.0%-7.8%

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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 statement of financial position date is as follows:

Particulars	31 March 2019	31 March 2018
Average life expectancy (Years)	25.42-44.00	25.64-54.80

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

Particulars	31 March 2019	31 March 2018
Assets administered by respective Insurance companies	100%	100%

A breakup of the defined benefit plan related statement of financial position amounts at 31 March 2019 and 2018, is shown below.

Particulars	31 March 2019	31 March 2018
Present value of funded obligations	1,993.97	1,485.50
Fair value of plan assets	(1,059.37)	(844.09)
<b>Net defined benefit liability</b>	<b>934.60</b>	<b>641.41</b>

The present value of defined benefit obligations by category of members at 31 March 2019 and 2018, is shown below:

Particulars	31 March 2019	31 March 2018
Active number of employees	12,921	11,981
Present value of funded obligations	1,993.97	1,485.50

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 2019	31 March 2018
Discount rate + 0.25% / +0.5 % p.a.	(87.68)	(62.09)
Discount rate - 0.25% / - 0.5 % p.a.	94.77	66.88
Rate of compensation increase + 0.25%- 0.5 % p.a.	49.52	38.84
Rate of compensation increase - 0.25% - 0.5 % p.a.	(48.03)	(36.91)

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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 reporting date.

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

Particulars	31 March 2019	31 March 2018
Current service cost	63.52	58.69
<b>Personnel expenses</b>	63.52	58.69
Net interest on long term benefit schemes	14.74	12.61
<b>Actuarial (gains)/losses</b>		
Based on adjustment of demographic assumptions	-	-
Based on adjustment of financial assumptions	5.03	(2.57)
Due to liability experience adjustment	24.98	(6.89)
Return on plan assets (excluding amounts in net interest on long term benefit schemes)	(0.73)	(0.58)
<b>Net periodic expense</b>	<b>107.54</b>	<b>61.26</b>

The following tables show the change in present value of long term benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's long term benefit plans.

Particulars	31 March 2019	31 March 2018
Present value of funded obligations	376.06	313.98
Fair value of plan assets	(153.45)	(141.68)
Net long term benefit liability	222.61	172.30
Being:		
Retirement benefit plan assets	-	-
<b>Retirement benefit plan liabilities</b>	<b>222.61</b>	<b>172.30</b>

The movements in the net long term benefit liability recognised within the consolidated statement of financial position are as follows:

Particulars	31 March 2019	31 March 2018
Beginning balance	172.30	163.86
Cost recognised in income statement	107.54	61.26
Remeasurement (gains) / losses recognised in other comprehensive income	-	-
Actual employer contributions	-	-
Benefits paid	(57.23)	(52.82)
<b>Closing balance</b>	<b>222.61</b>	<b>172.30</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	313.98	294.88
Current service cost	63.52	58.69
Interest cost on the long term benefit obligations	25.78	22.69
Actual benefit payments	(57.23)	(52.82)
Actuarial (gains)/losses - Financial assumptions	5.03	(2.57)
Actuarial (gains)/losses - Liability experience	24.98	(6.89)
<b>Closing balance</b>	<b>376.06</b>	<b>313.98</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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 2019	31 March 2018
Beginning balance	141.68	131.02
Interest income on plan assets	11.04	10.08
Return on plan assets	0.73	0.58
<b>Closing balance</b>	<b>153.45</b>	<b>141.68</b>

The Group expects to contribute ₹ 217.90 to its long term benefit plan in F.Y. 2019-20.

The principal actuarial assumptions used for the long term benefit obligations at 31 March 2019 and the following year's are as follows:

Particulars	31 March 2019	31 March 2018
Discount rate (weighted average)	7.60%	7.80%
Rate of compensation increase (weighted average)	3%-5%	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 consolidated statement of financial position date is as follows:

Particulars	31 March 2019	31 March 2018
Average life expectancy at 58 (Years)	25.42-25.81	25.64

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

Particulars	31 March 2019	31 March 2018
Insurance contracts	100%	100%

A breakup of the long term benefit plan related statement of financial position amounts at 31 March 2019 and 2018, is shown below.

Particulars	31 March 2019	31 March 2018
Present value of obligations	376.06	313.98
Fair value of plan assets	(153.45)	(141.68)
<b>Net long term benefit liability</b>	<b>222.61</b>	<b>172.30</b>

The present value of long term benefit obligations by category of members at 31 March 2019 and 2018, is shown below:

Particulars	31 March 2019	31 March 2018
Active number of employees	12,760	11,851
Present value of obligations	376.06	313.98

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 2019	31 March 2018
Discount rate + 0.5 % p.a.	(14.91)	(12.32)
Discount rate - 0.5 % p.a.	16.00	13.20
Rate of compensation increase + 0.5 % p.a.	16.59	13.77
Rate of compensation decrease - 0.5 % p.a.	(15.57)	(12.93)

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## 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 ₹ 1,086.06 (2018 - ₹ 966.84) towards the provident fund plan and others during the year ended 31 March 2019.

## Note 28 - Research And Development Expenditure

During the year, the Group expenditure on research and development is ₹ 14,480.26 (2018 - ₹ 12,251.33).

## Note 29 - Related Party Transactions

### a) Related parties with whom the Group has transacted during the year

Key Management Personnel

Mr. Glenn Saldanha (Chairman & Managing Director)

Mrs. Cherylann Pinto (Executive Director)

Mr. V S Mani (President & Global Chief Financial Officer till May 29, 2018, Executive Director & Global Chief Financial Officer from May 29, 2018 )

Mr. Rajesh Desai (Non-executive Director)

Mr. Murali Neelakantan (Executive Director till May 29, 2018)

Mr. P.Ganesh (President & Chief Financial Officer upto close of working hours on November 15, 2017)

Mr. Harish Kuber (Company Secretary & Compliance Officer )

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

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Summary of transactions with related parties during the year

Nature of Transaction	Year ended 31 March 2019	Year ended 31 March 2018
<b>Purchase of services</b>		
Trilegal	24.59	-
<b>Expenditure incurred for CSR activities to</b>		
Glenmark Foundation	141.76	110.50
Glenmark Aquatic Foundation	64.00	63.00
<b>Transactions with key management personnel</b>		
Remuneration		
- Mr. Glenn Saldanha	157.05	161.62
- Mrs. Cherylann Pinto	42.92	42.94
Mr. V S Mani (President & Global Chief Financial Officer till May 29, 2018, Executive Director & Global Chief Financial Officer from May 29, 2018 )	45.60	21.14
Mr. Murali Neelakantan (Executive Director till May 29, 2018)	43.07	33.51
Mr. P. Ganesh (Related party as per Companies Act, 2013 upto close of working hours on November 15, 2017)	-	19.76
Mr. Harish Kuber (Company Secretary & Compliance Officer )	3.27	2.75
Sitting fees paid to Non-executive Directors	8.30	8.80

## Related party balances

(Payable)/ Advance given	As at 31 March 2019	As at 31 March 2018
Glenmark Foundation	(1.00)	(1.00)

The directors are covered under the Group's gratuity policy and ESOP scheme along with other employees of the Group. Proportionate amount of gratuity and stock compensation expense is not included in the aforementioned disclosures as it cannot be separately ascertained.

## Note 30 - Earnings Per Share (EPS)

The basic earnings per share for the year ended 31 March 2019 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 2019	Year ended 31 March 2018
Profit attributable to shareholders of Glenmark, for basic and diluted	9,249.83	8,037.78
Weighted average number of shares outstanding during the year for basic EPS	282,168,156	282,168,156
Effect of dilutive potential ordinary shares:		
Employee stock options	10,240	37,045
Weighted average number of shares outstanding during the year for diluted EPS	282,178,396	282,205,201
<b>Basic EPS, in ₹</b>	<b>32.78</b>	<b>28.49</b>
<b>Diluted EPS, in ₹</b>	<b>32.78</b>	<b>28.49</b>



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Note 31 - Commitments and Contingencies

Particulars	As at 31 March 2019	As at 31 March 2018
<b>(i) Contingent Liabilities</b>		
<b>Claims against the Group not acknowledged as debts</b>		
Disputed taxes and duties	473.99	261.78
Others	84.61	70.41

The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

- (a) In January 2014, the National Pharmaceutical Pricing Authority (NPPA) issued a demand notice of ₹ 122.36 as overcharging liability of product "Doxovent 400 mg tab" for the period February 2010 to May 2013. The notice also envisaged a payment of ₹33.33 towards interest @15% p.a. on the overcharged amount up to 31 January 2014. The Company had filed a petition under Article 32 with the Hon'ble Supreme Court of India (Hon'ble Court), challenging the issue of the above mentioned demand notice on various grounds. This petition has been tagged along with other petitions filed by other pharmaceutical companies as well, pending before Hon'ble Court relating to the inclusion criteria of certain drugs including "Theophylline" in the schedule of the DPCO, 1995. The Hon'ble Court passed an ad-interim order stating that no coercive steps be taken against the Company towards the said demand. Whilst the matter was pending before the Hon'ble Court, in Oct 2015 NPPA issued a fresh demand notice of ₹ 122.36 as overcharging liability and ₹ 63.85 as interest thereon calculated upto 30 September 2015 to which the Company has responded stating that the matter was sub-judice. On 20 July 2016 Hon'ble Court heard Glenmark's petition and ordered the petition to be transferred back to Hon'ble Delhi High Court to be heard on merits subject to deposit of 50% of the overcharged claimed amount. Glenmark has deposited ₹ 61.15 (50% of the overcharged claimed amount). The pleadings have been completed and matter is pending to be listed in the Hon'ble Delhi High Court for hearing. The Company based on legal advice, has an arguable case on merits as well as with regard to mitigation of the demand. The matters are sub-judice before the Hon'ble Court.
- (b) On 10 March 2016 Ministry of Health and Family Welfare (MoH) issued notifications prohibiting manufacture for sale, sale and distribution for human use of several Fixed Dose Combination ("FDC") with immediate effect.

Several products of the Company are also covered in the notified prohibited "FDC's". The Company has filed five writ petitions in Hon'ble Delhi High Court challenging the notifications issued. The Hon'ble Delhi High Court has granted interim relief to the Company by staying the notifications banning the FDC's. The company based on legal advice, has an arguable case on merits though the liability in this case cannot be computed. In an adverse scenario, the Company would be restricted from manufacturing, selling and marketing the impacted FDC's.

The matter was clubbed with other petition of other companies before the Supreme Court of India (Hon'ble Court). The Hon'ble Court directed the Drug Technical Advisory Board (DTAB) as sub-committee to examine the ban of drugs. DTAB appointed an expert committee under the chair of Dr. Nilima Kshirsagar to examine the list of banned FDC. Company made due written and oral representations before the Committee in relation to its affected products. The committee has submitted its report to the Ministry of Health. Meanwhile taking the proactive approach the Company has revised the composition of the affected FDC's for its domestic market. Based on the Nilima Kshirsagar Committee Report, MoH on 7 September 2018 issued series of notification which has prohibited the manufacture for sale, sale or distribution for human use of 328 FDCs with immediate effect. It has also restricted the manufacture, sale or distribution of six FDCs subject to certain conditions. The Company filed Writ petitions in the Delhi High Court against the 7 notifications in respect of its affected FDCs which were still circulating in the market and obtained an ad interim stay, on the notifications allowing the Company to liquidate its affected FDCs. Since then the Company on 27 March 2019, withdrew its Writs except for one product meant for exports and the Company continues to enjoy an ad-interim protection.

- (c) In December 2016, the Attorney General of the State of Connecticut along with the Attorneys' General of various other U.S. states filed for leave to amend an existing lawsuit in Federal Court to allege that the companies in the US generic drug industry including US Subsidiary of Glenmark had violated antitrust laws by fixing prices and allocating customers. On 5 June 2018, leave to file the Amended Complaint was granted in the first State AG Action. The Company has denied all the relevant accusations in the first State AG Action and is vigorously defending the matter.

On 10 May 2019, the Attorney General of the State of Connecticut and Attorneys' General of various U.S. states filed a second lawsuit in Federal Court with similar allegations. The Second law suit includes some of the parties from the first State AG Action as well as additional parties, and its allegations concern additional products which were not referenced in the first law suit. While the Company is currently reviewing the Second suit, we expect to file papers with the Federal Court in due course denying the accusations. Given the early nature of the matter, the Company does not anticipate material impact of the same.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## (ii) Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2019 aggregate ₹1663.78 ( 2018 - ₹ 1,305.21)

## (iii) Others

Particulars	As at 31 March 2019	As at 31 March 2018
Bank Guarantees	176.46	138.78

## Note 32 - Leases

The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

- i) The Group's significant leasing arrangements are in respect of the above godowns & premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to the consolidated statement of profit and loss as rent and presented in note 26.
- ii) The leasing arrangements are cancellable range between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given towards deposit and unadjusted advance rent is recoverable from the lessor.
- iii) The Group has entered into operating lease agreements for the rental of its office premises for a period of 3 to 7 years.
- iv) Future obligations on non-cancellable operating lease

Minimum lease payments	31 March 2019	31 March 2018
Due within one year	745.91	584.36
Due later than one year and not later than five years	1,788.25	1,145.58
Due later than five years	480.32	303.71
<b>Total</b>	<b>3,014.48</b>	<b>2,033.65</b>

## Note 33 - Segment Reporting

### Business segment:

The Chief Operating Decision Maker ("CODM") reviews the financial performance at pharmaceutical business level, comprising of generics and active pharmaceutical ingredient components, which are interlinked and inter-dependent, therefore, the Group has only one reportable segment, i.e, Pharmaceuticals.

### Geographical segments:

Geographical segment disclosure given below are based on location of the Group's customers in case of revenue. The disclosure of carrying amount of segment assets are based on geographical location of segment assets.

1. India
2. North America (NA)
3. Latin America
4. Europe
5. Rest of the World

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Information about geographical segments

Segmental Revenue	Year ended 31 March 2019	Year ended 31 March 2018
India	31,298.97	28,577.38
North America (NA)	32,855.48	34,209.47
Latin America	5,219.38	4,779.71
Europe	14,643.91	11,160.33
Rest of the world (ROW)	14,636.94	12,303.81
<b>Total</b>	<b>98,654.68</b>	<b>91,030.70</b>

Analysis of assets by geographical segments

As at 31 March 2019	India	NA	Latin America	Europe	ROW	Total
Tangible Assets	20,476.47	10,135.04	1,120.03	974.78	615.48	33,321.80
Intangible Assets	1,887.30	1,581.45	144.79	13,146.50	62.73	16,822.77
<b>Total</b>	<b>22,363.77</b>	<b>11,716.49</b>	<b>1,264.82</b>	<b>14,121.28</b>	<b>678.21</b>	<b>50,144.57</b>

As at 31 March 2018	India	NA	Latin America	Europe	ROW	Total
Tangible Assets	19,306.91	7,475.52	791.97	824.74	492.36	28,891.50
Intangible Assets	1,881.06	727.24	127.83	9,311.80	53.77	12,101.70
<b>Total</b>	<b>21,187.97</b>	<b>8,202.76</b>	<b>919.80</b>	<b>10,136.54</b>	<b>546.13</b>	<b>40,993.20</b>

## Note 34 - Fair Value Measurements

### Financial instruments by category

Particulars	As at 31 March 2019					As at 31 March 2018			
	FVTPL	FVOCI	Amortised cost	Total carrying value	Total fair value	FVTPL	Amortised cost	Total carrying value	Total fair value
<b>Financial assets</b>									
Non current financial assets	-	-	501.87	501.87	501.87	-	401.18	401.18	401.18
Investments	46.57	150.00	100.02	296.59	296.59	46.59	100.02	146.61	146.61
Trade receivables	-	-	21,945.90	21,945.90	21,945.90	-	23,318.07	23,318.07	23,318.07
Cash and cash equivalents	-	-	9,362.78	9,362.78	9,362.78	-	12,333.56	12,333.56	12,333.56
Bank balances other than cash and cash equivalents	-	-	14.87	14.87	14.87	-	13.35	13.35	13.35
Others current financial assets	-	-	2,802.66	2,802.66	2,802.66	-	3,856.42	3,856.42	3,856.42
<b>Total</b>	<b>46.57</b>	<b>150.00</b>	<b>34,728.10</b>	<b>34,924.67</b>	<b>34,924.67</b>	<b>46.59</b>	<b>40,022.60</b>	<b>40,069.19</b>	<b>40,069.19</b>
<b>Financial Liabilities</b>									
Long term borrowings	464.44	-	35,273.10	35,737.54	35,737.54	-	41,417.78	41,417.78	41,417.78
Non current financial liabilities	-	-	885.06	885.06	885.06	-	26.00	26.00	26.00
Short term borrowings	-	-	3,030.24	3,030.24	3,030.24	-	2,950.44	2,950.44	2,950.44
Trade payables	-	-	22,207.51	22,207.51	22,207.51	-	18,697.84	18,697.84	18,697.84
Other current financial liabilities	-	-	9,012.69	9,012.69	9,012.69	-	5,657.89	5,657.89	5,657.89
<b>Total</b>	<b>464.44</b>	<b>-</b>	<b>70,408.60</b>	<b>70,873.04</b>	<b>70,873.04</b>	<b>-</b>	<b>68,749.95</b>	<b>68,749.95</b>	<b>68,749.95</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

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.

Cash and cash equivalent and other bank balances comprise cash and short-term deposits held by the Group. The carrying amount of these assets approximates their fair value.

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The management considers that the carrying amount of trade payables approximates to their fair value.

The Bonds are interest bearing instruments with an embedded derivative instrument of conversion option. The instrument's value predominately consist of liability measured at amortised cost; the embedded derivative is measured at FVTPL.

## Fair value hierarchy :

Level 2 : All FVTPL and FVOCI financial assets and liabilities are classified under level 2 of fair value hierarchy except quoted investment amounting to ₹1.00 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.

## Note 35 - Note On Expenditure On Corporate Social Responsibility

Following is the information regarding projects undertaken and expenses incurred on CSR activities during the year ended 31 March 2018:

- i Gross amount required to be spent by the Company during the year - ₹ 382.50 (2018 - ₹ 384.79)
- 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	38.77	-	38.77
Promoting health care including preventive health care	68.03	-	68.03
Reducing child mortality and improving maternal health	141.76	-	141.76
Training to promote Olympic sports	64.00	-	64.00
Administrative expenses	0.75	-	0.75
<b>Total</b>	<b>313.31</b>	<b>-</b>	<b>313.31</b>

## Note 36 - Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is coordinated by its parent company, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash equivalents, trade receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Group's cash equivalents and deposits are invested with banks.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

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 ₹ 64.82 at the beginning of the year and scaled to a high of ₹ 74.21 and to low of ₹ 64.76. The closing rate is ₹ 69.32. 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 2019		31 March 2018	
	USD (million)	INR	USD (million)	INR
<b>Short-term exposure</b>				
Financial assets	77.65	5,382.84	72.15	4,676.48
Financial liabilities	(55.08)	(3,818.53)	(66.51)	(4,311.06)
<b>Total</b>	<b>22.57</b>	<b>1,564.31</b>	<b>5.64</b>	<b>365.42</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	(427.13)	(29,609.01)	(421.25)	(27,305.69)
<b>Total</b>	<b>(427.13)</b>	<b>(29,609.01)</b>	<b>(421.25)</b>	<b>(27,305.69)</b>

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	2,804.47	2,693.93
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(2,804.47)	(2,693.93)
Equity	-	-

EUR conversion rate was ₹ 79.86 at the beginning of the year and scaled to a high of ₹ 85.59 and to low of ₹ 77.69. The closing rate is ₹ 77.76. 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.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

(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 2019		31 March 2018	
	EUR (million)	INR	EUR (million)	INR
<b>Short term exposure</b>				
Financial assets	9.39	730.14	20.02	1,598.75
Financial liabilities	(8.73)	(679.20)	(6.25)	(499.01)
<b>Total</b>	<b>0.66</b>	<b>50.94</b>	<b>13.77</b>	<b>1,099.74</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

If the INR had strengthened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(5.09)	(109.97)
Equity	-	-

If the INR had weakened against the EUR by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	5.09	109.97
Equity	-	-

## Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowings. The Group has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate risk associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 212.22 million (2018 - USD 255.83 million). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(36.78)	(41.46)
Equity	-	-

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 25 basis points then such decrease shall have the following impact on:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	36.78	41.46
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 0.25% to 6.60%. As the interest rate does not vary unless such deposits are withdrawn and renewed, sensitivity analysis is not performed.



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

## Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised as at the date of the balance sheet is summarised below:

Particulars	As at 31 March 2019	As at 31 March 2018
Cash & cash equivalents	9,362.78	12,333.56
Bank balances other than cash and cash equivalents	14.87	13.35
Trade receivables	21,945.90	23,318.07
Investments	296.59	146.61
Other current financial assets	2,802.66	3,856.42
Other non-current financial assets	501.87	401.18
<b>Total</b>	<b>34,924.67</b>	<b>40,069.19</b>

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of approximately 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Given below is ageing of trade receivables spread by period of six months:

Particulars	As at 31 March 2019	As at 31 March 2018
Outstanding for more than 6 months	2,756.77	2,277.10
Others	19,189.13	21,040.97
<b>Total</b>	<b>21,945.90</b>	<b>23,318.07</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired at each of the reporting dates and are of good credit quality, including those that are past due. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group's credit risk exposure towards any single counterparty or any groups of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## 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.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

As at 31 March 2019, the Group's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current
	Within 1 year	1to 5 years
Trade payable	22,207.51	-
Financial liabilities	3,293.79	-
Short term borrowings	3,030.24	-
Long-term borrowings	5,718.90	35,737.54
Other non-current financial liabilities	-	885.06
<b>Total</b>	<b>34,250.44</b>	<b>36,622.60</b>

## Note 37 - Capital Management Policies and Procedures

The Group objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the the balance sheet including non-controlling interest

Particulars	31 March 2019	31 March 2018
Total debt	44,486.67	46,393.85
Less: Cash & cash equivalents	9,362.78	12,333.56
<b>Net debt (A)</b>	<b>35,123.89</b>	<b>34,060.29</b>
<b>Total equity (B)</b>	<b>56,048.06</b>	<b>51,631.07</b>
<b>Net debt to equity ratio ( A/B)</b>	<b>62.67%</b>	<b>65.97%</b>

Dividends	31 March 2019	31 March 2018
(i) Equity shares		
Final dividend paid during the year ended	680.33	679.22

(ii) Dividends not recognised at the end of the reporting period.

In addition to the above dividends, since year end the Board of Directors have recommended the payment of a final dividend of ₹ 2 (31 March 2018 - ₹ 2) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## Note 38 - Additional information required by Schedule III

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Limited	213.05%	119,420.89	175.36%	16,221.12	0.85%	(35.38)	317.60%	16,185.74
Glenmark Therapeutics AG	0.00%	0.23	0.00%	0.02	0.00%	0.01	0.00%	0.03
Glenmark Pharmaceuticals (Kenya) Limited	0.30%	168.42	0.15%	14.17	-0.21%	8.73	0.45%	22.90
Glenmark Pharmaceuticals (Australia) Pty.Ltd.	0.00%	0.53	-0.01%	(0.48)	0.00%	0.01	-0.01%	(0.47)
Glenmark Impex L.L.C	4.90%	2,744.27	0.63%	58.51	4.79%	(198.84)	-2.75%	(140.33)

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Malaysia Sdn Bhd	0.27%	152.27	-0.29%	(26.47)	-0.04%	1.71	-0.49%	(24.76)
Glenmark Pharmaceuticals (Nigeria) Ltd	-0.22%	(123.68)	0.26%	24.48	0.19%	(7.80)	0.33%	16.68
Glenmark South Africa (pty) Ltd	0.94%	525.52	0.00%	(0.19)	1.55%	(64.35)	-1.27%	(64.54)
Glenmark Philippines Inc.	0.38%	210.62	0.40%	37.05	-0.10%	4.09	0.81%	41.14
Glenmark Pharmaceuticals FZE	0.47%	262.77	0.55%	51.20	-0.39%	16.17	1.32%	67.37
Glenmark Pharmaceuticals Egypt S.A.E.	-0.01%	(6.09)	-0.26%	(24.32)	0.04%	(1.79)	-0.51%	(26.11)
Glenmark Pharmaceuticals South Africa (pty) Ltd	-0.59%	(331.74)	-0.23%	(21.52)	-1.41%	58.58	0.73%	37.06
Glenmark Pharmaceuticals S.R.L	0.08%	45.05	-0.51%	(46.97)	-0.02%	0.95	-0.90%	(46.02)
Viso Farmaceutica S.L.U., SPAIN	0.11%	63.03	0.20%	18.25	-0.03%	1.13	0.38%	19.38
Glenmark Therapeutics Inc.	0.01%	5.62	-1.02%	(94.27)	-0.17%	7.26	-1.71%	(87.01)
Glenmark Pharmaceuticals (Europe) R&D Ltd.	0.50%	281.48	0.23%	20.98	0.04%	(1.82)	0.38%	19.16
Glenmark Uruguay S.A.	1.24%	692.88	-0.01%	(1.02)	-1.08%	45.03	0.86%	44.01
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	1.05%	588.84	0.45%	41.74	-0.02%	0.87	0.84%	42.61
Glenmark Pharmaceuticals Venezuela, C.A	-2.95%	(1,653.49)	0.00%	-	35.84%	(1,488.66)	-29.21%	(1,488.66)
Glenmark Pharmaceuticals Peru SAC	0.24%	132.60	-1.10%	(101.77)	-0.35%	14.51	-1.71%	(87.26)
Glenmark Farmaceutica Ltda	6.30%	3,529.40	0.46%	42.54	7.98%	(331.43)	-5.67%	(288.89)
Glenmark Pharmaceuticals S. A.	5.68%	3,184.46	151.74%	14,036.31	23.03%	(956.56)	256.65%	13,079.75
Glenmark Holding S. A.	-2.70%	(1,511.88)	-150.91%	(13,959.42)	55.16%	(2,291.27)	-318.87%	(16,250.69)
Glenmark Pharmaceuticals Nordic AB	0.15%	81.63	0.02%	1.43	-0.08%	3.24	0.09%	4.67
Glenmark Pharmaceuticals SP z.o.o.	-0.05%	(29.67)	-1.47%	(136.15)	-0.40%	16.46	-2.35%	(119.69)
Glenmark Pharmaceuticals SK, S.R.O.	0.09%	52.92	0.28%	26.04	-0.01%	0.55	0.52%	26.59
Glenmark Pharmaceuticals S.R.O.	6.39%	3,579.04	1.37%	126.84	3.74%	(155.47)	-0.56%	(28.63)
Glenmark Pharmaceuticals Colombia SAS	0.08%	47.29	-1.05%	(97.46)	0.11%	(4.55)	-2.00%	(102.01)
Glenmark Pharmaceuticals (Thailand) Co. Ltd	-0.01%	(7.39)	0.00%	0.21	0.01%	(0.33)	0.00%	(0.12)
Glenmark Dominicana SRL	0.00%	(0.15)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
Glenmark Pharmaceuticals Inc.	44.11%	24,724.78	5.38%	497.61	-14.01%	581.80	21.18%	1,079.41
Glenmark Pharmaceuticals Europe Ltd.	1.83%	1,028.47	0.70%	65.01	-0.01%	0.40	1.28%	65.41
Glenmark Pharmaceuticals B.V.	0.10%	56.11	0.18%	16.52	-0.09%	3.54	0.39%	20.06
Glenmark Arzneimittel GmbH	0.65%	362.06	1.08%	100.33	-0.18%	7.36	2.11%	107.69
Glenmark Generics SA	2.15%	1,205.64	-4.12%	(381.44)	7.59%	(315.07)	-13.67%	(696.51)
Glenmark Pharmaceuticals Distribution S.R.O.	3.30%	1,851.88	0.67%	61.82	1.70%	(70.79)	-0.18%	(8.97)
Glenmark Specialty SA	2.96%	1,661.37	2.25%	208.53	-2.24%	93.06	5.92%	301.59
Glenmark Ukraine LLC	0.24%	134.65	0.64%	59.53	0.03%	(1.10)	1.15%	58.43
Glenmark-Pharmaceuticals Ecuador S.A.	0.01%	5.30	-0.52%	(48.30)	-0.10%	4.32	-0.86%	(43.98)

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - Ind AS

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

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Glenmark Pharmaceuticals Singapore Pte. Ltd.	0.07%	37.12	0.04%	3.89	-0.01%	0.57	0.09%	4.46
Glenmark Life science Ltd	1.57%	881.25	9.46%	874.63	-0.03%	1.10	17.18%	875.73
Glenmark BioTherapeutics SA	0.09%	49.83	0.35%	32.46	0.01%	(0.30)	0.63%	32.16
Glenmark Pharmaceuticals Canada Inc.	0.15%	82.83	0.06%	5.31	-0.02%	0.93	0.12%	6.24
<b>Sub total</b>		<b>164,186.96</b>		<b>17,706.73</b>		<b>(5,053.13)</b>		<b>12,653.60</b>
Intercompany elimination and consolidation adjustments		(108,135.12)		(8,456.80)		899.47		(7,557.33)
<b>Grand total</b>		<b>56,051.84</b>		<b>9,249.93</b>		<b>(4,153.66)</b>		<b>5,096.27</b>
Minority interest in subsidiary		(3.77)		0.11		-		0.11

## Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

## Note 39 - Revenue

The Government of India introduced the Goods and Service Tax (GST) with effect from 1 July 2017 which subsumes excise duty and various other indirect taxes. As required under Ind AS 18, revenue for the year ended 31 March 2018 is reported net of GST. The revenue for year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, income from operations for the year ended 31 March 2019 and 31 March 2018 are not comparable.

## Note 40 - Comparatives

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

## Note 41 - Exceptional Items

During the year ended 31 March 2019, the Company sold of its Orthopaedic and Pain management India business (Ortho India business) valued at ₹ 6,350 to Integrate Private Limited (Integrate) by the way of slump sale and recognized gain of ₹ 3,451.85 and effect of de-prioritization of certain intangibles aggregating to ₹ 1,780.03. in Consolidated Statement of Profit and Loss.

## Note 42 - Authorisation of Financial Statements

The consolidated financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 29 May 2019.

As per our report of even date.

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership Number - 504662

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Independent Auditor's Report

To the Board of Directors of Glenmark Pharmaceuticals Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

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 Statement of Financial Position as at 31 March 2019, 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.
2. 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 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"), of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment 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, were of most significance in our audit of the consolidated financial statements for the year ended 31 March 2019 ('the current period'). These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment of intangible assets</b></p> <p>As at 31 March 2019, the Group is carrying intangible assets aggregating to ₹ 17,289.96 million in its consolidated financial statements relating to multiple Cash Generating Units ("CGU's"). These intangibles are subject to test of impairment by the management where for each reporting period in case of intangible assets having indefinite useful life and when impairment indicators exist in case of all other intangible assets, in accordance with the applicable accounting standards.</p> <p>The carrying value of intangible assets will be recovered through future cash flows and there is a risk that the assets will be impaired if these cash flows do not meet the Group's expectations.</p>	<p><b>Our audit included, but was not limited to, the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management's process for identification of impairment indicators for intangible assets and impairment testing of such assets;</li> <li>• Tested the design and operating effectiveness of internal controls over such identification and impairment measurement through fair valuation of identified assets;</li> <li>• Involved auditor's experts to assess the appropriateness of the valuation methodologies;</li> <li>• Evaluated management's assumptions, including long-term revenue growth rates, operating profit margins, terminal values, and discount rates based on our understanding of the business of the respective CGUs, past results of commercial successes and external factors such as industry trends and forecasts;</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>In addition to significance of the amounts involved, management's assessment process is complex as it involves significant judgement in determining the assumptions to be used to estimate the future cash flow forecasts, principally relating to long-term revenue growth rates, terminal values, operating profit margins, external market conditions and the discount rate used, and judgments relating to the probability of scientific success and commercial success of asset either through out-licensing or subsequent product launches. The assessment is performed for each intangible asset.</p> <p>Considering the materiality of amounts involved together with the inherent subjectivity related to principal assumptions, which are dependent on current and future economic factors and trading conditions varying for different economic and geographical territories, assessment of carrying value of intangible assets is considered to be complex and determined to be a key audit matter in our current period audit.</p>	<ul style="list-style-type: none"> <li>• Assessed the management process for determination of stage wise progress of the intangible assets, how it is monitored and used in the valuation methodologies for the impairment testing;</li> <li>• Evaluated historical accuracy of forecasts done by the management in prior periods, including the planned progress in the intangible asset to actual progress;</li> <li>• Obtained and evaluated sensitivity analysis performed by the management on key assumptions including implied growth rates during explicit period, terminal growth rate, progress in the stage of intangible asset and discount rate;</li> <li>• Performed independent sensitivity analysis of aforesaid key assumptions to assess the effect of reasonably possible variations on the current estimated recoverable amount for the respective intangible asset to evaluate sufficiency of headroom between recoverable value and carrying amounts;</li> <li>• Tested the mathematical accuracy of the management working.</li> <li>• Evaluated the adequacy of disclosures given in the consolidated financial statements with respect to intangible assets including disclosure of significant assumptions, judgements and sensitivity analysis performed, in accordance with applicable accounting standards.</li> </ul>
<p><b>Revenue recognition in US Subsidiary</b></p> <p>The Group's sales to customers in the United States of America ('US') fall under certain commercial and governmental reimbursement schemes of which the most significant ones are chargebacks, failure to supply penalties and Medicaid Drug Rebate Program ('Medicaid'). The provision recognised as at 31 March 2019 for revenue deductions related to such items aggregated to ₹ 96,875.66 million.</p> <p>These arrangements result in deductions to gross sales recognised by the Group, and require the management to estimate and recognise obligations of the Group to provide such deductions to its customers for sales made during the reporting period.</p> <p>Accordingly, the Group has recognised an accrual of ₹ 96,875.66 million as at 31 March 2019 towards these arrangements and has adjusted revenues to the extent of ₹ 96,875.66 million pertaining to Group's US operations during the year ended 31 March 2019. Refer Notes P to the consolidated financial statements.</p> <p>Effective 1 April 2018, the Group has adopted IFRS 15, Revenue from Contracts with Customers. IFRS 15 requires the management to estimate the amount of variable consideration to which it will be entitled to the extent it is not highly probable that such amount will reverse. Variable consideration may include discounts and sales returns. The estimate depends on contractual terms, relevant regulations, historical experience, as well as forecasts of sales volumes by sales channel. Additionally, dispensing of the product and the final determination of the net selling price may occur several months later.</p>	<p><b>Our audit included, but was not limited to, the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the management process for estimation and accounting treatment of transactions arising from various discount schemes, mandated contracts, chargebacks, rebates, failure to supply penalties and Medicaid compliance requirements, pertaining to Group's revenue operations in US;</li> <li>• Evaluated the design and tested the operating effectiveness of controls implemented by the Group for approval of such schemes, for recording of such transactions and obligations arising from such arrangements completely and accurately, and for ensuring appropriate accounting treatment thereof;</li> <li>• Tested the calculations for accruals under applicable schemes by testing the data with supporting documents such as Group's stated commercial policies, terms of underlying contracts inspected on a sample basis, stock lying at wholesalers, historical levels of product returns, and wholesale acquisition cost (WAC) determined for such calculations;</li> <li>• Tested credit notes issued and payments made during the year under such schemes and arrangements, on a sample basis, from underlying supporting documents such as contracts, sales data and satisfaction of eligibility criteria as per terms of the scheme;</li> <li>• Tested subsequent settlements, payments and rebates given to customers under various schemes and arrangements to determine adequacy of the accruals made at year end;</li> <li>• Evaluated the historical accuracy of the Group's estimates of year-end accruals relating to such arrangements made in previous years;</li> </ul>



**Key audit matter**

We focused on this area since these arrangements are complex and determining appropriate accruals and adjustments requires significant judgement and estimation by management. This judgement is particularly complex in US healthcare environment which involves multi-layered product discounting due to competitive pricing pressure apart from regulatory requirements such as Medicaid. Considering the materiality of the amount involved and high estimation uncertainty requiring significant judgement as discussed above, we determined this matter to be a key audit matter for the current period audit.

**How our audit addressed the key audit matter**

- Reviewed related contracts, and performed procedures to validate contractual terms and inventory levels of significant customers and wholesalers;
- Identified and tested specific journal entries such as those manually posted directly to revenue, outside of expected hours, or by unexpected individuals and for large or unusual amounts;
- Agreed a sample of revenue transactions to customers' cash deposits and withdrawals;
- Performed test of details on a sample of revenue transactions recorded during the year, including specific periods before and after the year-end. For the samples selected, inspected supporting documents, including contracts and related amendments for revisions to performance obligations or price terms, and invoices;
- Evaluated the adequacy and appropriateness of the disclosures made in the accompanying consolidated financial statements relating to such arrangements in accordance with the requirements of the accounting standards.

**Recoverability of deferred tax assets**

Refer note 3.13 of Summary of significant accounting policies and other explanatory information and the note N of the consolidated financial statements of the Group for the year ended 31 March 2019. At the balance sheet date, deferred tax assets recognised for carried forward tax losses amounted to ₹ 5,315.32 million

The assessment of meeting the recognition criteria as well as assessment of recoverability of deferred tax assets within the period prescribed under the tax laws, as applicable for the respective subsidiaries of the Group involves use of significant assumptions and estimates. Determining forecasts of future results and taxable profits includes key assumptions such as future growth rates and market conditions. The projected cash flows are assessed using a number of scenarios to cover reasonable changes in the assumptions underlying the projections.

Any change in these assumptions could have a material impact on the carrying value of deferred tax assets. These assumptions and estimates are judgmental, subjective and depend on the future market and economic conditions.

Owing to the significance of the balances and complexities involved as described above, we have considered recoverability of such deferred tax assets recognised on carried forward tax losses as a key audit matter.

**Our audit procedures in relation to the recognition of deferred tax assets included, but were not limited to, the following:**

- Evaluated the design and tested the operating effectiveness of key controls implemented by the Group over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws of the respective entities in the Group;
- Involved auditor's experts to assess the appropriateness of the deferred tax asset balance recognized in the balance sheet.;
- Discussed with the management the key reasons for the tax losses and if they are temporary;
- Reconciled the future taxable profit projections to future business plans of the Company as approved by the Board of Directors of the respective entities;
- Tested and challenged management's judgements relating to the forecasts of future taxable profits and evaluated the reasonableness of the assumptions, including future growth rate underlying the preparation of these forecasts based on historical data trends.;
- Tested the mathematical accuracy of the projections including sensitivity analysis performed by management and performed independent sensitivity analysis to the key assumptions mentioned above to determine inputs leading to high estimation uncertainty of the cash flow projections.
- Assessed any restrictions in the local tax legislation impacting the utilisation;

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of IAS 12, Income Taxes;</li> <li>Re-computed the amount of deferred tax assets as appearing in the financial statements confirming the amounts of carried forward tax losses and unabsorbed depreciation.</li> </ul> <p>Assessed the appropriateness of the disclosures included in note N in respect of the deferred tax balances.</p>

## Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is made available to us.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements 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 changes in equity and consolidated cash flows of the Group in accordance 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"). The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated IFRS financial statements. Further, 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 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.

8. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Group's financial reporting process

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

15. We did not audit the financial statements of 41 subsidiaries, whose financial statements reflects total assets (before intra-group eliminations) of ₹ 168,664.10 million and net assets (before intra-group eliminations) of ₹ 44,322.24 million as at 31 March 2019 and total revenues (before intra-group eliminations) of ₹ 70,431.96 million and net cash outflows amounting to ₹ 3,780.82 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 report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, 41 subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries or International Standards of Auditing, as the case may be. Our opinion, and matters identified and disclosed under key audit matters Section above, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors.

Our opinion above on the consolidated financial statements are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

The Group has prepared a separate set of consolidated financial statements for the year ended 31 March 2019 with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('the Act') on which we have issued a separate auditor's report dated 29 May 2019. Our opinion is not modified in respect of this matter.

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Ashish Gupta**

Partner

Membership No.: 504662

Place: New Delhi

Date: 29 May 2019

# Consolidated STATEMENT OF FINANCIAL POSITION - IFRS

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

	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C	9,377.65	12,346.91
Trade receivable	E	21,945.90	23,318.07
Inventories	F	22,520.74	20,305.85
Other current financial assets	G	2,802.66	3,856.42
Other current assets	G	10,321.30	10,059.67
<b>Total current assets</b>		<b>66,968.25</b>	<b>69,886.92</b>
<b>Non-current assets</b>			
Property, plant and equipment	H	36,397.23	32,080.89
Intangible Assets	I	18,935.66	14,581.79
Goodwill	J	547.35	521.04
Deferred tax assets (net)	N	12,905.43	12,201.76
Investments	D	296.59	146.61
Non-current financial assets	D	501.87	401.18
Other non-current assets	D	236.00	389.36
<b>Total non-current assets</b>		<b>69,820.13</b>	<b>60,322.63</b>
<b>Total assets</b>		<b>136,788.38</b>	<b>130,209.55</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	K	22,207.51	18,697.84
Current tax liabilities		457.56	284.26
Short-term borrowings	M	3,030.24	2,950.44
Current portion of long term borrowings	L	5,718.90	2,025.63
Other current liabilities	K	1,119.44	1,248.12
Other current financial liabilities	K	3,293.79	3,632.26
Provisions	K	4,383.50	4,040.38
<b>Total current liabilities</b>		<b>40,210.94</b>	<b>32,878.93</b>
<b>Non-current liabilities</b>			
Long-term borrowings	L	35,737.54	41,417.78
Other non-current liabilities	K	6.30	-
Other non-current financial liabilities	K	885.06	26.00
<b>Total non-current liabilities</b>		<b>36,628.90</b>	<b>41,443.78</b>
<b>Total liabilities</b>		<b>76,839.84</b>	<b>74,322.71</b>
<b>Stockholders' equity</b>			
Equity share capital	O	282.17	282.17
Share premium		17,296.10	17,296.10
Stock compensation reserve		106.15	105.08
Statutory reserve		201.00	201.00
Currency translation reserve		(18,877.15)	(14,915.00)
Retained earnings		60,944.04	52,921.19
		<b>59,952.31</b>	<b>55,890.54</b>
Non-controlling interest		(3.77)	(3.70)
<b>Total stockholders' equity</b>		<b>59,948.54</b>	<b>55,886.84</b>
<b>Total liabilities and stockholders equity</b>		<b>136,788.38</b>	<b>130,209.55</b>

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated STATEMENT COMPREHENSIVE INCOME - IFRS

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

## Consolidated Income Statement

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenues</b>			
Operating revenue	P	98,654.68	91,030.70
Other income	Q	5,505.97	824.64
<b>Total revenues</b>		<b>104,160.65</b>	<b>91,855.34</b>
<b>Expenses</b>			
Materials consumed	R	24,447.12	21,501.10
Changes in inventories of finished goods and work-in-process		(586.68)	1,337.12
Purchases of stock-in-trade		9,762.98	7,547.45
Employee costs	S	20,560.70	18,718.41
Other expenses	T	28,612.56	25,776.33
Depreciation, amortisation and impairment expense	H & I	5,465.30	3,540.67
<b>Total expenses</b>		<b>88,261.98</b>	<b>78,421.08</b>
Operating profit		15,898.67	13,434.26
Finance income		27.00	89.36
Finance costs		3,345.85	2,855.67
<b>Profit before tax</b>		<b>12,579.82</b>	<b>10,667.95</b>
<b>Tax expense</b>			
	N		
Current tax expenses		4,765.42	3,244.11
Deferred tax benefit		(1,102.30)	(318.99)
Total tax expenses		3,663.12	2,925.12
<b>Profit for the year</b>		<b>8,916.70</b>	<b>7,742.83</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interest		0.11	0.92
Equity shareholders of Glenmark Pharmaceuticals Limited		8,916.59	7,741.91
<b>Earnings per share of ₹ 1 each</b>			
	Y		
Basic (in ₹)		31.60	27.44
Diluted (in ₹)		31.60	27.44

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

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
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**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated STATEMENT OF OTHER COMPREHENSIVE INCOME - IFRS

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

## Consolidated Statement of Other Comprehensive Income

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
<b>Profit for the year</b>		<b>8,916.70</b>	<b>7,742.83</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to income statement</b>			
- Remeasurement of the post-employment benefit obligation		(259.39)	41.96
- Income tax relating to the above		45.80	(3.25)
<b>Items that will be reclassified subsequently to income statement</b>			
- Exchange differences on translating foreign operations		(3,732.65)	(696.17)
- Income tax relating to the above		(229.50)	-
<b>Other comprehensive income/(loss) for the year</b>		<b>(4,175.74)</b>	<b>(657.46)</b>
<b>Total comprehensive income for the year</b>		<b>4,740.96</b>	<b>7,085.37</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		0.11	0.92
Equity shareholders of Glenmark Pharmaceuticals Limited		4,740.85	7,084.45

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

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership Number - 504662

**Glenn Saldanha**  
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DIN : 00050607

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019



# Consolidated STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - IFRS

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

Particulars	Equity attributable to shareholders of Glenmark Pharmaceuticals Limited							Total attributable to owners of the parent company	Non Controlling interest	Total stockholders' equity
	Share capital – No. of shares	Share capital	Share premium	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Retained earnings			
<b>Balance as at 1 April 2018</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>105.08</b>	<b>201.00</b>	<b>(14,915.00)</b>	<b>52,921.19</b>	<b>55,890.54</b>	<b>(3.70)</b>	<b>55,886.84</b>
Dividends to equity shareholders (including dividend distribution tax) (refer note FF)	-	-	-	-	-	-	(680.33)	(680.33)	-	(680.33)
Shares issued under Employee Stock Option ("ESOP") Scheme	-	-	-	-	-	-	-	-	-	-
Employee share based compensation expense (refer note W)	-	-	-	1.07	-	-	-	1.07	-	1.07
Transaction with non controlling interest	-	-	-	-	-	-	0.18	0.18	(0.18)	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.07</b>	<b>-</b>	<b>-</b>	<b>(680.15)</b>	<b>(679.08)</b>	<b>(0.18)</b>	<b>(679.26)</b>
Profit for the year	-	-	-	-	-	-	8,916.59	8,916.59	0.11	8,916.70
<b>Other Comprehensive Income:</b>										
Exchange difference on translation of foreign operations (net of tax)	-	-	-	-	-	(3,962.15)	-	(3,962.15)	-	(3,962.15)
Remeasurement of the net defined benefit plans (net of tax) (refer note U)	-	-	-	-	-	-	(213.59)	(213.59)	-	(213.59)
Transactions with owners	-	-	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,962.15)</b>	<b>8,703.00</b>	<b>4,740.85</b>	<b>0.11</b>	<b>4,740.96</b>
<b>Balance as at 31 March 2019</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>106.15</b>	<b>201.00</b>	<b>(18,877.15)</b>	<b>60,944.04</b>	<b>59,952.31</b>	<b>(3.77)</b>	<b>59,948.54</b>

Particulars	Equity attributable to shareholders of Glenmark Pharmaceuticals Limited							Total attributable to owners of the parent company	Non Controlling interest	Total stockholders' equity
	Share capital – No. of shares	Share capital	Share premium	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Retained earnings			
<b>Balance as at 1 April 2017</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>14.44</b>	<b>201.00</b>	<b>(14,218.83)</b>	<b>45,819.40</b>	<b>49,394.28</b>	<b>(4.23)</b>	<b>49,390.05</b>
Dividends to equity shareholders (including dividend distribution tax) (refer note FF)	-	-	-	-	-	-	(679.22)	(679.22)	-	(679.22)
Shares issued under Employee Stock Option ("ESOP") Scheme	-	-	-	-	-	-	-	-	-	-
Employee share based compensation expense	-	-	-	90.64	-	-	-	90.64	-	90.64
Transaction with non controlling interest	-	-	-	-	-	-	0.39	0.39	(0.39)	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90.64</b>	<b>-</b>	<b>-</b>	<b>(678.83)</b>	<b>(588.19)</b>	<b>(0.39)</b>	<b>(588.58)</b>
Profit for the year	-	-	-	-	-	-	7,741.91	7,741.91	0.92	7,742.83
<b>Other Comprehensive Income:</b>										
Exchange difference on translation of foreign operations	-	-	-	-	-	(696.17)	-	(696.17)	-	(696.17)
Remeasurement of the net defined benefit plans (net of tax) (refer note U)	-	-	-	-	-	-	38.71	38.71	-	38.71
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(696.17)</b>	<b>7,780.62</b>	<b>7,084.45</b>	<b>0.92</b>	<b>7,085.37</b>
<b>Balance as at 31 March 2018</b>	<b>282,168,156</b>	<b>282.17</b>	<b>17,296.10</b>	<b>105.08</b>	<b>201.00</b>	<b>(14,915.00)</b>	<b>52,921.19</b>	<b>55,890.54</b>	<b>(3.70)</b>	<b>55,886.84</b>

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

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated STATEMENT OF CASH FLOWS - IFRS

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. Cash inflow/(outflow) from operating activities</b>		
Profit before tax	12,579.82	10,667.95
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation, amortisation and impairment expense	5,465.30	3,540.67
Finance costs	3,345.85	2,855.67
Finance income	(27.00)	(89.36)
Dividend income	(7.03)	(7.72)
(Profit)/loss on sale of property, plant and equipments	(5.73)	24.13
Employee benefit obligation	293.68	242.46
Provision for doubtful debts / expected credit losses	19.62	42.61
Employee share based compensation expense	1.07	90.64
Provision for sales returns	80.00	320.00
Profit on sale of Orthopaedic and Pain management India business	(3451.85)	-
Gain on extinguishment of FCCB liability	(153.72)	-
Unrealised exchange (gain)/loss	(1,835.37)	(780.99)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>16,304.64</b>	<b>16,906.06</b>
<b>Changes in operating assets and liabilities</b>		
- Decrease in trade receivables	444.31	1,032.11
- (Increase)/ Decrease in inventories	(4,287.02)	1,352.97
- (Increase)/ Decrease in other assets	711.44	(1,302.61)
- Increase in trade payable and other liabilities	4,494.68	2,008.13
<b>Net changes in operating assets and liabilities</b>	<b>1,363.41</b>	<b>3,090.60</b>
Income taxes paid	(4,426.34)	(3,516.12)
<b>Net cash generated from operating activities</b>	<b>13,241.71</b>	<b>16,480.54</b>
<b>B. Cash inflow/(outflow) from investing activities</b>		
Restricted cash	(750.79)	(2.04)
Interest received	26.64	88.13
Dividend received	7.03	7.72
(Increase)/ Decrease in non current asset	(21.87)	-
Investment in shares	(150.00)	-
Proceeds from sale of Orthopaedic and Pain management India business (net)	6,218.89	-
Payments for Purchase of Property, plant and equipment and Intangible assets (including assets under construction)	(12,371.71)	(10,446.40)
Proceeds from sale of property, plant and equipment and Intangible assets	51.88	219.16
<b>Net cash used in investing activities</b>	<b>(6,989.93)</b>	<b>(10,133.43)</b>
<b>C. Cash inflow/(outflow) from financing activities</b>		
Proceeds from long-term borrowings	6,695.81	5,795.10
Buy back / Repayments of long-term borrowings	(10,506.08)	(8,693.93)
Proceeds from /(repayment) of short-term borrowings (net)	117.36	1,022.69
Interest paid	(2,696.78)	(2,130.03)
FCCB premium paid on buy back of bonds	(318.85)	-
Dividend paid (including tax on dividend)	(678.81)	(678.82)
<b>Net cash used in financing activities</b>	<b>(7,387.35)</b>	<b>(4,684.99)</b>
Effect of exchange rate changes on cash and cash equivalents	(1,835.21)	107.80
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(2,970.78)</b>	<b>1,769.92</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>12,333.56</b>	<b>10,563.64</b>
<b>Cash and cash equivalents at the end of the year (refer note - C)</b>	<b>9,362.78</b>	<b>12,333.56</b>
<b>Cash and cash equivalents comprise of :</b>		
Cash on hand	10.39	7.17
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	9,352.39	12,326.39
	<b>9,362.78</b>	<b>12,333.56</b>

# Consolidated STATEMENT OF CASH FLOWS - IFRS

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

## Note :

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in IAS 7, 'Statement of Cash Flows'.
- 2 Figures in bracket indicate cash outflow.
- 3 Reconciliation of Financing Activities

Particulars	As at 31 March 2018	Borrowings made during the year	Amount buyback* / repaid during the year	FCCB premium and Issue cost	Exchange difference / Translation	As at 31 March 2019
Long term borrowings	43,443.41	6,695.81	(10,506.08)	353.42	1,469.88	41,456.44
Short term borrowings	2,950.44	117.36	-	-	(37.56)	3,030.24

\* Refer note L on Buyback of foreign currency convertible bonds (FCCB).

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

For and on behalf of the Board of Directors

**Ashish Gupta**  
Partner  
Membership Number - 504662

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

**Cherylann Pinto**  
Executive Director  
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**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

Place: Mumbai  
Date : 29 May 2019

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note A – Background Information and Summary Of Significant Accounting Policies

### 1. Nature of Operations

Glenmark Pharmaceuticals Limited ("Glenmark" or "the Company") and its subsidiaries (together referred to as "the Group") are primarily engaged in the business of development, manufacture and marketing of pharmaceutical products both formulations and active pharmaceutical ingredients to regulated and semi regulated markets. The Group has a significant presence in branded generics markets across emerging economies including India and also has a fast growing generics business in the United States and Europe. The Group is actively involved in the discovery of new molecules both NCEs (new chemical entities) and NBEs (new biological entities).

The Group's research and development facilities are located at Mahape, Sinner, Turbhe and Talaja in India, and at La Chaux-de-fonds in Switzerland. The manufacturing facilities of the Group in India are located at Nasik, Colvale, Baddi, Nalagarh, Ankleshwar, Mohol, Kurkumbh, Sikkim, Indore, Dahej and Aurangabad. Overseas manufacturing facilities are located in Czech Republic, Argentina, La Chaux-de-fonds in Switzerland and Monroe (USA).

### 2. General Information

Glenmark Pharmaceuticals Limited is the Group's ultimate parent company and is a public limited company incorporated in Mumbai, India. The registered office of the Company is at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai – 400026, India.

The Company's shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India ("NSE").

These consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. Amounts in figures presented have been rounded to INR million unless otherwise stated.

### 3. Summary of Significant Accounting Policies

"These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standard Board ('IASB') effective for the periods covered by these consolidated financial statements. These consolidated

financial statements have been prepared on a going concern basis. The significant accounting policies that are used in the preparation of these consolidated financial statements are summarised below. These accounting policies are consistently used throughout the periods presented in the consolidated financial statements. "

These consolidated financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities (including investments), defined benefit plans, plan assets and share-based payments.

An overview of new standards and interpretations not yet effective is given in note A-5.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4 and 4.1.

#### 3.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 3.2. Basis of consolidation

These consolidated financial statements include financial statements of the Company and all of its subsidiaries drawn up to the dates specified in Note B. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group acquires control until the date the control ceases.

Inter-company transactions, balances and unrealised gains and losses on inter-company transactions between group companies are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group perspective. Amounts reported in separate financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the Company.

## 3.3. Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the 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 Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognized in the consolidated income statement in the period in which they arise.

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented within equity as a part of foreign currency translation reserve ("FCTR").

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in other comprehensive income and presented within equity as part of FCTR. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to the consolidated income statement.

## 35. Revenue recognition

### Applicable upto 31 March 2018

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably and recovery of the consideration is probable. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, value added tax, goods and service tax (GST) and applicable trade discounts and allowances, but inclusive of excise duty (up to 30th June, 2017). Revenue includes shipping and handling costs billed to the customer.

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates.

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers. Significant risks and rewards in respect of ownership of active pharmaceutical ingredients are transferred upon delivery of the products to the customers.

Revenue from contract research is recognised in the consolidated income statement when right to receive a non-refundable payment from out-licensing partner is established and such non refundable amount is representative of work already done by the Group.

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

#### Services

Revenue from services rendered is recognised in the consolidated income statement over the period the underlying services are performed.

#### Export entitlements

Export entitlements from government authorities are recognised in the consolidated income statement when the right to receive incentive as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### Other income

Other income consists of interest income on funds invested in financial assets, dividend income and gains on the disposal of Investments and financial assets. Interest income is recognised as it accrues in the consolidated income statement, using the effective interest rate method on a time proportion basis. Dividend income is recognised in the consolidated income statement on the date that the Group's right to receive payment is established.

### Applicable with effect from 1 April 2018

The Group has applied IFRS 15 'Revenue from contracts with customers' with effect from 1 April 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance / obligations are satisfied.

Group adopted IFRS applying the modified retrospective approach. IFRS 15 did not have a material impact on the amount or timing of recognition of reported revenue.



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

The Group receives revenue for supply of goods to external customers against orders received. The majority of contracts that Group enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical and consumer healthcare products. The average duration of a sales order is less than 12 months.

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

Group enters into development and marketing collaborations and out-licences of the Group's compounds or products to other parties. These contracts give rise to fixed and variable consideration from upfront payments, development milestones, sales-based milestones and royalties. Income dependent on the achievement of a development milestone is recognised when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, which is usually when the related event occurs. Sales-based milestone income is recognised when it is highly probable that the sales threshold will be reached.

Sales-based royalties on a licence of intellectual property are not recognised until the relevant product sale occurs. If the time between the recognition of revenue and payment from the customer is expected to be more than one year and the impact is material, the amount of consideration is discounted using appropriate discount rates.

Goods and Service Tax and other value added taxes are excluded from revenue.

## 3.6. Property, plant and equipment

### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/expense in the consolidated income statement".

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group its cost can be measured reliably. The costs of other repairs and maintenance are recognised in the consolidated income statement as incurred.

### Depreciation

Depreciation is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

#### The estimated useful lives are as follows:

Factory and other buildings	26 - 61 years
Plant and machinery	1 – 21 years
Furniture, fixtures and office equipment	1 – 21 years
Vehicles	1– 8 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## 3.7. Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported under 'finance costs'. Borrowing costs are recognised using the effective interest rate method.

## 3.8. Intangible assets

### Goodwill

Goodwill arises upon the acquisition of subsidiaries. Goodwill represents the excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses

### Acquisitions prior to the Group's date of transition to IFRS

As part of its transition to IFRS, the Group elected to restate only those business combinations that occurred on or after 1 April 2010. In respect of acquisitions prior to 1 April 2010, goodwill represents the amount recognised under Indian GAAP.

### Research and development

Expenses on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the consolidated income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, the assets are controlled by the Group, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the consolidated income statement as incurred.

The Group's internal drug development expenditure is capitalised only if they meet the recognition criteria as mentioned

above. Where uncertainties exist that the said criteria may not be met, the expenditure is recognised in the consolidated income statement as incurred. Where however, the recognition criteria is met, intangible assets are recognised. Based on the management estimate of the useful lives indefinite useful life assets are tested for impairment and assets with limited lives are amortised on a straight-line basis over their useful economic lives from when the asset is available for use. During the periods prior to their launch (including periods when such products have been out-licensed to other companies), these assets are tested for impairment on an annual basis, as their economic useful life is indeterminable till then.

Payments to in-license products and compounds from third parties generally taking the form of up-front payments and milestones are capitalised and amortised, generally on a straight-line basis, over their useful economic lives from when the asset is available for use. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful lives are indeterminable till then.

The Group monetized the molecules under development, as active market exist at each stage / phase wise molecules developments, either through out licensing arrangement or subsequent product launches. Accordingly the molecules under development, which meets criteria under Ind AS 38 Intangibles assets, are classified as intangibles assets.

### De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in the consolidated income statement, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the consolidated income statement.

### Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the consolidated income statement as incurred. The capitalised costs are amortised over the estimated useful life of the software.

## Amortisation

Amortisation of intangible assets, other than goodwill, intangible assets not available for use and intangible assets having indeterminable life, is recognised in the consolidated income statement on a straight-line basis over the estimated useful lives from the date that they are available for use.

The estimated useful lives of intangible assets are 1 - 10 years.

### 3.9. Impairment testing of property, plant and equipment, goodwill and intangible assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested for impairment annually; their recoverable amount is estimated annually each year at the reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Intangibles with indefinite useful lives are tested for impairment individually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the consolidated income statement.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.10. Investments and financial assets

#### Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated income statement or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows represents solely payment of principal and interest.

## Measurement of debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to the consolidated income statement and recognised in other income/ (expenses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL) :** Assets that do not meet the criteria for amortised cost or FVOCI are

measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated income statement and presented net in the consolidated income statement within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in other income.

## Measurement of equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the consolidated income statement as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/(expenses) in the consolidated income statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## De-recognition of financial assets

A financial asset is derecognised only when

- The Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## Interest income from financial assets

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

## 3.11. Financial Liabilities

Non derivative financial liabilities include trade and other payables.

Borrowings and other financial liabilities are initially recognised at fair value (net of transaction costs incurred). Difference between the fair value and the transaction proceeds on initial is recognised as an asset / liability based on the underlying reason for the difference.

Subsequently all financial liabilities are measured at amortised cost using the effective interest rate method

Group presents the hybrid contract in consolidated financial statement as a single contractual arrangement. The embedded derivative component is classified as at FVTPL for measurement purposes; the host contract, as a financial liability is measured at amortised cost using the effective interest method.

Borrowings are derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid,

including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statement. The gain / loss is recognised in other equity in case of transaction with shareholders.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the consolidated financial statements for issue, not to demand payment as a consequence of the breach.

Trade payables are recognised initially at their transaction values which also approximate their fair values and subsequently measured at amortised cost less settlement payments.

## 3.12. Inventories

Inventories of finished goods, stock in trade, work in process, consumable stores and spares, raw material, packing material are valued at cost or net realisable value, whichever is lower. Cost of inventories is determined on a weighted moving average basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour, manufacturing overheads and other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual carrying value on a periodic basis.

## 3.13. Accounting for Income Taxes

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the consolidated income statement except to the extent that it relates to items recognised in Other Comprehensive Income, in which case it is recognised

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in Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
- Taxable temporary differences relating to investments in subsidiaries to the extent the Group is probably certain that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

In addition, deferred tax is not recognised for taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised / settled simultaneously.

## 3.14. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

## Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## Land acquired on long term leases

The Group has capitalised the land acquired on long term lease. Such leases are acquired on payment of an upfront amount and do not carry any other minimum lease payments/other rentals over the lease term. The asset is initially recognised at the value of the upfront premium/charges paid to acquire the lease. The Group classified such leases of land as finance leases by adopting the guidance issued as part of Improvements to IFRSs issued in April 2009. This guidance amended IAS 17 – Leases to require classification of leases of land to be assessed as per the general principles of lease classification and is applicable for annual periods beginning on or after 1 January 2010."

## Operating leases

Leases other than finance leases are operating leases. The leased assets are not recognised on the Group's consolidated statement of financial position. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease.

## 3.15. Equity

Share capital is determined using the nominal value of shares that are issued. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any income tax effects.

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.



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Retained earnings include all current and prior period results, as disclosed in the consolidated income statement.

## 3.16. Employee Benefits

### Short-term benefits

Short-term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to recognised provident funds, approved superannuation schemes and other social securities, which are defined contribution plans, are recognised as an employee benefit expense in the consolidated income statement as incurred.

### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of an approved gratuity plan, which is a defined benefit plan, and certain other defined benefit plans is calculated separately for each material plan by estimating the ultimate cost to the entity of the benefit that employees have earned in return for their service in the current and prior periods. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates (actuarial assumptions) about demographic variables and financial variables that will affect the cost of the benefit. The cost of providing benefits under the defined benefit plan is determined using actuarial valuation performed annually by a qualified actuary using the projected unit credit method.

The benefit is discounted to determine the present value of the defined benefit obligation and the current service cost. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The fair value of any plan assets is deducted from the present value of the defined benefit obligation to determine the amount of deficit or surplus. The net defined benefit liability/ (asset) is determined as the amount of the deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The net defined benefit liability/ (asset) is recognised in the consolidated statement of financial position.

### Defined benefit costs are recognised as follows:

- Service cost in the consolidated income statement
- Net interest on the net defined benefit liability/ (asset) in the consolidated income statement
- Remeasurement of the net defined benefit liability/ (asset) in other comprehensive income

Service costs comprise of current service cost, past service cost, as well as gains and losses on curtailment and settlements. The benefit attributable to current and past periods of service is determined using the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the benefit is attributed on a straight-line basis. Past service cost is recognised in the consolidated income statement in the period of plan amendment. A gain or loss on the settlement of a defined benefit plan is recognised when the settlement occurs.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability/ (asset) at the beginning of the period, taking account of any changes in the net defined benefit liability/ (asset) during the period as a result of contribution and benefit payments.

Remeasurement comprises of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of changes to the asset ceiling (if applicable). Remeasurement recognised in other comprehensive income is not reclassified to the consolidated income statement.

### Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Group's policy and receive cash in lieu thereof. The Group measures the expected cost of accumulating compensated

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absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the date of consolidated statement of financial position. Such measurement is based on actuarial valuation as at the reporting date carried out by a qualified actuary.

## Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary retirement. Termination benefits for voluntary retirements are recognised as an expense if the Group has made an offer encouraging voluntary retirement, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 3.17. Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the best estimate of expenditure required to settle the present obligation at the reporting date, based on the most reliable evidence, including the risks and uncertainties and timing of cash flows associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated statement of financial position.

Any amount that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset upto the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised.

## 3.18. Share based compensation

All employee services received in exchange for the grant of any equity-settled share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in the consolidated income statement with a corresponding credit to equity (Stock compensation reserve). If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

## 4. Critical Accounting Estimates and Significant Judgement In Applying Accounting Policies

When preparing these consolidated financial statements, management undertakes a number of judgments', estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Group's accounting policies, the following judgments have been made apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial information. Judgements are based on the information available at the reporting date.

### Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in

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IAS 17 "Leases" for the said classification. The Group has also used IFRIC 4 "Determining whether an arrangement contains a lease" for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

- a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- b) the arrangement conveys a right to use the asset.

## Deferred Tax

The assessment of the probability of future taxable profit in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

## Revenue

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix.

The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

## 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 useful lives 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.

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## Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets (note CC) and liabilities (note DD). In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

## Current and deferred income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## Expected credit loss

"The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i Trade receivables.
- ii Financial assets measured at amortised cost other than trade receivables.

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognised as loss allowance. In case of other assets (listed as ii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

The consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement basis are more fully described in the accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing 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 16 - Leases

On 13 January 2016, the International Accounting Standards Board issued IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of IFRS 16 is annual periods beginning on or after 1 January 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The effect on the consolidated financial statements is being evaluated by the Group. The effect on adoption of IFRS 16 is expected to be insignificant.

### IFRIC 23 – Uncertainty over Income Tax Treatments

In June 2017, the IFRIC issued IFRIC 23 – "Uncertainty over Income Tax Treatments" to clarify the accounting for uncertainties in income taxes, by specifically addressing the following:

- the determination of whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments;

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- the assumptions an entity makes about the examination of tax treatments by tax authorities;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates where there is an uncertainty regarding the treatment of an item; and
- the reassessment of judgements and estimates if facts and circumstances change.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

On initial application, the requirements are to be applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

The effect on the consolidated financial statements is being evaluated by the Group. The effect on adoption of IFRIC 23 is expected to be insignificant.

## In February 2018, the IASB issued amendments to IAS 19 “Employee Benefits” regarding plan amendments, curtailments and settlements. The amendments are as follows:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted but must be disclosed. The effect on consolidated financial statements is being evaluated by the Group. The effect on adoption of these amendments is expected to be insignificant.

## In October 2018, the IASB issued amendments to IFRS 3 “Business Combinations” regarding the definition of a “Business.” The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The above amendments are effective for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. The effect on consolidated financial statements is being evaluated by the Group.

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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 2019	31 March 2019	31 March 2018
Glenmark Pharmaceuticals (Europe) R&D Ltd.	31 March	United Kingdom	GHSA	100%	100%
Glenmark Pharmaceuticals Europe Ltd.	31 March	United Kingdom	GPL	100%	100%
Glenmark Pharmaceuticals S.R.O. (GP S.R.O.)	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals SK, S.R.O.	31 March	Slovak Republic	GP S.R.O.	100%	100%
Glenmark Pharmaceuticals S. A. (GPSA)	31 March	Switzerland	GHSA	100%	100%
Glenmark Holding S. A.,(GHSA)	31 March	Switzerland	GPL	100%	100%
Glenmark Pharmaceuticals S.R.L	31 March	Romania	GHSA	100%	100%
Glenmark Pharmaceuticals SP z.o.o.	31 March	Poland	GHSA	100%	100%
Glenmark Pharmaceuticals Inc.	31 March	USA	GHSA	100%	100%
Glenmark Therapeutics Inc.	31 March	USA	GHSA	100%	100%
Glenmark Farmaceutica Ltda	31 March	Brazil	GHSA	100%	100%
Glenmark Generics SA	31 March	Argentina	GHSA	100%	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	31 March	Mexico	GPL	100%	100%
Glenmark Pharmaceuticals Peru SAC	31 March	Peru	GPL	100%	100%
Glenmark Pharmaceuticals Colombia SAS.	31 March	Colombia	GPL	100%	100%
Glenmark Uruguay S.A. (GU S.A.)	31 March	Uruguay	GPL	100%	100%
Glenmark Pharmaceuticals Venezuela, C.A	31 March	Venezuela	GPL	100%	100%
Glenmark Dominicana SRL	31 March	Dominican Republic	GPL	100%	100%
Glenmark Pharmaceuticals Egypt S.A.E.	31 March	Egypt	GPL	100%	100%
Glenmark Pharmaceuticals FZE	31 March	United Arab Emirates	GPL	100%	100%
Glenmark Impex L.L.C	31 March	Russia	GPL	100%	100%
Glenmark Philippines Inc.	31 March	Philippines	GPL	100%	100%
Glenmark Pharmaceuticals (Nigeria) Ltd	31 March	Nigeria	GPL	100%	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	31 March	Malaysia	GPL	100%	100%
Glenmark Pharmaceuticals (Australia) Pty Ltd,	31 March	Australia	GPL	100%	100%
Glenmark South Africa (pty) Ltd (GSAPL)	31 March	South Africa	GPL	100%	100%
Glenmark Pharmaceuticals South Africa (pty) Ltd	31 March	South Africa	GSAPL	100%	100%
Glenmark Pharmaceuticals (Thailand) Co. Ltd	31 March	Thailand	GPL	49%	49%
Glenmark Pharmaceuticals B.V.	31 March	Netherland	GHSA	100%	100%
Glenmark Arzneimittel Gmbh	31 March	Germany	GHSA	100%	100%
Glenmark Pharmaceuticals Canada Inc.	31 March	Canada	GHSA	100%	100%
Glenmark Pharmaceuticals Kenya Ltd	31 March	Kenya	GPL	100%	100%
Glenmark Therapeutics AG	31 March	Switzerland	GPL	100%	100%
Viso Farmaceutica S.L.U.	31 March	Spain	GHSA	100%	100%
Glenmark Specialty SA	31 March	Switzerland	GHSA	100%	100%
Glenmark Pharmaceuticals Distribution S.R.O.	31 March	Czech Republic	GHSA	100%	100%
Glenmark Pharmaceuticals Nordic AB	31 March	Sweden	GHSA	100%	100%
Glenmark Ukraine LLC	31 March	Ukraine	GHSA	100%	100%
Glenmark-Pharmaceuticals Ecuador S.A.	31 March	Ecuador	GPL	100%	100%
Glenmark Pharmaceuticals Singapore Pte. Ltd.	31 March	Singapore	GPL	100%	-
Glenmark Biotherapeutics SA	31 March	Switzerland	GPSA	100%	-
Glenmark Life Sciences Limited (Formerly known as Zorg Laboratories Private Limited)	31 March	India	GPL	100%	-

## Interests in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities



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## Note C - Cash and Cash Equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Cash in hand	10.39	7.17
Balances with banks in current accounts and Exchange Earner's Foreign Currency (EEFC) accounts	9,352.39	12,326.39
Dividend accounts (Refer note 1 below)	14.87	13.35
<b>Total</b>	<b>9,377.65</b>	<b>12,346.91</b>

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 other current financial liability.

## Note D - Investment, Non Current Financial Assets and Other Non Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Unquoted</b>		
<b>(i) Equity Shares</b>		
289,832 (2018 - 289,832) Equity Shares of Narmada Clean Tech Ltd. of ₹10 each. (FVTPL)	2.90	2.90
1 (2018 -- 1) Time Share of Dalmia Resorts Limited, (FVTPL)	0.02	0.02
15,000,000 (2018- Nil) Equity Shares of Integrate Private Limited of ₹ 10 each, (FVOCI)	150.00	-
<b>(ii) Preference shares</b>		
1,176,471(2018 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc of USD 0.85 each (FVTPL)	42.65	42.65
1,000,000 (2018-1,000,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd (at amortised cost)	100.00	100.00
<b>(iii) Investments in Government securities</b>		
National Savings Certificate -Sixth Issue (at amortised cost)	0.02	0.02
<b>Total</b>	<b>295.59</b>	<b>145.59</b>
<b>Quoted</b>		
<b>(i) Equity Shares (FVTPL)</b>		
9,000 (2018 -- 9,000) Bank of India of ₹10 each	0.94	0.93
1,209 (2018 -- 1,209) IDBI Bank Limited of ₹10 each	0.06	0.09
<b>Total</b>	<b>1.00</b>	<b>1.02</b>
<b>Total</b>	<b>296.59</b>	<b>146.61</b>
Aggregate carrying value of quoted investment	1.00	1.02
Aggregate market value of quoted investment	1.00	1.02
Aggregate carrying value of unquoted investment	295.59	145.59
Aggregate amount of impairment in value of investment in unquoted equity shares	-	-

## NON-CURRENT FINANCIAL ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits*	349.74	313.15
Bank deposits including margin money	152.13	88.03
<b>Total</b>	<b>501.87</b>	<b>401.18</b>

\*Security deposits represent rental, utility and trade deposits given in the normal course of business realisable after twelve months from the reporting date.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2019	As at 31 March 2018
Advance tax and tax deducted at source (net of provision for current taxes)	230.08	383.73
Others	5.92	5.63
<b>Total</b>	<b>236.00</b>	<b>389.36</b>

## Note E - Trade Receivable

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	22,709.99	24,071.37
Provision for doubtful debts / expected credit losses	(764.09)	(753.30)
<b>Total</b>	<b>21,945.90</b>	<b>23,318.07</b>

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of 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 ₹ 19.62 (2018 - ₹ 42.61) has been recorded. The movement in the allowance for credit losses can be reconciled as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	753.30	719.41
Amounts written off	(8.83)	(8.72)
Provision for credit loss during the year (net)	19.62	42.61
<b>Closing balance</b>	<b>764.09</b>	<b>753.30</b>

## Note F - Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	6,373.75	5,188.60
Packing materials	1,832.42	1,476.80
Work-in-process	3,744.09	2,577.04
Stores and spares	807.98	720.54
Finished goods	9,762.50	10,342.87
<b>Total</b>	<b>22,520.74</b>	<b>20,305.85</b>

Refer note M for hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process.

The Group recorded inventory write down (net) of ₹1,124.52 (2018 - ₹ 669.75). This is included as part of cost of materials consumed and changes in inventories of finished goods, work-in-process and stock -in- trade in the consolidated income statement.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note G - Other Current Financial Assets and Other Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits*	236.44	186.06
Export incentives	1,279.87	1,792.46
Bank deposits including margin money	688.85	-
Other receivables	597.50	1,877.90
<b>Total</b>	<b>2,802.66</b>	<b>3,856.42</b>

\*Security deposits represent rental, utility and trade deposits given in the normal course of business realisable within twelve months from the reporting date.

## Other Current Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Input taxes receivable	4,455.84	3,443.16
Advance to vendors	2,048.66	2,817.53
Prepayments and other advances	3,816.80	3,798.98
<b>Total</b>	<b>10,321.30</b>	<b>10,059.67</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note H - Property, Plant and Equipment

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and machinery	Furniture and fixture	Equipment	Vehicles	Assets under construction	Total
<b>Cost</b>										
<b>Balance as at 1 April 2018</b>	<b>375.85</b>	<b>403.40</b>	<b>9,543.60</b>	<b>2,124.80</b>	<b>6,643.28</b>	<b>1,288.14</b>	<b>10,374.42</b>	<b>358.03</b>	<b>10,347.15</b>	<b>41,458.67</b>
- Other acquisitions	-	-	1,054.19	45.15	774.72	174.78	1,379.47	106.47	4,514.59	8,049.37
- Disposals/Transfers	-	-	(7.98)	(39.13)	(28.93)	(6.55)	(58.74)	(124.33)	(2,537.00)	(2,802.66)
- Translation adjustment	14.18	(0.65)	357.26	15.44	53.81	0.19	92.91	(6.72)	383.60	910.02
<b>Balance as at 31 March 2019</b>	<b>390.03</b>	<b>402.75</b>	<b>10,947.07</b>	<b>2,146.26</b>	<b>7,442.88</b>	<b>1,456.56</b>	<b>11,788.06</b>	<b>333.45</b>	<b>12,708.34</b>	<b>47,615.40</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2018</b>	-	<b>57.71</b>	<b>1,411.89</b>	<b>682.16</b>	<b>1,793.60</b>	<b>848.28</b>	<b>4,395.44</b>	<b>188.70</b>	-	<b>9,377.78</b>
- Depreciation charge for the year	-	7.07	217.74	110.33	465.68	117.67	835.03	58.00	-	1,811.52
- Disposals/Transfers	-	-	(6.27)	(38.48)	(24.81)	(7.28)	(44.01)	(92.25)	-	(213.10)
- Translation adjustment	-	(0.05)	128.08	22.09	16.60	0.50	75.19	(0.44)	-	241.97
<b>Balance as at 31 March 2019</b>	-	<b>64.73</b>	<b>1,751.44</b>	<b>776.10</b>	<b>2,251.07</b>	<b>959.17</b>	<b>5,261.65</b>	<b>154.01</b>	-	<b>11,218.17</b>
<b>Carrying value</b>										
As at 1 April 2018	375.85	345.69	8,131.71	1,442.64	4,849.68	439.86	5,978.98	169.33	10,347.15	32,080.89
<b>As at 31 March 2019</b>	<b>390.03</b>	<b>338.02</b>	<b>9,195.63</b>	<b>1,370.16</b>	<b>5,191.81</b>	<b>497.39</b>	<b>6,526.41</b>	<b>179.44</b>	<b>12,708.34</b>	<b>36,397.23</b>
Particulars	Freehold land	Leasehold land	Factory building	Other building	Plant and machinery	Furniture and fixture	Equipment	Vehicles	Assets under construction	Total
<b>Cost</b>										
<b>Balance as at 1 April 2017</b>	<b>376.12</b>	<b>403.38</b>	<b>8,850.86</b>	<b>1,974.59</b>	<b>6,166.13</b>	<b>1,151.76</b>	<b>9,308.16</b>	<b>320.79</b>	<b>6,770.25</b>	<b>35,322.04</b>
- Other acquisitions	-	0.75	674.04	190.43	485.27	102.12	1,122.21	97.95	5,404.16	8,076.93
- Disposals/Transfers	-	(0.59)	(9.86)	(28.18)	(29.19)	35.11	(106.72)	(55.40)	(1,839.01)	(2,033.84)
- Translation adjustment	(0.27)	(0.14)	28.56	(12.04)	21.07	(0.85)	50.77	(5.31)	11.75	93.54
<b>Balance as at 31 March 2018</b>	<b>375.85</b>	<b>403.40</b>	<b>9,543.60</b>	<b>2,124.80</b>	<b>6,643.28</b>	<b>1,288.14</b>	<b>10,374.42</b>	<b>358.03</b>	<b>10,347.15</b>	<b>41,458.67</b>
<b>Accumulated Depreciation</b>										
<b>Balance as at 1 April 2017</b>	-	<b>51.22</b>	<b>1,206.99</b>	<b>583.61</b>	<b>1,374.73</b>	<b>711.71</b>	<b>3,772.16</b>	<b>170.14</b>	-	<b>7,870.56</b>
- Depreciation charge for the year	-	7.13	189.71	107.96	427.78	104.07	666.90	65.01	-	1,568.55
- Disposals/Transfers	-	(0.59)	(0.80)	(9.08)	(21.88)	32.86	(79.66)	(42.54)	-	(121.69)
- Translation adjustment	-	(0.05)	15.99	(0.32)	12.97	(0.36)	36.04	(3.91)	-	60.36
<b>Balance as at 31 March 2018</b>	-	<b>57.71</b>	<b>1,411.89</b>	<b>682.16</b>	<b>1,793.60</b>	<b>848.28</b>	<b>4,395.44</b>	<b>188.70</b>	-	<b>9,377.78</b>
<b>Carrying value</b>										
As at 1 April 2017	376.12	352.16	7,643.87	1,390.98	4,791.40	440.05	5,536.00	150.65	6,770.25	27,451.48
<b>As at 31 March 2018</b>	<b>375.85</b>	<b>345.69</b>	<b>8,131.71</b>	<b>1,442.64</b>	<b>4,849.68</b>	<b>439.86</b>	<b>5,978.98</b>	<b>169.33</b>	<b>10,347.15</b>	<b>32,080.89</b>

Note:

- Additions include borrowing costs capitalised of ₹ 187.71 ( 2018 - ₹ 219.25 ). The borrowing costs have been capitalised at a weighted average rate of 5.44% (2018-4.88%).
- All depreciation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment'.
- The Group's property, plant and equipment at certain locations have been pledged as security for short term borrowings disclosed under Note M.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note I - Intangible Asset

Intangible assets comprise of recognised intangibles on acquisition and software licenses purchased. The carrying amounts for the reporting periods under review can be analysed as follows:

Particulars	Computer software	Product development/ Brands	Intangibles under development	Total
<b>Cost</b>				
<b>Balance as at 1 April 2018</b>	<b>1,913.51</b>	<b>22,864.36</b>	<b>1,285.32</b>	<b>26,063.19</b>
- Additions	200.09	5878.99	454.33	6,533.41
- Disposals/transfers	(7.17)	(0.46)	(105.55)	(113.18)
- Translation adjustment	37.88	1663.86	11.60	1,713.34
<b>Balance as at 31 March 2019</b>	<b>2,144.31</b>	<b>30,406.75</b>	<b>1,645.70</b>	<b>34,196.76</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2018</b>	<b>1,054.50</b>	<b>10,426.90</b>	<b>-</b>	<b>11,481.40</b>
- for the year	293.36	3,360.42	-	3653.78
- on disposals/transfers	(0.01)	(0.29)	-	(0.30)
- Translation adjustment	22.55	103.67	-	126.22
<b>Balance as at 31 March 2019</b>	<b>1,370.40</b>	<b>13,890.70</b>	<b>-</b>	<b>15,261.10</b>
<b>Carrying value</b>				
As at 1 April 2018	859.01	12,437.46	1,285.32	14,581.79
<b>As at 31 March 2019</b>	<b>773.91</b>	<b>16,516.05</b>	<b>1,645.70</b>	<b>18,935.66</b>

Particulars	Computer software	Product development/ Brands	Intangibles under development	Total
<b>Cost</b>				
<b>Balance as at 1 April 2017</b>	<b>1,779.16</b>	<b>19,619.18</b>	<b>785.62</b>	<b>22,183.96</b>
- Additions	179.93	2,919.23	494.81	3,593.97
- Disposals/transfers	(41.08)	(224.12)	(25.58)	(290.78)
- Translation adjustment	(4.50)	550.07	30.47	576.04
<b>Balance as at 31 March 2018</b>	<b>1,913.51</b>	<b>22,864.36</b>	<b>1,285.32</b>	<b>26,063.19</b>
<b>Amortisation and impairment</b>				
<b>Balance as at 1 April 2017</b>	<b>801.91</b>	<b>8,526.24</b>	<b>-</b>	<b>9,328.15</b>
- for the year	279.82	1,692.30	-	1,972.12
- on disposals/transfers	(24.15)	(70.16)	-	(94.31)
- Translation adjustment	(3.08)	278.52	-	275.44
<b>Balance as at 31 March 2018</b>	<b>1,054.50</b>	<b>10,426.90</b>	<b>-</b>	<b>11,481.40</b>
<b>Carrying value</b>				
As at 1 April 2017	977.25	11,092.94	785.62	12,855.81
<b>As at 31 March 2018</b>	<b>859.01</b>	<b>12,437.46</b>	<b>1,285.32</b>	<b>14,581.79</b>

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.

The recoverable amount of each assets/CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each assets/ CGU is determined by applying a suitable discount rate.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

(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. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates in the foreseeable future. The growth rate is 2% (2018- 2%).

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each asset/CGU. The present value of the expected cash flows of each asset is determined by applying a discount rate in the range of 7% to 8%.

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the assets/CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

Segments to which Intangible assets with indefinite life are allocated as follows:

As at 31 March 2019	India	North America	Latin America	Europe	Total
Intangible Assets	1305.62	687.35	132.11	9,388.71	11,513.79
<b>Total</b>	<b>1305.62</b>	<b>687.35</b>	<b>132.11</b>	<b>9,388.71</b>	<b>11,513.79</b>

As at 31 March 2018	India	North America	Latin America	Europe	Total
Intangible Assets	1,307.55	642.75	416.46	5,861.40	8,228.16
<b>Total</b>	<b>1,307.55</b>	<b>642.75</b>	<b>416.46</b>	<b>5,861.40</b>	<b>8,228.16</b>

## Note J - Goodwill

The net carrying amount of goodwill can be analysed as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening balance	521.04	478.92
Effect of translation adjustments	26.31	42.12
<b>Closing balance</b>	<b>547.35</b>	<b>521.04</b>

## Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the Cash generating unit (CGU) expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows

Particulars	As at 31 March 2019	As at 31 March 2018
Europe	527.06	510.53
ROW	20.29	10.51
<b>Goodwill</b>	<b>547.35</b>	<b>521.04</b>



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

At year end, goodwill was tested for impairment based on conditions at that date.

The recoverable amount of each CGU was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each CGU is determined by applying a suitable discount rate, reflective of underlying markets.

Particulars	Long term growth Rates		Discount Rates	
	As at	As at	As at	As at
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Europe & ROW	2.00%	2.00%	7.00-8.00%	7.00-8.00%

## 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 in the foreseeable future.

## Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each CGU.

## Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the CGU, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note K - Trade Payable

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables outstanding dues to creditors other than micro, small and medium enterprises	21,096.52	17,631.71
Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006	1,109.99	978.25
Trade payables to related party (Refer note X)	1.00	1.00
Acceptances	-	86.88
<b>Total</b>	<b>22,207.51</b>	<b>18,697.84</b>

## Other Non-Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Other liabilities	6.30	-
<b>Total</b>	<b>6.30</b>	<b>-</b>

## Other Non-Current Financial Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits from customers	885.06	26.00
<b>Total</b>	<b>885.06</b>	<b>26.00</b>

## Other Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Statutory dues	962.07	1,102.29
Other liabilities	157.37	145.83
<b>Total</b>	<b>1,119.44</b>	<b>1,248.12</b>

## Other Current Financial Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Employee dues	158.39	244.29
Unclaimed dividend*	14.87	13.35
Interest accrued but not due	227.52	250.18
Sundry creditors for capital goods	193.02	488.25
Accrued expenses	2,699.99	2,331.61
Other liabilities	-	304.58
<b>Total</b>	<b>3,293.79</b>	<b>3,632.26</b>

\*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

## Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for compensated absences (Refer note U)	222.61	172.30
Provision for defined benefit plan (Refer note U)	934.60	641.41
Other employee benefit obligation	-	5.13
Provision for sales return accrual and rebate	3,226.29	3,221.54
<b>Total</b>	<b>4,383.50</b>	<b>4,040.38</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Movement of Provision for sales return and rebate

Particulars	As at	As at
	31 March 2019	31 March 2018
Balance at the beginning of the year	3,221.54	1,603.01
Provided during the year	80.00	1,618.53
Utilised/ reversed during the year	(75.25)	-
<b>Balance at the end of the year</b>	<b>3,226.29</b>	<b>3,221.54</b>

## Note L - Long Term Borrowings

### Non-current portion of borrowings

Particulars	As at	As at
	31 March 2019	31 March 2018
Foreign currency convertible bonds (FCCB)	8,275.05	14,067.85
Senior notes	13,743.39	12,792.44
ECB facility	6,296.08	-
Term loan from banks	13,141.92	16,583.12
<b>Total</b>	<b>41,456.44</b>	<b>43,443.41</b>
Less: Current portion of long term borrowings	(5,718.90)	(2,025.63)
<b>Total</b>	<b>35,737.54</b>	<b>41,417.78</b>

In the year 2016, the Company had issued U.S. \$ 200,000,000 2.00% Resettable Onward Starting Equity-linked Securities (Bonds) and U.S.\$ 200,000,000 4.5% Senior Notes (Notes), the brief description of the same is provided herein below:

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

The Company had issued Bonds on 28 June 2016. The Bonds become convertible at the option of the holders' of the Bonds (the "Bondholders") after 1 December 2017 and upto the close of business on 18 June 2022 into equity shares. Each Bond will be convertible at the option of the holder thereof into fully paid equity shares at the initial conversion price determined on 30 November 2017. On 30 November, 2017, the Company set the initial conversion price (i.e. the price at which the ordinary shares of the Company will be issued upon conversion of Bonds (subject to any further adjustments according to conditions) at ₹861.84 as determined in accordance with condition 6.1.3 of the Trust deed. As of 31 March 2019, none of the Bondholders have opted for the conversion option."

On 30 November, 2017, the Company confirmed the fixed exchange rate as INR 64.5238 in accordance with the condition 6.1.1 (b) of the Trust Deed dated 28 June 2016 which provides that the fixed exchange rate shall be the FX rate (INR per US\$ 1) based on Bloomberg's "BFX" USD/INR spot mid price rate 12.00 (Hongkong time) on 30 November 2017.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 28 June 2022 (Maturity Date) at 126.42% of their principal amount, together with accrued interest (if any), calculated upto but excluding the Maturity Date. The Company may, at its own discretion, redeem the Bonds in whole, but not in part, subject to satisfaction of certain conditions.

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

The Bonds are listed on the Singapore stock exchange.

The FCC Bonds were partially buy back in October 2018 (see note below on buy back)

### Buy back of the Company's U.S.\$200,000,000, 2.00 % resettable onward starting equity-linked securities due 2022:

In September 2018, The Company approved the launch of buyback of FCC Bonds ("Buyback FCCBs") from existing holders of FCC Bonds ("Buyback Bondholders") and MUFG Securities Asia Limited and J. P. Morgan Securities Limited were appointed as dealer managers, on behalf of the Company to

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buyback FCC Bonds at a buyback price of 105% of the principal amount outstanding (being U.S.\$ 262,500 for each U.S\$ 250,000 of FCC Bonds), up to an aggregate purchase price of U.S.\$ 100 million plus accrued and unpaid interest per FCC Bond. In October 2018, The Company agreed to buyback U.S.\$ 86.5mn in aggregate principal amount (representing 346 FCC Bonds in number of U.S\$ 250,000 denomination for each FCC Bond) of the FCC Bonds. These Buyback FCCBs represented 43.25% of the aggregate FCC Bonds. On the closing/settlement date, the Company paid an aggregate purchase price of U.S.\$ 90,825,000 for the Buyback FCCBs, plus accrued but unpaid interest. Following settlement, U.S.\$ 113.5mn in aggregate principal amount of FCC Bonds remained outstanding. The Company undertook buyback to monetize the opportunity available to reduce the external debt. Buyback FCCBs bought back by the Company got cancelled by the Company. The remaining FCC Bonds that have not been bought back by the Company remains outstanding. The Company utilised proceeds from an unsecured external commercial borrowing facility of up to U.S.\$100 million ("ECB Facility") from MUFG Bank, Ltd., Singapore Branch, to refinance such FCC Bonds. The Company has obtained a loan registration number ("LRN") from the Reserve Bank of India in this respect.

## 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.

## U.S. \$ 90,825,000, ECB Facility (Notes) :

Company has obtained loan registration number ("LRN") from RBI to raise an ECB Facility to the extent of US\$ 100 Mn. In October 2018, the Facility for US\$ 90,825,000 was raised and the proceeds were utilized for the purpose of repurchasing the FCC Bonds. The ECB Facility was raised from MUFG Bank Singapore with a maturity of 5 years. The interest rate for the first 3 years is 4.956% p.a and the interest for the subsequent 2 years is 5.25% p.a

The Group has availed term loans from banks at interest rates ranging between 3.89% - 6.92% p.a.

Maturity profile of long term borrowings

Year ending 31 March	31 March 2019	31 March 2018
2019	-	2,025.63*
2020	5718.90*	7,616.35
2021	6,729.82	6,292.94
2022	14,557.40	13,612.80
2023	11,003.30	14,342.35
2024	3,777.65	-

\* represents current maturity of long-term borrowings

## Note M - Short Term Borrowings

### Short Term borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Short term borrowings from banks	2,969.12	2,753.01
Working capital facilities from banks	61.12	197.43
<b>Total</b>	<b>3,030.24</b>	<b>2,950.44</b>

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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 2.73% - 8.85% p.a.

## Note N - Taxes

Taxes for the year comprise the following:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current income tax expense	4,765.42	3,244.11
Deferred income tax benefit	(1,102.30)	(318.99)
<b>Total</b>	<b>3,663.12</b>	<b>2,925.12</b>

Current income tax expense does not include ₹ 229.50 recognised on account of foreign exchange movement of items designated as net investment in foreign operations which is recognised in other comprehensive income.

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<b>Income tax expense at tax rates applicable to individual entities</b>	<b>6,495.87</b>	<b>3,372.28</b>
Tax adjustment for tax-exempt income		
- Income exempt from tax	(1,950.08)	(1,865.88)
Other tax adjustments		
- Additional deduction for R & D Expenditure	(646.15)	(417.41)
- Unrecognised tax benefit on losses of subsidiaries (net)	218.82	1,146.13
- Disallowed expenses	120.85	107.02
- Other allowances / disallowances (net)	(576.19)	582.98
<b>Actual tax expense (net)</b>	<b>3,663.12</b>	<b>2,925.12</b>

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2018	Recognised in income statement	Recognised in Other Comprehensive Income	Effect of translation adjustment	As at 31 March 2019
<b>Deferred income tax assets - Non current</b>					
Provision for credit losses	235.27	107.29	-	(0.91)	341.65
Unused tax losses	5,339.10	169.30	-	(430.64)	5,077.76
Minimum Alternative Tax credit entitlement	9,459.52	(18.39)	-	(9.56)	9,431.57
Depreciation and Other financial assets	1,796.76	532.67	45.80	(6.08)	2,369.15
<b>Total</b>	<b>16,830.65</b>	<b>790.87</b>	<b>45.80</b>	<b>(447.19)</b>	<b>17,220.13</b>
<b>Deferred income tax liabilities - Non current</b>					
Other current assets	116.21	(9.46)	-	0.80	107.55
Difference in depreciation on Property, plant and equipment	3,050.39	(217.83)	-	(3.56)	2,829.00
Other taxable temporary difference	1,462.29	(84.14)	-	-	1,378.15
<b>Total</b>	<b>4,628.89</b>	<b>(311.43)</b>	<b>-</b>	<b>(2.76)</b>	<b>4,314.70</b>
<b>Net deferred income tax asset</b>	<b>12,201.76</b>	<b>1,102.30</b>	<b>45.80</b>	<b>(444.43)</b>	<b>12,905.43</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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Particulars	As at 31 March 2017	Recognised in income statement	Recognised in Other Comprehensive Income	Effect of translation adjustment	As at 31 March 2018
<b>Deferred income tax assets - Non current</b>					
Provision for credit losses	223.28	12.00	-	(0.01)	235.27
Unused tax losses	5,615.77	(208.01)	-	(68.66)	5,339.10
Minimum Alternative Tax credit entitlement	7,390.52	2,069.00	-	-	9,459.52
Depreciation and Other financial assets	1,685.09	70.23	(3.25)	44.69	1,796.76
<b>Total</b>	<b>14,914.66</b>	<b>1,943.22</b>	<b>(3.25)</b>	<b>(23.98)</b>	<b>16,830.65</b>
<b>Deferred income tax liabilities - Non current</b>					
Other current assets	111.33	0.91	-	3.97	116.21
Difference in depreciation on Property, plant and equipment	2,889.05	161.03	-	0.31	3,050.39
Other taxable temporary difference	-	1,462.29	-	-	1,462.29
<b>Total</b>	<b>3,000.38</b>	<b>1,624.23</b>	<b>-</b>	<b>4.28</b>	<b>4,628.89</b>
<b>Net deferred income tax asset</b>	<b>11,914.28</b>	<b>318.99</b>	<b>(3.25)</b>	<b>(28.26)</b>	<b>12,201.76</b>

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income including taxable temporary differences in the future periods are reduced.

Deferred income taxes are not provided on undistributed earnings of subsidiaries outside India, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. The Company indefinitely reinvests all the accumulated undistributed earnings of subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its foreign subsidiaries. It is impracticable to determine the taxes payable when these earnings are remitted.

The unrecognised deferred tax for the year ended 31 March 2019 and 31 March 2018 is ₹ 373.55 and ₹ 719.86 respectively.

During the year ended 31 March 2019, the Group, based on probable future taxable profit, has recognized/(reversed) previously unrecognised/ recognised deferred tax assets of ₹ 26.40 (2018 - ₹ (426.27)).

Deferred tax assets on unused tax losses will get expire within period of 2 -7 years except in a certain jurisdiction where there's no time bound for its expiry.

## Note O - Stockholder's Equity

### a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 2,370,000,000 equity shares of ₹1 each.

### b) Dividends

Indian statutes mandate that dividends be declared out of distributable profits in accordance with the regulations. Should the Company declare and pay dividends, such dividends are required to be paid in INR to each holder of equity shares in proportion to the number of shares held. Dividend tax is borne by the Company.

The Company had declared dividend payout of ₹ 2/- per share (2018 - ₹ 2/- per share).

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## c) Reserves

**Share premium reserve** – The amount received by the Company over and above the face value of shares issued is shown under this head.

**Capital redemption reserve** – The capital redemption reserve had been created as per the requirement of earlier provisions of Companies Act, 1956. Such reserve is not currently available for distribution to the shareholders.

**Currency translation reserve** - Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at reporting date. Revenue and expenses are translated into INR at the average rate prevailing during the period. The exchange difference arising at the year-end due to translation is debited or credited to currency translation reserve.

**Retained earnings** – Accumulated earnings include all current and prior period profits as disclosed in the 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 statement of profit and loss and is credited to the reserve. Upon exercise of options, such reserves are reclassified to equity share capital at the nominal capital value and excess through securities premium as the case may be.

## Note P - Operating Revenue

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products and out licensing of intangible assets (refer note GG)	97,005.97	89,700.10
Other operating revenue *	1,603.84	1,308.38
Sale of services	44.87	22.22
<b>Total</b>	<b>98,654.68</b>	<b>91,030.70</b>

\* Other operating revenue primarily comprises of export incentives of ₹ 1,401.24 (2018 - ₹ 1,160.27) and sale of scrap ₹ 202.60 (2018 - ₹ 148.11).

The Group's revenue disaggregated by primary geographical markets is as follows:

Geographical area	For the year ended 31 March 2019 Total revenue
India	31,298.97
North America	32,855.48
Latin America	5,219.38
Europe	14,643.91
Rest of the World (ROW)	14,636.94
<b>Total</b>	<b>98,654.68</b>

Reconciliation of revenue recognised in the consolidated income statement with the contracted price

Particulars	For the year ended 31 March 2019
Revenue as per contracted price	210,496.84
Less : Trade discounts, sales and expiry returns	111,842.16
<b>Sale of product, services and other operating revenue</b>	<b>98,654.68</b>

### Contract liabilities from contracts with customers :

The Group records a contract liability when cash payments are received or due in advance of its performance.

Particulars	As at 31 March 2019
Contract liabilities from contracts with customers	28.29



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note Q - Other Income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Dividend	7.03	7.72
Profit on sale of fixed assets	5.73	-
Profit on sale of Orthopaedic and Pain management India business*	3451.85	-
Exchange gain (net)	1,773.75	687.33
Miscellaneous income	267.61	129.59
<b>Total</b>	<b>5,505.97</b>	<b>824.64</b>

\* During the year ended 31 March 2019, the Group sold of its Orthopaedic and Pain management India business (Ortho India business) valued at ₹ 6,350 Integratec Private Limited (Integratec) by the way of slump sale and recognized gain of ₹ 3,451.85.

Note (i) During the year, the Company bought back U.S.\$86,500,000 in aggregate principal amount of the Foreign Currency Convertible Bonds (FCCB) resulting in gain on extinguishment of liability of ₹ 153.72.

## Note R - Materials Consumed

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of raw material and packing material	23,660.82	20,748.64
Consumption of stores and spares	786.30	752.46
<b>Total</b>	<b>24,447.12</b>	<b>21,501.10</b>

## Note S - Employee Cost

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	18,995.81	17,237.70
Contribution to provident and other funds and retirement benefits	1,378.68	1,209.30
Employee stock compensation cost	1.07	90.64
Welfare expenses	185.14	180.77
<b>Total</b>	<b>20,560.70</b>	<b>18,718.41</b>

## Note T - Other Expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Labour charges	1,041.42	838.47
Excise duty expenses	-	286.51
Power, fuel and water charges	1,431.16	1,166.14
Repairs and maintenance	1,406.91	1,135.10
Rent, rates and taxes	1,168.46	942.21
Other manufacturing expenses	452.25	710.02
Consumables	3,564.68	3,049.83
Selling and Marketing expenses	1,558.09	1,198.52
Sales promotion expenses	7,151.33	6,430.35
Travelling expenses	2,320.59	2,241.58
Freight outward	2,541.37	2,341.00
Telephone expenses	103.45	118.38
Provision for doubtful debts/ expected credit losses (net)	19.62	42.61
Insurance	221.25	149.01
Electricity charges	221.39	208.61
Auditors remuneration	94.08	65.19
Legal and professional charges	2335.14	1,737.69
Loss on sale of property, plant and equipment/ Intangible assets (net)	-	24.13
Other expenses	2,981.37	3,090.98
<b>Total</b>	<b>28,612.56</b>	<b>25,776.33</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## 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 2019	31 March 2018
Current service cost	169.48	159.30
Curtailment and past service cost	(11.55)	-
<b>Personnel expenses</b>	<b>157.93</b>	<b>159.30</b>
Net interest on defined benefit schemes	27.76	21.48
Administration cost (excluding cost for managing plan assets)	0.46	0.42
<b>Net periodic expense</b>	<b>186.15</b>	<b>181.20</b>

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

Particulars	31 March 2019	31 March 2018
Actuarial (gains)/losses		
Based on adjustment of demographic assumptions	(29.08)	-
Based on adjustment of financial assumptions	138.49	(57.48)
Due to liability experience adjustment	108.79	31.89
Return on plan assets (excluding amounts in net interest on defined benefit schemes)	41.19	(16.37)
<b>Total remeasurement (benefit)/loss recognised in the statement of other comprehensive income</b>	<b>259.39</b>	<b>(41.96)</b>

The following tables show the change in present value of defined benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's defined benefit plans.

Particulars	31 March 2019	31 March 2018
Present value of funded obligations	1,993.97	1,485.50
Fair value of plan assets	(1,059.37)	(844.09)
<b>Net defined benefit liability</b>	<b>934.60</b>	<b>641.41</b>
Being:		
Retirement benefit assets	-	-
<b>Retirement benefit liabilities</b>	<b>934.60</b>	<b>641.41</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

The movements in the net defined benefit liability recognised within the consolidated statement of financial position are as follows:

Particulars	31 March 2019	31 March 2018
Beginning balance	641.41	601.26
Addition during the year	5.13	-
Cost recognised in income statement	186.15	181.20
Remeasurement (gains) / losses recognised in other comprehensive income	258.84	(41.96)
Actual employer contributions	(93.20)	(55.53)
Benefits paid	(66.32)	(62.06)
Exchange differences	2.59	18.50
<b>Closing balance</b>	<b>934.60</b>	<b>641.41</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	1,485.50	1,351.40
Addition during the year	5.13	-
Current service cost	169.48	159.30
Interest cost on the defined benefit obligations	57.84	46.40
Actual employee contributions	50.37	36.31
Curtailement and past service cost	(11.55)	-
Actual benefit payments	10.78	(117.42)
Actuarial (gains)/losses - Demographic assumptions	(29.08)	-
Actuarial (gains)/losses - Financial assumptions	138.49	(57.48)
Actuarial (gains)/losses - Liability experience	108.79	31.89
Administration cost (excluding cost for managing plan assets)	0.46	0.42
Exchange differences	7.76	34.68
<b>Closing balance</b>	<b>1,993.97</b>	<b>1,485.50</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	844.09	750.14
Interest income on plan assets	30.08	24.92
Actual employer contributions	92.66	55.53
Actual employee contributions	50.37	36.31
Actual benefit payments	77.64	(55.36)
Actual return on assets (excluding interest income on plan assets)	(41.19)	16.37
Exchange differences	5.72	16.18
<b>Closing balance</b>	<b>1,059.37</b>	<b>844.09</b>

The Group expects to contribute ₹ 421.63 to its defined benefit plans in 2019-20.

The principal actuarial assumptions used for the defined benefit obligations at 31 March 2019 and the following year's are as follows:

Particulars	31 March 2019	31 March 2018
Discount rate (weighted average)	0.60%-8.79%	0.90%-7.80%
Rate of compensation increase (weighted average)	1.50%-5.31%	1.50%-3.00%
Inflation rate (weighted average)	0.24%-3.75%	1.0%-7.8%

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

(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 statement of financial position date is as follows:

Particulars	31 March 2019	31 March 2018
Average life expectancy (Years)	25.42-44.00	25.64-54.80

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

Particulars	31 March 2019	31 March 2018
Assets administered by respective Insurance companies	100%	100%

A breakup of the defined benefit plan related statement of financial position amounts at 31 March 2019 and 2018, is shown below.

Particulars	31 March 2019	31 March 2018
Present value of funded obligations	1,993.97	1,485.50
Fair value of plan assets	(1,059.37)	(844.09)
<b>Net defined benefit liability</b>	<b>934.60</b>	<b>641.41</b>

The present value of defined benefit obligations by category of members at 31 March 2019 and 2018, is shown below:

Particulars	31 March 2019	31 March 2018
Active number of employees	12,921	11,981
Present value of funded obligations	1,993.97	1,485.50

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 2019	31 March 2018
Discount rate + 0.25% / +0.5 % p.a.	(87.68)	(62.09)
Discount rate - 0.25% / - 0.5 % p.a.	94.77	66.88
Rate of compensation increase + 0.25%- 0.5 % p.a.	49.52	38.84
Rate of compensation increase - 0.25% - 0.5 % p.a.	(48.03)	(36.91)

## 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 reporting date.

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

Particulars	31 March 2019	31 March 2018
Current service cost	63.52	58.69
<b>Personnel expenses</b>	<b>63.52</b>	<b>58.69</b>
Net interest on defined benefit schemes	14.74	12.61
<b>Actuarial (gains)/losses</b>		
Based on adjustment of demographic assumptions	-	-
Based on adjustment of financial assumptions	5.03	(2.57)
Due to liability experience adjustment	24.98	(6.89)
Return on plan assets (excluding amounts in net interest on long term benefit schemes)	(0.73)	(0.58)
<b>Net periodic expense</b>	<b>107.54</b>	<b>61.26</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

The following tables show the change in present value of long term benefit obligations, the change in plan assets and the funded status recognised in the consolidated financial statements for the Group's long term benefit plans.

Particulars	31 March 2019	31 March 2018
Present value of funded obligations	376.06	313.98
Fair value of plan assets	(153.45)	(141.68)
Net long term benefit liability	222.61	172.30
Being:		
Retirement benefit plan assets	-	-
<b>Retirement benefit plan liabilities</b>	<b>222.61</b>	<b>172.30</b>

The movements in the net long term benefit liability recognised within the consolidated statement of financial position are as follows:

Particulars	31 March 2019	31 March 2018
Beginning balance	172.30	163.86
Cost recognised in income statement	107.54	61.26
Remeasurement (gains) / losses recognised in other comprehensive income	-	-
Actual employer contributions	-	-
Benefits paid	(57.23)	(52.82)
<b>Closing balance</b>	<b>222.61</b>	<b>172.30</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	313.98	294.88
Current service cost	63.52	58.69
Interest cost on the long term benefit obligations	25.78	22.69
Actual benefit payments	(57.23)	(52.82)
Actuarial (gains)/losses - Financial assumptions	5.03	(2.57)
Actuarial (gains)/losses - Liability experience	24.98	(6.89)
<b>Closing balance</b>	<b>376.06</b>	<b>313.98</b>

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

Particulars	31 March 2019	31 March 2018
Beginning balance	141.68	131.02
Interest income on plan assets	11.04	10.08
Return on plan assets	0.73	0.58
<b>Closing balance</b>	<b>153.45</b>	<b>141.68</b>

The Group expects to contribute ₹ 217.90 to its long term benefit plan in F.Y. 2019-20

The principal actuarial assumptions used for the long term benefit obligations at 31 March 2019 and the following year's are as follows:

Particulars	31 March 2019	31 March 2018
Discount rate (weighted average)	7.60%	7.80%
Rate of compensation increase (weighted average)	3%-5%	3.00%

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

(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 consolidated statement of financial position date is as follows:

Particulars	31 March 2019	31 March 2018
Average life expectancy at 58 (Years)	25.42-25.81	25.64

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

Particulars	31 March 2019	31 March 2018
Insurance contracts	100%	100%

A breakup of the long term benefit plan related statement of financial position amounts at 31 March 2019 and 2018, is shown below.

Particulars	31 March 2019	31 March 2018
Present value of obligations	376.06	313.98
Fair value of plan assets	(153.45)	(141.68)
<b>Net long term benefit liability</b>	<b>222.61</b>	<b>172.30</b>

The present value of long term benefit obligations by category of members at 31 March 2019 and 2018, is shown below:

Particulars	31 March 2019	31 March 2018
Active number of employees	12,760	11,851
Present value of obligations	376.06	313.98

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 2019	31 March 2018
Discount rate + 0.5 % p.a.	(14.91)	(12.32)
Discount rate - 0.5 % p.a.	16.00	13.20
Rate of compensation increase + 0.5 % p.a.	16.59	13.77
Rate of compensation decrease - 0.5 % p.a.	(15.57)	(12.93)

## 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 ₹ 1,086.06 (2018 - ₹ 966.84) towards the provident fund plan and others during the year ended 31 March 2019.

## Note V - Research and Development Expenditure

During the year, the Group expenditure on research and development is ₹ 14,480.26 (2018 - ₹ 12,251.33).

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note W - Share Based Employee Remuneration Employee Stock Option Scheme 2016 (ESOS)

The Company has formulated an Employee Stock Option Scheme 2016 ('ESOS') 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 - 6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Company on either the date of the grant or the closing price of the date prior to the day of the grant or the price decided by the Nomination & Remuneration Committee of the Board. Pursuant to ESOS 2016, as at 31 March 2019 459,414 options were outstanding, which upon exercise are convertible into equivalent number of equity shares. Employee stock compensation charged during the year is ₹1.07 (2018 - ₹ 90.64).

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

Particulars	2019		2018	
	Number	weighted average price(₹)	Number	weighted average price(₹)
Outstanding at the beginning of the year	569,686	460.47	666,757	459.29
Granted during the year	111,666	169.53	25,306	198.30
Forfeited during the year	(221,938)	465.47	(122,377)	399.82
Exercised during the year	-	-	-	-
Outstanding at the end of the year	459,414	387.34	569,686	460.47

All of the above options outstanding as of 31 March 2019 are unvested.

All share based employee payments would be settled in equity. The group has no legal or constructive obligation to repurchase or settle the options.

The fair values of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Particulars	31 March 2019	31 March 2018
Share price (₹)	600	600
Exercise price (₹)	600	600
Weighted average volatility rate	33%	30%
Dividend payout	200%	200%
Risk free rate	7.60%	7.80%
Average remaining life	1-28 months	1-28 months

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.



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note X - Related Party Transactions

### Related parties with whom the Group has transacted during the year

#### Key Management Personnel

Mr. Glenn Saldanha (Chairman & Managing Director)

Mrs. Cherylann Pinto (Executive Director)

Mr. V S Mani (President & Global Chief Financial Officer till May 29, 2018, Executive Director & Global Chief Financial Officer from May 29, 2018 )

Mr. Rajesh Desai (Non-executive Director)

Mr. Murali Neelakantan (Executive Director till May 29, 2018)

Mr. P.Ganesh (President & Chief Financial Officer upto close of working hours on November 15, 2017)

Mr. Harish Kuber (Company Secretary & Compliance Officer )

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 2019	Year ended 31 March 2018
<b>Purchase of services</b>		
Trilegal	24.59	-
<b>Expenditure incurred for CSR activities to</b>		
Glenmark Foundation	141.76	110.50
Glenmark Aquatic Foundation	64.00	63.00
<b>Transactions with key management personnel</b>		
Remuneration		
- Mr. Glenn Saldanha	157.05	161.62
- Mrs. Cherylann Pinto	42.92	42.94
- Mr. V S Mani (President & Global Chief Financial Officer till May 29, 2018, Executive Director & Global Chief Financial Officer from May 29, 2018 )	45.60	21.14
- Mr. Murali Neelakantan (Executive Director till May 29, 2018)	43.07	33.51
-Mr. P.Ganesh (Related party as per Companies Act, 2013 upto close of working hours on November 15, 2017)	-	19.76
- Mr. Harish Kuber (Company Secretary & Compliance Officer )	3.27	2.75
Sitting fees paid to Non-executive Directors	8.30	8.80

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Related party balances

	As at 31 March 2019	As at 31 March 2018
<b>(Payable)/ Advance given</b>		
Glenmark Foundation	(1.00)	(1.00)

The directors are covered under the Group's gratuity policy and ESOP scheme along with other employees of the Group. Proportionate amount of gratuity and stock compensation expense is not included in the aforementioned disclosures as it cannot be separately ascertained.

## Note Y - Earnings Per Share (EPS)

The basic earnings per share for the year ended 31 March 2019 has been calculated using the net profits attributable to the equity shareholders.

Calculation of basic and diluted EPS is as follows:

Particulars	31 March 2019	31 March 2018
Profit attributable to shareholders of Glenmark, for basic and diluted	8,916.59	7,741.91
Weighted average number of shares outstanding during the year for basic EPS	282,168,156	282,168,156
Effect of dilutive potential ordinary shares:		
Employee stock options	10,240	37,045
Weighted average number of shares outstanding during the year for diluted EPS	282,178,396	282,205,201
<b>Basic EPS, in ₹</b>	<b>31.60</b>	<b>27.44</b>
<b>Diluted EPS, in ₹</b>	<b>31.60</b>	<b>27.44</b>

## Note Z - Commitments and Contingencies

Particulars	31 March 2019	31 March 2018
<b>(i) Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts		
Disputed taxes and duties	473.99	261.78
Others	84.61	70.41

The Group's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

- (a) In January 2014, the National Pharmaceutical Pricing Authority (NPPA) issued a demand notice of ₹ 122.36 as overcharging liability of product "Doxovent 400 mg tab" for the period February 2010 to May 2013. The notice also envisaged a payment of ₹33.33 towards interest @15% p.a. on the overcharged amount up to 31 January 2014. The Company had filed a petition under Article 32 with the Hon'ble Supreme Court of India (Hon'ble Court), challenging the issue of the above mentioned demand notice on various grounds. This petition has been tagged along with other petitions filed by other pharmaceutical companies as well, pending before Hon'ble Court relating to the inclusion criteria of certain drugs including "Theophylline" in the schedule of the DPCO, 1995. The Hon'ble Court passed an ad-interim order stating that no coercive steps be taken against the Company towards the said demand. Whilst the matter was pending before the Hon'ble Court, in Oct 2015 NPPA issued a fresh demand notice of ₹ 122.36 as overcharging liability and ₹ 63.85 as interest thereon calculated upto 30 September 2015 to which the Company has responded stating that the matter was sub-judice. On 20 July 2016 Hon'ble Court heard Glenmark's petition and ordered the petition to be transferred back to Hon'ble Delhi High Court to be heard on merits subject to deposit of 50% of the overcharged claimed amount. Glenmark has deposited ₹ 61.15 (50% of the overcharged claimed amount). The pleadings have been completed and matter is pending to be listed in the Hon'ble Delhi High Court for hearing. The Company based on legal advice, has an arguable case on merits as well as with regard to mitigation of the demand. The matters are sub-judice before the Hon'ble Court.
- (b) On 10 March 2016 Ministry of Health and Family Welfare (MoH) issued notifications prohibiting manufacture for sale, sale and distribution for human use of several Fixed Dose Combination ("FDC") with immediate effect.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

Several products of the Company are also covered in the notified prohibited "FDC's". The Company has filed five writ petitions in Hon'ble Delhi High Court challenging the notifications issued. The Hon'ble Delhi High Court has granted interim relief to the Company by staying the notifications banning the FDC's. The company based on legal advice, has an arguable case on merits though the liability in this case cannot be computed. In an adverse scenario, the Company would be restricted from manufacturing, selling and marketing the impacted FDC's.

The matter was clubbed with other petition of other companies before the Supreme Court of India (Hon'ble Court). The Hon'ble Court directed the Drug Technical Advisory Board (DTAB) as sub-committee to examine the ban of drugs. DTAB appointed an expert committee under the chair of Dr. Nilima Kshirsagar to examine the list of banned FDC. Company made due written and oral representations before the Committee in relation to its affected products. The committee has submitted its report to the Ministry of Health. Meanwhile taking the proactive approach the Company has revised the composition of the affected FDC's for its domestic market. Based on the Nilima Kshirsagar Committee Report, MoH on 7 September 2018 issued series of notification which has prohibited the manufacture for sale, sale or distribution for human use of 328 FDCs with immediate effect. It has also restricted the manufacture, sale or distribution of six FDCs subject to certain conditions. The Company filed Writ petitions in the Delhi High Court against the 7 notification/s in respect of its affected FDCs which were still circulating in the market and obtained an ad interim stay, on the notifications allowing the Company to liquidate its affected FDCs. Since then the Company on 27 March 2019, withdrew its Writs except for one product meant for exports and the Company continues to enjoy an ad-interim protection.

- (c) In December 2016, the Attorney General of the State of Connecticut along with the Attorneys' General of various other U.S. states filed for leave to amend an existing lawsuit in Federal Court to allege that the companies in the US generic drug industry including US Subsidiary of Glenmark had violated antitrust laws by fixing prices and allocating customers. On 5 June 2018, leave to file the Amended Complaint was granted in the first State AG Action. The Company has denied all the relevant accusations in the first State AG Action and is vigorously defending the matter.

On 10 May 2019, the Attorney General of the State of Connecticut and Attorneys' General of various U.S. states filed a second lawsuit in Federal Court with similar allegations. The Second law suit includes some of the parties from the first State AG Action as well as additional parties, and its allegations concern additional products which were not referenced in the first law suit. While the Company is currently reviewing the Second suit, we expect to file papers with the Federal Court in due course denying the accusations. Given the early nature of the matter, the Company does not anticipate material impact of the same.

## (ii) Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2019 aggregate ₹ 1,663.78 (2018 - ₹ 1,305.21)

## (iii) Others

Particulars	31 March 2019	31 March 2018
Bank Guarantees	176.46	138.78

## Note AA - Leases

The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

- The Group's significant leasing arrangements are in respect of the above godowns & premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to consolidated income statement as rent as presented in note T.
- The leasing arrangements are cancellable range between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given towards deposit and unadjusted advance rent is recoverable from the lessor.
- The Group has entered into operating lease agreements for the rental of its office premises for a period of 3 to 7 years.
- Future obligations on non-cancellable operating lease

Minimum lease payments	31 March 2019	31 March 2018
Due within one year	745.91	584.36
Due later than one year and not later than five years	1,788.25	1,145.58
Due later than five years	480.32	303.71
<b>Total</b>	<b>3,014.48</b>	<b>2,033.65</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note BB - Segment Reporting

The Chief Operating Decision Maker ("CODM") reviews the financial performance at pharmaceutical business level, comprising of generics and active pharmaceutical ingredient components, which are interlinked and inter-dependent, therefore, the Group has only one reportable segment, i.e, Pharmaceuticals.

### Geographical segments:

Geographical segment disclosure given below are based on location of the Group's customers in case of revenue. The disclosure of carrying amount of segment assets are based on geographical location of segment assets.

1. India
2. North America (NA)
3. Latin America
4. Europe
5. Rest of the World

### Information about geographical segments

Segmental Revenue	Year ended 31 March 2019	Year ended 31 March 2018
India	31,298.97	28,577.38
North America (NA)	32,855.48	34,209.47
Latin America	5,219.38	4,779.71
Europe	14,643.91	11,160.33
Rest of the world (ROW)	14,636.94	12,303.81
<b>Total</b>	<b>98,654.68</b>	<b>91,030.70</b>

### Analysis of assets by geographical segments

As at 31 March 2019	India	NA	Latin America	Europe	ROW	Total
Tangible Assets	23,406.86	10,280.08	1,120.03	974.78	615.48	36,397.23
Intangible Assets	2,528.45	2,171.80	276.91	13,895.77	62.73	18,935.66
<b>Total</b>	<b>25,935.31</b>	<b>12,451.88</b>	<b>1,396.94</b>	<b>14,870.55</b>	<b>678.21</b>	<b>55,332.89</b>

As at 31 March 2018	India	NA	Latin America	Europe	ROW	Total
Tangible Assets	22,381.01	7,584.06	791.98	831.48	492.36	32,080.89
Intangible Assets	2,522.17	1,279.28	544.30	10,182.27	53.77	14,581.79
<b>Total</b>	<b>24,903.18</b>	<b>8,863.34</b>	<b>1,336.28</b>	<b>11,013.75</b>	<b>546.13</b>	<b>46,662.68</b>

## Note CC - Financial Assets

Trade receivables comprise amounts receivable from the sale of goods and services. Other current assets include prepayments, input taxes, advances to vendors, accrued interest and deposits and advances receivable in cash and kind.

The management considers that the carrying amount of trade and other receivables approximates their fair value.

Cash and cash equivalent and other bank balances comprise cash and short-term deposits held by the Group. The carrying amount of these assets approximates their fair value.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

Non-current investments represent investments in preferred stock of other pharmaceutical companies which present the Group with opportunity for return through dividend income.

The investment in equity and preference shares amounting to ₹195.57 (2018 - ₹ 45.57 ) been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Company's equity investment in this entity cannot be reliably measured.

Given below is the summary of financial assets as categorised in IFRS 9 as on 31 March 2019 :

Particulars	FVTPL	FVOCI	Amortised cost	Total carrying value	Total fair value
Long-term financial assets	-	-	501.87	501.87	501.87
Other investments (Investment)	46.57	150.00	100.02	296.59	296.59
Cash and cash equivalent	-	-	9,377.65	9,377.65	9,377.65
Trade receivables	-	-	21,945.90	21,945.90	21,945.90
Short term financial assets	-	-	2,802.66	2,802.66	2,802.66
<b>Total</b>	<b>46.57</b>	<b>150.00</b>	<b>34,728.10</b>	<b>34,924.67</b>	<b>34,924.67</b>

Given below is the summary of financial assets as categorised in IFRS 9 as on 31 March 2018 :

Particulars	FVTPL	FVOCI	Amortised cost	Total carrying value	Total fair value
Long-term financial assets	-	-	401.18	401.18	401.18
Other investments (Investment)	46.59	-	100.02	146.61	146.61
Cash and cash equivalent	-	-	12,346.91	12,346.91	12,346.91
Trade receivables	-	-	23,318.07	23,318.07	23,318.07
Short term financial assets	-	-	3,856.42	3,856.42	3,856.42
<b>Total</b>	<b>46.59</b>	<b>-</b>	<b>40,022.60</b>	<b>40,069.19</b>	<b>40,069.19</b>

## Note DD - Financial Liabilities

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs.

The management considers that the carrying amount of trade payables approximates to their fair value.

The Bonds are interest bearing instruments with an embedded derivative instrument of conversion option. The instrument's value predominately consist of liability measured at amortised cost; the embedded derivative is measured at FVTPL.

Given below is the summary of financial liabilities as categorised in IFRS 9 as on 31 March 2019 :

Particulars	FVTPL	Amortised cost	Total carrying value	Total fair value
Non-current financial liabilities	-	885.06	885.06	885.06
Trade payables	-	22,207.51	22,207.51	22,207.51
Long term borrowings	464.44	35,273.10	35,737.54	35,737.54
Short term borrowings	-	3,030.24	3,030.24	3,030.24
Current portion of long term borrowings	-	5,718.90	5,718.90	5,718.90
Other current financial liabilities	-	3,293.79	3,293.79	3,293.79
<b>Total</b>	<b>464.44</b>	<b>70,408.60</b>	<b>70,873.04</b>	<b>70,873.04</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

Given below is the summary of financial liabilities as categorised in IFRS 9 as on 31 March 2018 :

Particulars	FVTPL	Amortised cost	Total carrying value	Total fair value
Non-current financial liabilities	-	26.00	26.00	26.00
Trade payables	-	18,697.84	18,697.84	18,697.84
Long term borrowings	-	41,417.78	41,417.78	41,417.78
Short term borrowings	-	2,950.44	2,950.44	2,950.44
Current portion of long term borrowings	-	2,025.63	2,025.63	2,025.63
Other current financial liabilities	-	3,632.26	3,632.26	3,632.26
<b>Total</b>	<b>-</b>	<b>68,749.95</b>	<b>68,749.95</b>	<b>68,749.95</b>

## Fair value hierarchy :

Level 2 : All FVTPL and FVOCI financial assets and liabilities are classified under level 2 of fair value hierarchy except quoted investments amounting to ₹1.00 which are classified as level 1 inputs.

Level 3 : All amortised cost financial assets and liabilities are classified under level 3 of fair value hierarchy.

## Note EE - Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is coordinated by its parent company, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Group to concentration of credit risk consist principally of cash equivalents, trade receivables, other receivables, investment securities and deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Group's cash equivalents and deposits are invested with banks.

The Group's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentration of credit risks.

The Group's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

## Foreign Currency sensitivity

The overseas entities of the Group operate in different countries. The functional currency of such entities is the currency being used in that particular country. The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in USD and EURO. Apart from US Dollar, foreign currency transactions are entered into by entities in several other currencies as applicable in the country in which the particular entity operates. However, the size of these entities relative to the total Group and the volume of transactions in such currencies are not material.

Thus, the foreign currency sensitivity analysis has been performed in relation to US Dollar (USD) and Euro (EUR).

US Dollar conversion rate was ₹ 64.82 at the beginning of the year and scaled to a high of ₹ 74.21 and to low of ₹ 64.76. The closing rate is ₹ 69.32. 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.

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

(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 2019		31 March 2018	
	USD (million)	INR	USD (million)	INR
<b>Short-term exposure</b>				
Financial assets	77.65	5,382.84	72.15	4,676.48
Financial liabilities	(55.08)	(3,818.53)	(66.51)	(4,311.06)
<b>Total</b>	<b>22.57</b>	<b>1,564.31</b>	<b>5.64</b>	<b>365.42</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	(427.13)	(29,609.01)	(421.25)	(27,305.69)
<b>Total</b>	<b>(427.13)</b>	<b>(29,609.01)</b>	<b>(421.25)</b>	<b>(27,305.69)</b>

If the INR had strengthened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	2,804.47	2,693.93
Equity	-	-

If the INR had weakened against the US Dollar by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(2,804.47)	(2,693.93)
Equity	-	-

EUR conversion rate was ₹ 79.86 at the beginning of the year and scaled to a high of ₹ 85.59 and to low of ₹ 77.69. The closing rate is ₹ 77.76. 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 2019		31 March 2018	
	EUR (million)	INR	EUR (million)	INR
<b>Short term exposure</b>				
Financial assets	9.39	730.14	20.02	1,598.75
Financial liabilities	(8.73)	(679.20)	(6.25)	(499.01)
<b>Total</b>	<b>0.66</b>	<b>50.94</b>	<b>13.77</b>	<b>1,099.74</b>
<b>Long term exposure</b>				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

(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 2019	31 March 2018
	INR	INR
Net results for the year	(5.09)	(109.97)
Equity	-	-

If the INR had weak end against the EUR by 10% then this would have the following impact:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	5.09	(109.97)
Equity	-	-

## Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowings. The Group has taken several short term borrowings on fixed rate of interest. Since, there is no interest rate risk associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Group has outstanding borrowings of USD 212.22 million (2018 - USD 255.83 million). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	(36.78)	(41.46)
Equity	-	-

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 25 basis points then such decrease shall have the following impact on:

Particulars	31 March 2019	31 March 2018
	INR	INR
Net results for the year	36.78	41.46
Equity	-	-

The bank deposits are placed on fixed rate of interest of approximately 0.25% to 6.60%. 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 statement of financial position, as summarised below:

Particulars	As at 31 March 2019	As at 31 March 2018
	Cash & cash equivalents	9,377.65
Trade receivables	21,945.90	23,318.07
Investments	296.59	146.61
Other current financial assets	2,802.66	3,856.42
Non-current financial assets	501.87	401.18
<b>Total</b>	<b>34,924.67</b>	<b>40,069.19</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

Trade receivables are usually due within 60-180 days. Generally and by practice most customers enjoy a credit period of approximately 180 days and are not interest bearing, which is the normal industry practice. All trade receivables are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IFRS 9, the Group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Given below is the ageing of accounts receivable spread by period of six months:

Particulars	As at	As at
	31 March 2019	31 March 2018
Outstanding for more than 6 months	2,756.77	2,277.10
Others	19,189.13	21,040.97
<b>Total</b>	<b>21,945.90</b>	<b>23,318.07</b>

For impairment of trade receivable refer note E

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired at each of the reporting dates and are of good credit quality, including those that are past due. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group's credit risk exposure towards any single counterparty or any groups of counterparties having similar characteristics is considered to be negligible. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## 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 2019, the Group's liabilities have contractual maturities which are summarised below:

Particulars	Current	Non-Current
	Within 1 year	1 to 5 years
Trade payables	22,207.51	-
Other current financial liabilities	3,293.79	-
Short term borrowings	3,030.24	-
Current portion of long term borrowings	5,718.90	-
Long-term borrowings	-	35,737.54
Other non-current financial liabilities	-	885.06
<b>Total</b>	<b>34,250.44</b>	<b>36,622.60</b>

# Consolidated NOTES TO THE FINANCIAL STATEMENTS - IFRS

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

## Note FF - Capital Management Policies and Procedures

The Group objectives when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal structure to reduce the cost of capital. In order to maintain or adjust the Capital structure, the group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell new assets to reduce debt.

Net Debt = total borrowings less cash and cash equivalent. Total 'equity' as shown in the the balance sheet including non-controlling interest

Particulars	31 March 2019	31 March 2018
Total debt	44,486.67	46,393.85
Less: Cash & cash equivalents	9,362.78	12,333.56
<b>Net debt (A)</b>	<b>35,123.89</b>	<b>34,060.29</b>
<b>Total equity (B)</b>	<b>59,948.54</b>	<b>55,886.84</b>
<b>Net debt to equity ratio ( A/B)</b>	<b>58.59%</b>	<b>60.95%</b>

Dividends	31 March 2019	31 March 2018
(i) Equity shares		
Final dividend paid during the year ended	680.33	679.22

(ii) Dividends not recognised at the end of the reporting period :

In addition to the above dividends, since year end the Board of Directors have recommended the payment of a final dividend of ₹ 2 (31 March 2018 - ₹ 2) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## Note GG - Revenues

The Government of India introduced the Goods and Service Tax (GST) with effect from 1 July 2017 which subsumes excise duty and various other indirect taxes. As required under IAS 18, revenue for the year ended 31 March 2018 is reported net of GST. The revenue for year ended 31 March 2018 includes excise duty up to 30 June 2017. Accordingly, income from operations for the year ended 31 March 2019 and 31 March 2018 are not comparable.

## Note HH - Comparatives

Certain prior year amounts have been reclassified for consistency with the current year presentation. As a result, certain line items have been amended in the financial statements. These reclassifications had no effect on the reported results of operations. Comparative figures have been adjusted to conform to the current year's presentation.

## Note II - Authorisation of Financial Statements

The consolidated financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 29 May 2019.

As per our report of even date.

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

**Ashish Gupta**  
Partner  
Membership Number - 504662

For and on behalf of the Board of Directors

**Glenn Saldanha**  
Chairman & Managing Director  
DIN : 00050607

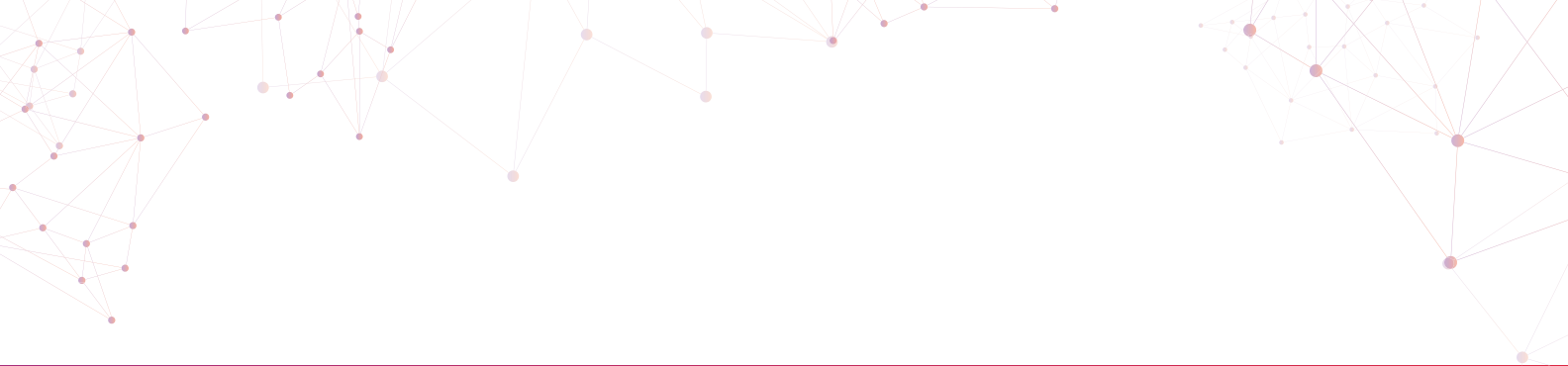
**V S Mani**  
Executive Director & Global Chief Financial Officer  
DIN : 01082878

Place: Mumbai  
Date : 29 May 2019

**Cherylann Pinto**  
Executive Director  
DIN : 00111844

**Harish Kuber**  
Company Secretary & Compliance Officer

Place: New Delhi  
Date : 29 May 2019

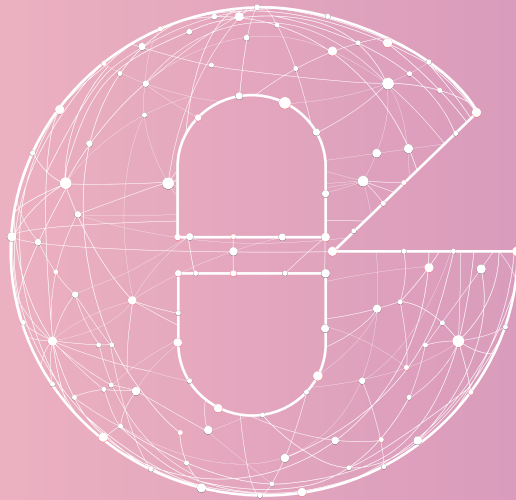


A central graphic on a dark red background. It features a globe in the center, composed of a network of white lines and dots. Behind the globe is a faint, dotted world map. The text "ENRICHING LIVES" is positioned above the globe, and "WITH GLOBAL INNOVATIONS" is positioned below it. Six white circles are arranged around the globe, each connected to the central area by a thin white line.

ENRICHING LIVES

WITH GLOBAL INNOVATIONS





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