2010-11
ANNUAL REPORT

Innovation
Operational Excellence
Employee Development
Community & Environment

Driving Sustained Growth

Glenmark
A new way for a new world

Safe Harbour Statement

This report has been prepared by Glenmark Pharmaceuticals Ltd. The information, statements and analysis made in this report describing the Company's objectives, projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and Regulations. Forward-looking statements may include words or phrases such as "believes", "expects", "anticipates", "intends", "plans", "foresees", or other words or phrases of similar import. Similarly, statements that describe objectives, plans or goals both for itself and for any of its business components also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated. The analysis contained herein is based on numerous assumptions. Actual result may vary from those expressed or implied depending upon economic conditions, government policies and other incidental factors. No representation or warranty, either expressed or implied, is provided in relation to this report. This report should not be regarded by recipients as a substitute for the exercise of their own judgment.

While we continue to grow, stretching the horizons of innovation and raising the bar of business excellence, we also have equal focus on strengthening our roots, the critical drivers for our sustained growth.

We are taking the path less travelled.

Our effort is to create,

A New Way for a New World

Corporate Information

Founder & Chairman Emeritus*
Mr. Gracias Saldanha

Chairman & Managing Director*
Mr. Glenn Saldanha

Executive Directors
Mrs. Cheryl Pinto
Mr. A.S. Mohanty**

Non Executive Directors
Ms. B.E. Saldanha
Mr. J.F. Ribeiro
Mr. N.B. Desai
Mr. Sridhar Gorthi
Mr. D.R. Mehta
Mr. Hocine Sidi Said

Company Secretary
Mr. Marshall Mendonza

Registered Office
B/2, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai – 400026, Maharashtra

Corporate Office
Glenmark House, HDO – Corporate Building,
Wing A, B.D. Sawant Marg, Chakala,
Off Western Express Highway,
Andheri (East), Mumbai – 400099, India
Tel. : +91 22 40189999
Site : http://www.glenmarkpharma.com
Email : webmaster@glenmarkpharma.com

Manufacturing Facilities

Formulations
- E 37, MIDC Industrial Area, D Road, Satpur, Nasik - 422007, Maharashtra
- Plot No. 7, Colvale Industrial Estate, Bardez - 403115, Goa
- D 42, Plot No. 50, Kundaim Industrial Estate, Kundaim - 403115, Goa
- Village – Kishanpura, Baddi Nalagarh Road, Tehsil: Nalagarh, Dist. Solan, Baddi - 174101, Himachal Pradesh
- Business Unit II, Village Bhattanwala, PO Rajpura, Nalagarh, Dist. Solan, Himachal Pradesh
- Plot No. 2, Phase -II, Pharma Zone, Special Economic Zone Area, Pithampur, Indore - 454775, Madhya Pradesh
- Rua Assahi, 33-1 Andar CEP: 09633-0110, Rudge, Ramos Sao Bernardo Do Campo, Sao Paulo, Brazil
- Rua Frei Liberato De Gries, 548, Jardim Arpoadar, CEP: 05572-210, Sao Paulo, Brazil
- Glenmark Pharmaceuticals s.r.o., Fibichova 143, 56617, Vysoke Myto, Czech Republic
- Calle 9 Ing Meyer Oks N 593, Parque Industrial Pilar, B1629MX Buenos Aires, Argentina

API
- 3109 – C, GIDC Industrial Estate, Ankleshwar, Dist. Bharuch – 393002, Gujarat
- Plot No. 163-165/170-172, Chandramouli Industrial Estate, Mohol Bazarpeth, Solapur - 413213, Maharashtra
- Plot No. A80, MIDC Area, Kurkumbh, Daund, Pune - 413802, Maharashtra

Manufacturing Facilities under construction

Formulations
- Growth Centre, Samlik-Marchak, Dist: East Sikkim, Sikkim

API
- Z-103 I, Dahej SEZ, Dahej District, Bharuch, Gujarat
- Plot No. B-25, Five Star MIDC, Shendra, Dist: Aurangabad, Maharashtra

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

Clinical Research Centres
- Plot No. D 508, TTC Industrial Estate, MIDC, Turbhe, Navi Mumbai – 400705, Maharashtra
- C2 7600, The Quorum, Oxford Business Park, North Oxford, OX$ 2JZ, UK

Auditors
- Walker, Chandiok & Co.
  Chartered Accountants, Mumbai

Cost Auditors
- Sevekari Khare and Associates, Cost Accountants, Mumbai

Solicitor
- Kanga and Co., Mumbai
- Trilegal, Mumbai

Registrar and Transfer Agents
- Karvy Comutershare Pvt. Ltd., Plot No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad – 500081
  Tel.: 040 – 23420815; 23420818 – 828
  Fax: 040 – 23420814

Bankers
- Bank of India

* With effect from 10th May 2011
** Upto 10th May 2011

Contents

From the Chairman's Desk

> "We believe in our leadership potential and have developed a robust strategy to grow and consolidate our position in the industry"

Dear Shareholder,

The global pharmaceutical industry is all set to witness the best and the worst of times, depending on the way we look at it.

Generic companies are about to enter a phase of incredible opportunity with the imminent 'patent cliff' when drugs worth USD 78 Bn will go off patent. And in the innovation space the prospects for high-value collaborations with big pharma on research projects are increasingly plausible as pharma giants look to cut research costs and fortify their R&D pipelines through tie-ups with other organizations. All this augurs well for Glenmark as we have the capability to capitalize on both these opportunities.

At the same time, however, the business environment for the industry has become particularly exigent. The generics space is witnessing significant value erosion with growing competition. While this market was hitherto the domain of pure play generic companies, we now see innovator companies – those that have so far built fortunes by discovering new drugs – climbing onto the generics bandwagon as they face an increasingly unpredictable future in the pursuit of a new blockbuster drug. And then we have the giants of the generics industry who are now looking to move up the value chain by investing in innovation and differentiated products to bolster the sustainability of their business model. Clearly the lines between innovator companies and generic companies have blurred and this, alongwith increasing regulatory hurdles and pricing pressure is adding to the complexity of our business.

But there is an upside to this. Challenges help to separate the true leaders from the rest of the pack. We at Glenmark believe in our leadership potential and have developed a robust strategy to grow and consolidate our position in the industry.

The Glenmark Story So Far

Looking back over the last decade, Glenmark has grown 14 fold in revenues and nearly 26 fold in profits, a remarkable achievement by any standards. While growing the business at a remarkable pace, we have not lost sight of our goals. We have remained focused on building a truly world class innovative company and at the same time developing strong capabilities in our generics business.

> "We have remained focused on building a truly world class innovative company and at the same time developing strong capabilities in our generics business"

During the last couple of years our primary objective was to ensure that every operating region is self sustaining from a funding stand point. In this financial year, we have come close to this goal and expect it to further strengthen that position in FY*12.

*Financial Year ending March 31st

For the financial year, we also managed to register commendable sales and profit growth for the group. Glenmark grew net sales by 19 %* and net profit increased by 38 %*. The net sales growth was spurred by India, US and API business.

> "Glenmark grew net sales by 19 %* and net profit increased by 38 %*"

Generics Business

In the pure generics space, we have done well with the business growing by 19 %. In the US, where your Company continues to differentiate itself by focusing on niche/difficult-to-manufacture products that are more profitable, sales grew by 20 %.The US generics business received 22 ANDA approvals, the highest for an Indian company in this financial year. We also became the first Indian company to receive approvals for a basket of oral contraceptive/hormone products, a category that has significant potential. As of now, we have six approvals in this segment. While we launched 18 products in the US last year, the impact of these launches will be reflected in the current financial year.

> "US generics business received 22 AND A approvals, the highest for an Indian company in this financial year"

Our US generics strategy also includes a basket of strategic Para IV filings. Your Company has now settled all the four Para IV challenges where Glenmark was the sole first-to-file. Hence, we are now sure that we will have atleast one Para IV opportunity every year for the next three years providing us clear visibility in terms of sales.

During the year, we did suffer a setback on the Para IV filings front with the jury verdict on the cardiovascular drug Tarka in Jan'11 which went against us. Earlier, in May'10 the judge had overruled a preliminary injunction filed by the innovator, paving the way for the launch of the product at risk. The matter is still pending in the US courts and the judge has yet to take into account Glenmark's defense that the patent is invalid for double patenting, for which the jury's verdict was only advisory. Glenmark believes that the innovator's patent is not valid and we are confident that the court will consider our view.

Glenmark's generics business also benefitted from the excellent growth in the API segment. The growth is the result of a change in our strategy – we have shifted our focus from semi-regulated markets to regulated markets. This has helped us decommoditize and grow the API business faster and more profitably.

Specialty Business

The specialty business in India recorded good sales growth thanks to new product launches in key therapeutic areas. Over the last few years we have implemented a conscious strategy of emphasizing on power brands and key therapeutic areas viz Dermatology, Respiratory and Oncology. In addition, we will focus on one or two additional therapeutic areas which will be specific to a region. This strategy has already started bearing fruit in the Indian market and in the Rest of the World (RoW) markets where we have just completed the implementation of this strategy. We are confident that in this year, the RoW markets – which saw a modest increase in sales last year – will record strong growth rates alongwith the India business.

> "We have implemented a conscious strategy of emphasizing on power brands and key therapeutic areas"

Following the success of our transitioning exercise in India and the RoW markets, the Central Eastern Europe (CEE) and the Latin American region have also started reorienting the product pipeline to focus on core therapeutic areas. The Brazil subsidiary has initiated steps in this direction with the launch of a unique portfolio of cosmeceuticals and a new range of oncology products. We feel that by leveraging our expertise in the area of dermatology, respiratory and oncology these regions will also be on the path of sustainable growth.

Innovation and Beyond

Our R&D business, which is without a doubt the crown jewel of the Company, has an innovation pipeline that is stronger than ever before. The purpose of our research efforts is to develop and bring to market our own novel molecules in areas of unmet medical needs, which will propel us into the league of truly successful innovative companies in the pharmaceutical industry worldwide.

> "The purpose of our research efforts is to develop and bring to market our own novel molecules in areas of unmet medical needs"

By out-licensing GRC 15300, a novel molecule indicated for pain conditions to Sanofi for USD 325 Mn and receiving an upfront payment of USD 20 Mn, we have once again reaffirmed our capability of doing research at the cutting edge.

The successful completion of the Phase III studies of our in-licensed product Crofelemer in the US for HIV associated diarrhea is further proof of this. The Phase III studies on Crofelemer will pave the way for the launch of the first innovative product across 140 markets where we have the exclusive marketing and distribution rights.

Meanwhile, we continue to bring novel first-in-class compounds to the clinics and in this financial year we announced the discovery of two novel compounds – a New Chemical Entity (NCE) and a New Biologic Entity (NBE). Both are potential first-in-class molecules. The biologic

molecule GBR 401 is a monoclonal antibody (mAb) indicated for Leukemia and Lymphomas. It is our first molecule discovered for oncology and marks an entry into a very challenging area that is a big concern area around the world.

At the same time, we are clear that if we are not first-in-class or best-in-class we will not pursue the program. Thus we announced our exit from the diabetes research area as the new regulations which have come into the fore in the US will make researching diabetes molecules a more prolonged and costlier exercise.

Quality

During the financial year, your Company began the process of putting in place a global quality system which will enable us to service every market with a global quality protocol. This is an intensive effort but a proactive one from your Company. We envisage that in the near future as governments demand the best for their citizens, we need to be proactive and put such an initiative in place before legislation is enforced.

Our Business and Society

While your Company continues to make sustained investments into its business, I am proud to share our efforts at strengthening our commitment to the environment and our engagement with society, all of which indicates that your Company takes not just its business seriously but also invests and takes pride in being a responsible corporate citizen. The Company received ISO 14001 – the environment certification for the formulations plant at Colvale, Goa. Simultaneously, the Company continued its investment in upgrading its environment standards across all plants.

Another major initiative is the Company's commitment to the community. While in the past, Glenmark made substantial donations to various causes, the Company has now decided to invest in specific areas where it will make continuous investments. In the past year, Glenmark began a number of projects which focused on sustainable livelihoods. All our initiatives have been well received by the communities that we work with and this is a matter of great pride for our organization. In this financial year, your Company will invest in the area of child health which is a global concern. In this financial year, we hope to adopt about 300 villages in India where statistics of child mortality is the worst in the country and we will facilitate a collaborative effort between the social sector and the establishment to significantly improve child health in these areas.

Future Outlook

Looking forward, I am happy to say that we have put in place structures for growth for the next two financial years and we have already begun preparing for FY 14 and beyond.

In the short term, we will continue to build a pipeline that has a strong focus in Dermatology, Respiratory and Oncology worldwide. This will ensure sustained growth for the next few years at the branded generics and generics fronts.

Our strategy for the long-term (beyond 2015) is to have a basket of innovative molecules with high market potential. This is where our drug development capabilities would put us in good stead. So while there is talk that the generic pipeline will dry after 2014, I would like to mention that your Company has initiated plans to enter new areas that shall fuel its growth beyond 2015.

> "Our strategy beyond 2015 is to have a basket of innovative molecules with high market potential"

In addition to our novel R&D efforts, we are also building capabilities in the bio-similars space and a global respiratory franchise.

Although regulators are still evolving with reference to biosimilars, we are stepping up our efforts in order to capture this opportunity. Bio-similars will definitely challenge generic companies as the competencies for bio-similars is very different from manufacturing generic medicines.

The focus for us is that we need to put in place structures that will deliver us sustained growth year on year. While we continue our path breaking work on the innovative R&D front with first-in-class novel chemical and biologics entities. At the same time, we are building a model that will enable the Company to grow year on year in the branded generics, pure generics and the API space. Most importantly we would like to grow profitably, thereby enhancing shareholder value at all times. Our pursuit of launching the first innovative molecule by an Indian company remains and we have taken a step forward by doing a licensing deal in this financial year.

We remain committed towards becoming a leader in drug discovery research and being among the leading generics companies in the world and I am confident that with your support we will achieve our goals in the not too distant future.

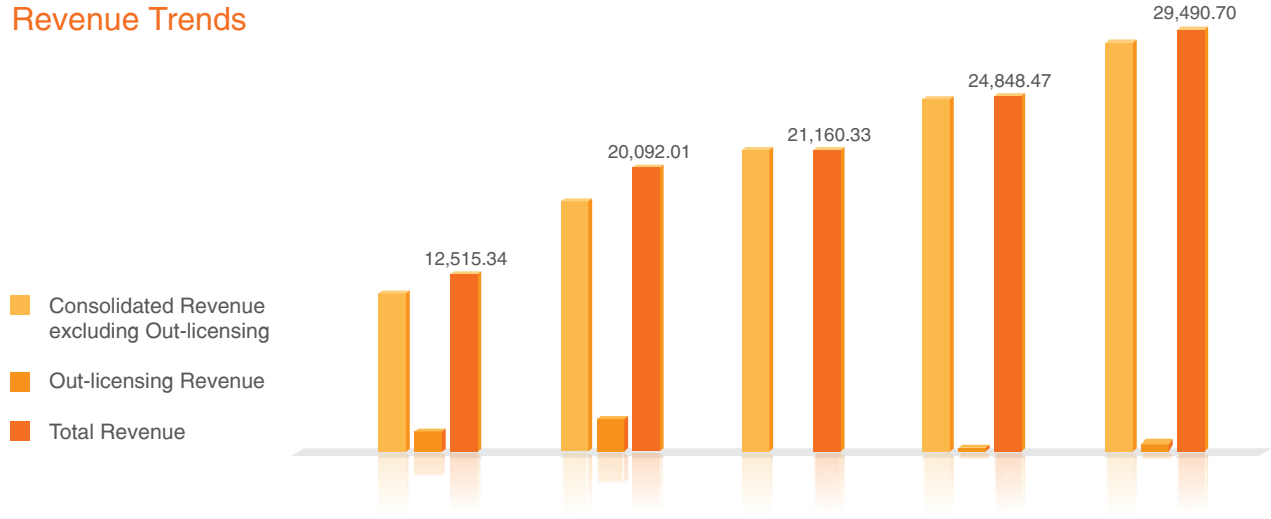
Regards

Glenn Saldanha
Chairman & MD

*During this financial year, we also shifted our accounting system to IFRS – which is a globally accepted accounting system. Thus the figures are not strictly comparable.

Key Financials

Revenue Trends

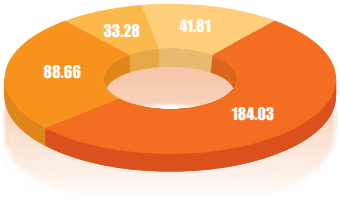


	FY 07	FY 08	FY 09	FY 10	FY 11*
Consolidated Revenue excluding Out-licensing	11,120.22	17,689.28	21,160.33	24,616.07	28,595.60
Out-licensing Revenue	1,395.12	2,402.73	-	232.40	895.10
Total Revenue	12,515.34	20,092.01	21,160.33	24,848.47	29,490.70

(All values in ₹ Mn)

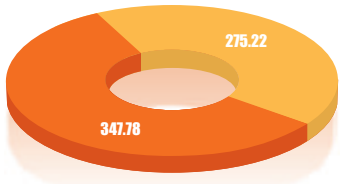
Specialty Business

Geography Split



India
RoW
Latin America
CEE

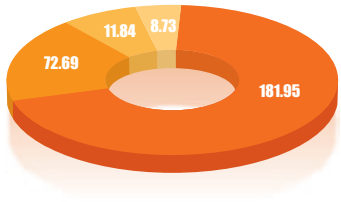
Revenue Split



Branded Formulations Business
Generics Business

Generics Business

Geography Split



US Formulations
API
Western Europe Formulations
Oncology

(All values in USD Mn)

	FY 07		FY 08		FY 09		FY 10		FY 11*	
	₹ Mn	USD Mn	₹ Mn	USD Mn	₹ Mn	USD Mn	₹ Mn	USD Mn	₹ Mn	USD Mn
Turnover	12,515.34	283.54	20,092.01	498.81	21,160.33	455.35	24,848.47	520.45	29,490.70	642.48
Other Income	156.99	3.56	458.20	11.38	1,740.12	37.44	489.63	10.26	1,405.18	30.61
PBDIT	4,419.85	100.13	8,463.46	210.12	6,289.95	146.97	6,685.29	140.02	7,327.89	159.64
Interest	384.08	8.70	631.68	15.68	1,404.76	30.23	1,640.21	34.35	1,565.58	34.11
Depreciation	422.59	9.57	716.80	17.80	1,026.83	22.09	1,206.10	25.26	946.78	20.63
PBT	3,613.18	81.86	7,114.98	176.64	2,688.81	57.86	3,838.98	80.41	4,815.53	104.91
Tax	512.58	11.61	793.86	19.71	754.08	16.23	528.66	11.07	237.20	5.17
PAT	3,100.60	70.25	6,321.12	156.93	1,934.73	41.63	3,310.32	69.33	4,578.33	99.74

Average conversion rate for FY 11 of ₹ 45.90 / USD 1.00
for FY 10 of ₹ 47.74 / USD 1.00

* It must be noted that the financial information for FY 11 has been prepared under International Financial Reporting Standards ("IFRS"), whereas prior years' financial information have been prepared under Indian Generally Accepted Accounting Principles (I-GAAP); accordingly FY 11 information is not strictly comparable with prior years' information.

Executive Team Profile

Mr. Terrance J. Coughlin

Chief Executive Officer,
Glenmark Generics

Terrance brings to Glenmark over 21 years of rich experience in managing the entire gamut of R&D, Operations, Quality and Sales & Marketing functions across various companies in the North American region. Terrance has been leading our generics business since its inception in 2004, prior to which, he had spent nine years with a global generics major where he was pivotal in setting up of and starting their US operations.

Mr. Arvind Vasudeva

Chief Operating Officer,
Glenmark Pharmaceuticals

With over 27 years spent in the pharma industry, Arvind joins Glenmark after managing businesses of an array of Indian and multinational pharma companies. His experience ranges from being responsible for branded generics and API business of both India and international markets, as well as overseeing operations across the supply chain. An M. Pharm. by qualification, Arvind served as the Managing Director at RPG Life Sciences from where he joined us as the Chief Operating Officer for GPL more than a year ago.

Mrs. Cheryl Pinto

Director, Corporate Affairs,
Glenmark Pharmaceuticals

Having over 23 years of experience in the pharmaceutical field, Cheryl presently heads the Company's Human Resource and Administration functions. A B. Pharma from UDCT, Mumbai, and a GMP graduate from the Harvard Business School in Boston, Cheryl has also been the founder of a pharmaceutical company where she served as Managing Director for 10 years prior to joining Glenmark. Cheryl belongs to the promoter family of the Company and has been with us for nearly 11 years.

Dr. Michael Buschle

President, Biologics Research,
Glenmark Pharmaceuticals

Michael brings with him over 20 years of rich academic and global industry experience in development and manufacturing of biopharmaceuticals. An ex-cofounder of Intercell AG, Michael has also been associated with leading academic institutions across the globe and has been responsible for leading the Glenmark's initiative in the area of biopharmaceuticals since the inception of the Switzerland R&D Facility nearly 6 years ago.

Mr. Rajesh V. Desai

Chief Financial Officer,
Glenmark Pharmaceuticals

Rajesh has been in the organization for close to three decades. A Science Graduate from Bombay University and a Chartered Accountant from Institute of Chartered Accountants of India, Rajesh is responsible for the finance legal and IT function of the entire organization. A member of the leadership team for over a decade, Rajesh has been responsible for charting the Company's growth in the domestic and overseas markets.

Dr. Steffen Stuerzebecher

Chief Medical Officer,
Glenmark Pharmaceuticals

A board-certified specialist in pharmacology and toxicology, Steffen brings to Glenmark over 28 years of experience in handling research and development programs from proof of concept to Phase IV. An MD in pharmaceutical industry, Steffen was previously associated with Schering AG and Grunenthal GmbH, as well as various medical faculties in Germany and US. He joined Glenmark in FY 11 and leads our clinical research and development and oversees the medical functions of the group.

Mr. Jalaj Sharma

Director & President, Operations,
Glenmark Generics

With over 25 years of experience of handling the entire spectrum of operational activities, across an array of industries and internationally acclaimed companies, Jalaj has been overseeing the R&D and end-to-end supply chain functions, including all manufacturing facilities of GGL for the past 6 years. He is also responsible for the Argentina Supply Chain and the new manufacturing facility at Pilar.

Mr. Rangarajan Subramanian

President, Quality,
Glenmark Group

A Master in Science by qualification, Rangarajan has over 38 years of experience in setting up of cutting edge quality system across industries and eminent multinational companies. Rangarajan has been handling the overarching responsibility of designing forward looking systems and managing the quality standards of the Company's manufactured and distributed products globally for the past 3 years.

Highlights and Objectives

Highlights

For the financial year 2010-11, Glenmark's consolidated revenue was at ₹ 29,490.70 Mn (USD 642.48 Mn) as against ₹ 24,848.47 Mn (USD 520.45 Mn), an increase of 19 %. Revenue from the generics business was at ₹ 12,632.55 Mn (USD 275.21 Mn), as against ₹ 10,500.13 Mn (USD 219.92 Mn), a growth of 20 %. The specialty business revenue was at ₹ 16,858.15 Mn (USD 367.27 Mn) as against ₹ 14,348.34 Mn (USD 300.52 Mn) for the corresponding year, registering a growth of 17 %. The Consolidated Net Profit for the financial year 2010-11 was ₹ 4,578.33 Mn as compared to ₹ 3,310.32 Mn for the previous corresponding year, an increase of 38 %.

It must be noted that the financial information for FY 11 has been prepared under International Financial Reporting Standards ("IFRS"), whereas prior years' financial information have been prepared under Indian Generally Accepted Accounting Principles (I-GAAP); accordingly FY 11 information is not strictly comparable with prior years' information

Specialty Business

Research & Development (R&D)

- Signed an out-licensing agreement with Sanofi for GBR 500, its novel monoclonal antibody for Crohn's Disease and other anti-inflammatory diseases in May 2011. With this deal Glenmark has established its research prowess in both novel chemical and biologic entities. Under the deal, Sanofi could potentially pay Glenmark $613 million as milestone payments, including $50 million as upfront payment. The New Biologic Entity (NBE) completed Phase I trials in FY 11 and is on track for Phase II initiation
- Signed an out-licensing agreement with Sanofi for its molecule for neuropathic pain, GRC 15300
- Discovered and Initiated IND enabling studies of a novel biologics entity, GBR 401, targeting Lymphomas and Leukemia's of B-cell origin
- In-licensed a novel anti-TrkA antibody (GBR 900) from Lay Line Genomics, Italy, representing a first-in-class opportunity for the treatment of chronic pain
- Completed Phase III trials for HIV related diarrhea in US and Phase II for acute adult diarrhea in India for Crofelemer
- Initiated Phase II trials for GRC 4039 (Revamilast)
- Initiated Phase I trials for GRC 17536, our novel first-in-class molecule for neuropathic pain and respiratory disorders

Formulations Business

- Entered the European markets of Latvia and Hungary
- India Formulations further consolidated its market share, gaining one rank in the IMS MAT Mar 2011 rankings
- Launched the "Glenmark Respiratory Division" in India with introduction of Metered Dose Inhalers (MDIs), Dry Powder Inhaler formulations (DPIs) and devices developed in-house
- Russia Operations registered a turnover growth of 45%
- Asia Operations launched 2 Pan-Asia Key Opinion Leader (KOL) Forums : iLead and iLeap
- Latin America region grew by 41%, driven by a mix of in-licensed and in-house product launches and enhanced focus on marketing effectiveness
- Received regulatory approvals for Nashik and Baddi plants in India from various regulatory authorities, including MHRA (UK), ANVISA (Brazil), TFDA and GCC, and successfully cleared all audits during the year
- Qualified, validated and commenced commercial manufacturing of respiratory products from Baddi manufacturing facility in India
- Initiated regulatory inspection of the new semi-solid manufacturing facility at Sao Paulo, Brazil, to cater to the demands of the Latin American markets
- Completed site preparation and initiated civil construction of the manufacturing facility at Sikkim, India

Generics Business

- Glenmark Generics Inc. (GGI), USA, filed 13 ANDAs with the US Food and Drug Authority (US FDA) and received 22 ANDA approvals, which we believe is the highest amongst all India-based generic players
- GGI, jointly with Lehigh Valley Technologies (LVT), received the approval of two New Drug Applications (NDAs) for a line of controlled substance products containing Oxycodone Hydrochloride by the US FDA
- GGI filed 6 Drug Master Files (DMFs) with the US FDA
- GGI settled its patent litigations in relation to Malarone® (Atovaquone and Proguanil) tablets with Glaxo SmithKline LLC
- GGI and Merck & Co., Inc. settled patent litigation covering Zetia® (ezetimibe). Prior to this settlement, GGI entered into a deal with Par Pharma to market ezetimibe tablets
- Entered into a settlement and license agreement with Triax Pharmaceuticals, LLC, Astellas Pharma Europe B.V. and Astellas Pharma International B.V. for patent litigation covering Locoid Lipocream ® (0.1 % hydrocortisone butyrate cream) in May 2011

- GGI also entered into a settlement and license agreement with Nycomed US for patent litigation covering CUTIVATE® (Fluticasone Propionate 0.05 % Lotion) in May 2011
- Glenmark Generics Europe Limited (GGEL) submitted 3 new product dossiers and received approval for 2
- GGEL initiated operations in the Netherlands and successfully started the revenue model within the first month of market entry
- Glenmark Generics SA Argentina's (GGSA) new plant kick-started operations and garnered approvals from ANMAT Argentina as well as MERCOSUR authorities
- API business continued its market leadership in Adapalene, Prasugrel, Sitagliptin and Bisoprolol
- Received ISO 14001: 2004 certification for the Colvale Plant at Goa, India

Objectives

Specialty Business

Research & Development

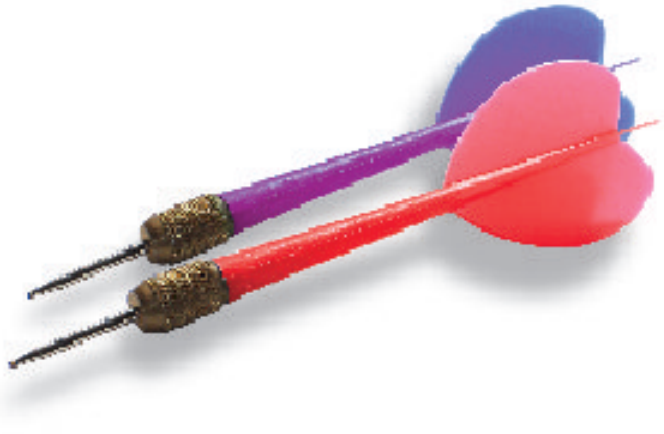
- Advance Crofelemer to Phase III trials for acute adult diarrhea in India and initiate regulatory submissions in Rest of the World (RoW) countries
- Progress on two Phase II studies for GRC 4039 (Revamilast)
- Phase II trials to be initiated for GBR 500 & GRC 15300
- File for Phase II proof-of-concept (POC) study for GRC 17536
- File for Phase I trials for GBR 401
- Partner out atleast 1 New Molecular Entity (NME) from the R&D pipeline

Formulations Business

- Initiate revenue models in Hungary and Bulgaria
- Commission the manufacturing facility at Sikkim, India
- Initiate construction of a new Biologics facility in India

Generics Business

- File around 20 ANDAs in the US generics market with nearly 15 in niche therapeutic areas
- Continue focus on niche therapeutic areas with the launch of over 15 generic products in US
- File atleast 10 DMFs in US
- File more than 7 product dossiers across European Union (EU) geographies
- Launch more 4 or more products in United Kingdom (UK)
- Continue with the expansion into Nordics, Netherlands, Germany and establish presence in one more market in EU



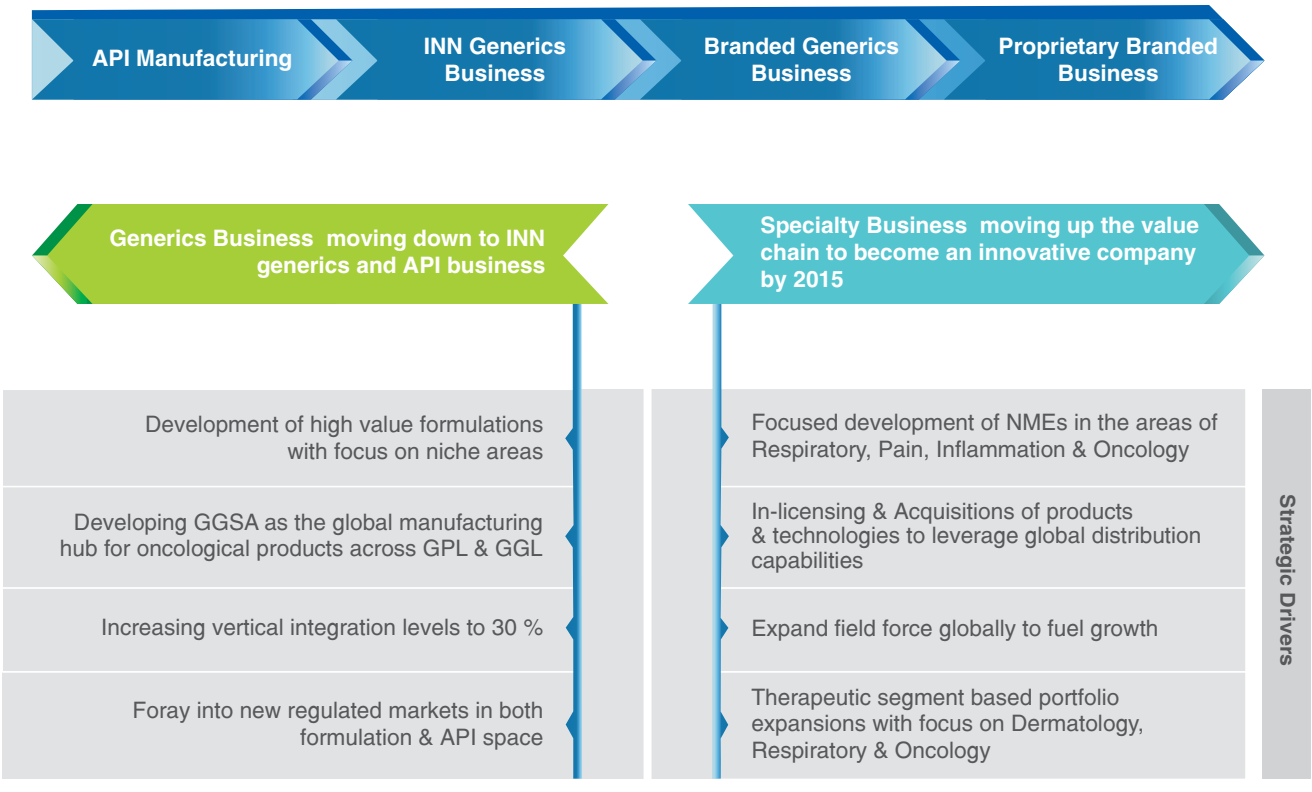
Driving Sustained Growth

At Glenmark, success is not an event. It is a process built into all facets of our business by design. It is not an isolated incident, but the outcome of the network of interaction between various forces driving the organization.

Glenmark's innovative structuring of its specialty and INN generics businesses into Glenmark Pharmaceuticals Limited (GPL) and Glenmark Generics Limited (GGL) has allowed it to focus on two distinct strategies and value spectrums, while ensuring synergies beneficial to both the organizations.

The Glenmark Way

The Pharma Value Chain



While each of our businesses has a clear vision and strategic drivers, there are certain underlying forces and their interdependencies that form the platform for the implementation of these strategies and the future growth of the organization as a whole.

Your Company has identified these critical forces and focused on developing them as the pillars of its sustainable success.

Driving Sustained Growth

Innovation

We are driven by the core belief of continuously innovating, and have engrained it into our culture

Operational Excellence

We strive to continuously improve operational efficiencies, deriving the maximum productivity from our resources

Employee Development

We are committed towards the inclusive development and growth of all our employees

Community & Environment

We are conscious of our responsibility towards the ecosystem we inhabit and are committed to contribute positively to it

Innovation

Scientists, Biologics Research Center, Switzerland

Innovation has always been at the core of Glenmark's growth philosophy. Through our sustained efforts, we have developed a culture where innovation is imbibed in every aspect of our business. At Glenmark, the entire organization acts as one big innovation engine. It strives to develop an environment that encourages its employees to shed all apprehensions and think of the most unorthodox ways to shape their, and the Company's future.

Through our constant endeavors over the past 11 years, your Company is at the forefront of discovery research, with a rich pipeline of 5 in-house NMEs and 1 in-licensed New Chemical Entity (NCE), Crofelemer, in clinics. We have always focused on path-breaking innovation, exemplified by the fact that 3 of our in-house NMEs are potential 'first-in-class' molecules globally, that promise to address high value targets with large unmet needs. Crofelemer has already completed Phase III trials in USA for HIV related diarrhea and Phase II trials in India for acute adult diarrhea, and could potentially be the first NCE launch by Glenmark. Our keen focus on high value innovation also pans out to our New Drug Delivery Systems (NDDS) projects as well, with the formulations research team churning out highly specialized formulations for the benefit of our consumers.

Over the last few years, we have become increasingly selective about the targets we pursue. Our systems, aided with the vast experience in the R&D space, ensure we pursue only the high potential path-breaking targets for future development. This increased focus on the development of high return on investment (ROI) assets also encompasses our formulations & NDDS development efforts. Our team develops products that have global relevance, better efficacy and higher quality embedded within them by design.

Glenmark's innovation engine is fuelled by three critical factors

People | Processes | Infrastructure

People

At the core of Glenmark's R&D success story is its most valuable asset: People

Glenmark's unwavering focus on the development of a culture of innovation has managed to attract the best talent across the spectrum of R&D functions, globally. Our R&D team is an amalgam of the brightest people in the field that complement each other's talents and work synergistically towards a unified goal of research excellence.

Glenmark's NCE research team comprises of 350 qualified scientific staff at the Small Molecule Research Centre at Mahape, India. Over the last decade, the team has discovered and developed an impressive pipeline of novel molecules, out of which 8 have reached the clinics. Our Biologics Research Center at Switzerland houses 55 scientists, with expertise in the entire spectrum of biologics research and product development processes. Glenmark's NDDS research effort is driven by a team of over 80 highly motivated scientists at the Formulation Development R&D facility at Sinnar, India.

The R&D efforts for the generics business, both in terms of development of niche APIs and formulations is lead by a group of over 100 scientists at the Taloja R&D facility in India.

Glenmark's Global Clinical Team is coordinated out of the Oxford facility (UK), working closely with the dedicated and experienced clinical team in Mumbai.

Processes

Glenmark believes it is not enough to develop an intellectual pool to succeed. It is equally necessary to enable it with the right mix of systems and processes to realize its true potential.

Over the past decade, your Company has built highly efficient systems and processes that can manage the complex research process efficiently. We have established project planning systems that ensure efficient filtering, selection, optimum resource mix allocation (both human and infrastructure) and the timely progress of various research projects. This provides the much needed nimbleness, alongwith robustness and sustainability to our research efforts.

In FY 11, Glenmark also set up an in-house clinical operations team. This team is a valuable and strategic addition to our existing clinical setup and stands to make our clinical efforts more standardized and efficient, while significantly reducing our costs.

Infrastructure

Small Molecule Research: Mahape, Navi Mumbai, India

- Equipped with the most modern infrastructure required to carry out research activities such as medicinal chemistry, process & analytical chemistry, in-vitro & in-vivo studies and project management
- Complete end to end setup with expertise in all areas of NCE discovery and development ranging from target selection to clinical development
- Responsible for discovering many NCEs in a short span of nine years, with 8 molecules having reached clinical studies

Biologics Research: Canton of Neuchatel, Switzerland

- Dedicated to the discovery and development of novel monoclonal antibodies (mAbs) from inception through preclinical to clinical studies
- Know-how is in place to discover entirely novel molecules, engineer antibodies and also carry out process development of mAbs
- State-of-the-art equipments installed for up and down-stream research with substantial capacity
- Responsible for the development of GBR 500, the first NBE to be out-licensed by an Indian company
- Several patents on novel monoclonal antibodies have been filed and two Phase I approvals received

Formulations Development R&D Facility: Sinnar, India

- Engaged in developing specialty/branded formulations for global markets
- Focuses on development of various NDDS projects and innovative formulation in areas of Dermatology, Metabolism, Respiratory & Oncology amongst others
- Houses a dedicated facility to develop HFA based MDI products, injectibles and liposomal products

Research & Development Centre: Taloja, India

- A state-of-the-art integrated R&D centre for developing API and formulated products
- Works in co-ordination with the Intellectual Property Management team to develop cost effective and patent driven APIs as well as generic formulations

Developing In-house Capabilities: Clinical Research Operations Group

With increase in NCE and NBE pipeline and augmented requirements for the clinical trials of branded generics, Glenmark has setup an in-house dedicated, state-of-art Clinical Research Operations Group (CROG).

The aim of CROG is to develop in-house capabilities and expertise in managing Phase II to IV clinical trials that meet global standards and are compliant to regulatory requirements of EMEA, ANVISA, DCGI and US FDA. The group is primarily responsible for Clinical Monitoring, Clinical Project Management, Site Management, Clinical Data Management, Statistical Programming and Medical Writing aspects of the Company's clinical requirements and will manage the same right from early phase to post marketing trials across Asia Pacific, Europe and LATAM.

The setting up of CROG promises to provide better control on the quality and timelines of the clinical trials and the capacity to meet the ever rising clinical demands of various global regulatory agencies. The setup of this group will also manifest into significant reduction in clinical trial outsourcing and strengthened support to fast track our clinical development program, hence deriving value in terms of cost, quality and time.

The Company has also ensured that right talent, with relevant global experience, forms the core of this group. To start with, an initial team of 25 highly experienced professionals is already in place, and will be scaled up after 6 to 9 months. Crofelemer, first-in-class NCE for diarrhea, would be one of the late stage multi-country, multicentre clinical trials to be managed end-to-end in-house.

Select Innovative Research Pipeline Assets

Compound	Primary Indication	Target	Status				
			Preclinical	Phase I	Phase II	Phase III	Approval
Crofelemer	• Adult acute infectious diarrhea • HIV-related diarrhea	CFTR Inhibitor	• Completed phase III trials for HIV related diarrhea in US and Phase II for acute adult diarrhea in India				
GRC 4039 (Revamilast)	• Asthma • Chronic obstructive pulmonary disease (COPD) • Rheumatoid Arthritis (RA) and other Inflammatory disorders	PDE IV Inhibitor	• Completed Phase I trials: Good safety, tolerability and surrogate proof of efficacy demonstrated • Phase IIb initiated for asthma & RA in 5 countries • Plan to start Phase III for one indication in FY 13				
GBR 500	• Crohn's Disease • Multiple Sclerosis (MS) • Other Inflammatory diseases	VLA-2 Antagonist (mAb)	• Phase I completed in USA • Phase II being initiated for Crohn's Disease • Out-licensed to Sanofi				
GRC 15300	• Neuropathic Pain • Osteoarthritis and other Inflammatory Pain	TRPV-3 Antagonist	• Phase I study ongoing in the UK • Out-licensed to Sanofi				
GRC 17536	• Neuropathic Pain • Respiratory disorders	TRPA 1 Inhibitor	• Currently in Phase I trials • Filing of Phase II POC's planned in second half of FY 12				
GBR 401	• Lymphomas and leukemias of B-cell origin	Anti-CD19 Monoclonal antibody (mAb)	• Investigational New Drug (IND) enabling studies initiated • Plans to file for Phase I in fourth quarter of FY 12				
GBR 900	• Chronic Pain	TrkA Antagonist (mAb)	• IND enabling studies to be initiated in end 2011				
GBR 600	• Thrombotic thrombocytopenic pupurea • Adjunct PCI/ACS	Von Willebrand Factor Inhibitor (mAb)	• Phase I planned				

	Strengths of Program	Market Opportunity	Potential Peak Sales
	• First-in-class molecule for secretory diarrhea and first anti-diarrheal for HIV-related diarrhea • Designated with fast track status by US FDA • Potential to expand in adult acute & pediatric indications	• HIV Related Diarrhea: USD 80 Mn (RoW countries); ~ 10 Mn patients globally	• USD 80 Mn in RoW countries
	• Good safety profile • Good bioavailability across species and a long half-life indicating the potential for a once daily dosage regimen	• Asthma: USD 15-18 Bn; 300 Mn patients globally • COPD: USD 10-12 Bn; 210 Mn patients globally • RA: USD 30 Bn; >20 Mn patients globally	• USD 2 Bn worldwide
	• Novel mechanism with broad anti-inflammatory potential • First-in-class opportunity: No other monoclonal antibody (mAb) against same target • Potential to expand indications to other inflammatory disorders	• Crohn's Disease Market: USD 3 Bn; > 2 Mn patients globally • MS Biologics Market: USD 8 Bn; > 1 Mn patients globally	• >USD 2 Bn
	• Potential first-in-class opportunity • Potential for equal or greater efficacy and better safety than other products, in a wide range of chronic pain disorders, without central/other significant side effects	• Neuropathic Pain Market: USD 5 Bn; >40Mn patients • Osteoarthritis Market: USD 4 BN; >200 Mn patients globally	• >USD 2 Bn worldwide
	• Established efficacy and safety in animal models • Currently in Phase I trials • Currently under discussions for licensing with potential partners	• Neuropathic Pain: Market: USD 5 Bn; 40 Mn patients worldwide • Asthma: Market: USD 15-18 Bn; 300 Mn patients globally	• > USD 2 Bn
	• The mechanism of action offers differentiation over current anti-CD20 target approach (rituximab) • GBR 401 has demonstrated strong anti-tumor potency and anti-proliferative apoptotic activity in several in-vitro and in-vivo studies	• Lymphomas and leukemias: USD 6 BN to 8 BN; 150,000 new cases each year	• >USD 1 Bn worldwide
	• First-in-class opportunity with a novel mechanism for treatment of pain potential for better efficacy • Significant and long-lasting analgesic effects in several animal models	• Pain Market: >USD 25 BN; >100 MN Chronic Pain patients globally	• >USD 1 Bn worldwide
	• Novel anti-thrombotic monoclonal antibody • High efficacy demonstrated by high potency as shown in in-vivo primate model – large therapeutic window. Very low/negligible bleeding liability that is a common shortcoming of molecules in this class	• Market: USD 2 Bn • GBR 600 has the potential to significantly expand the current market by offering improved efficacy with a favourable adverse event profile	• >USD 200 Mn

Operational Excellence

A nimble and efficient operations setup forms the backbone of sustainable growth and profitability of any organization. At Glenmark we strive to drive up operational efficiencies, deriving the maximum productivity from our resources.

The Company has critically analyzed each link of its value delivery chain and identified key fronts to drive up the overall productivity of the organization.

The Value Delivery Chain

Value Innovation

- Product Ideation
- Product Development

Value Generation

- Production
- Quality Assurance

Value Delivery

- Sales & Marketing

Value Innovation – Product Ideation & Development

The focus on higher productivity starts at the product idea inception stage itself. Glenmark strives to develop products for which there is sizeable unmet need, globally. Every product idea is rigorously analyzed and subjected to multiple filters to ensure that the final product is highly differentiated, globally relevant superior quality and has a good commercial potential. These systems ensure that the innovation efforts are highly productive and aligned with the overall strategy of Glenmark.

Value Generation – Production

Over the past few years, the Company has increased its focus on injecting efficiencies across its production and distribution system many-folds. A major part of this effort was to drive up the productivity of the employees and derive maximum output from its existing infrastructure. The Company launched an array of initiatives towards human capital development, including improved role definition, defining skill clusters for expertise building and job rotation. We also installed additional capacities and better systems to ensure a seamless and nimble production process with higher productivity.

Value Generation – Quality

Taking cognizance of the latest trends in the pharma space, our efforts in the quality space are focused on the following key areas:

- Harmonization of Quality systems: We have started moving towards having a unified approach to quality systems across all our entities.
- Quality systems: We are transforming our quality processes to become more modern, productive with subtended utility attributes. Our systems employ acridly proven technology solutions that offer to have online quality management systems and have the capability to manage the complexities arising from multiple formulation types and delivery platforms that the business demands.
- Human Capital Development: In order to keep our human resource up to speed on the latest quality norms and preparing them proactively for the future, the Company has ramped up its organized training processes across the value chain.
- Vendor Management: The Company also monitors the quality of supplies from its vendors and has taken up the initiative to educate the vendors to ensure consistent quality supply of the incoming material.

Value Delivery – Sales & Marketing

At the core of the Company's sales and marketing efforts are its customers. Glenmark continues to build high equity with its target customers by consistently providing them with the best value products and a chain of positive experiences with the Company. Across markets, its field force is equipped with the latest marketing tools, appropriate skills and extensive knowledge . The Company has increasingly strengthened its business fundamentals and control on field activities, a successful example being the Glenmark–Focused Reporting for Complete Efficiency (G-Force) implemented by the Indian formulations team. Continuous learning need identification and trainings provide Glenmark's field force and distinct scientific and human edge over its competitors.

The Power and Focus brands strategy, alongwith therapeutic focus, continues to yield fruits by providing clear cut priorities for our marketing efforts and resource allocation. The Company has also channeled its efforts on having higher impact new product launches and hence forming the stable foundation for future growth.

Employee Development

Team Glenmark, Peru

Over the years, Glenmark's success has been driven by its most valuable resource, its people. Through a consistent focus on acquiring the right talent for the right job and holistic development of the entire talent pool, Glenmark has created a diverse and highly motivated team of over 7500 employees, across numerous geographies. We at Glenmark strive towards continuous improvement of all human resource processes, thereby creating an enriched environment for every employee to provide effective and efficient results.

Development based Human Architecture Design

Glenmark has continued with its development based approach to its design for human architecture, focusing on the three key avenues of intervention:

- **Individual oriented or Micro Development**
  - Gaps in individual skill inventory are identified for each role. Based on these gaps, design and delivery of learning and development is carried out.
  - The focus on people development remains paramount, with specific focus on technical, functional, managerial and leadership programs, across all units of the business
  - In the year, a competency framework was introduced successfully throughout the European Specialty business. Subsequently development centers were introduced for successful career management and focused individual development

- **Team/Organization oriented or Macro Development**
  - A collection of people does not constitute a team till they share a common goal. The achievement of this common or shared goal requires skills that many times transcend the collective skill inventory of these individuals.
  - Cohesively designed programs on Cultural Diversity were conducted at the manufacturing locations and the corporate office
  - Team development initiatives were carried out in all business verticals for creating efficiency and team dynamics

- **Process oriented or People-Systems Development**
  - People-Systems are processes that help channelize both individual and group capability towards achievement of organizational goals.
  - The Performance Management System went online in the year
  - Investments were made in designing a state-of-the art Learning & Development Management System which will be fully operational in the next financial year
  - Conducted and participated in various climate and internal satisfaction studies, to ensure prudent design of policies, as well as to ascertain future focus areas

Recruitment continues to be the primary task for human resources team as the organization continues to expand and develop on all fronts. The commencement of Respiratory Division for India catering to respiratory disorders saw the formation of a completely new and dedicated team, which underwent rigorous classroom and on-the-field training before launch.

Employee Engagement

The year saw a major impetus in Employee engagement activities, with various SBU's actively initiating and participating in them. Some of these were

Imbibing Innovation

I4C: The i4C portal is a 24/7 online platform on the Glenmark intranet for sharing, discussing and implementing innovative ideas for improvement in all aspects of the business, generated by Glenmarkians all over the world.

Knowledge sharing

Ask Glenmark: Ask Glenmark is a feature present on the Glenmark intranet for employees to seek information related to the Company, various departments within it and any other area related to our industry.

PRISM: PRISM is a platform to facilitate sharing of knowledge and best practices in marketing across all its operating geographies. The initiative aims to encourage teams to participate and share best practices through the means of a blog and quarterly review meets, as well as put forth unique creative ideas for future development.

Community & Environmental Consciousness

Glenmark Volunteers at Jawahar Village, India

Community

Enriching Lives to create a Healthier and Happier world

A business can be sustainable only if it aims at achieving inclusive growth. It needs to contribute towards development of the community and society in which it exists.

Keeping with Glenmark's overall vision of "enriching lives" the organization launched a series of CSR initiatives in FY 11 for the community with a clear objective of making an impact in the identified areas. Glenmark's CSR activities are clustered primarily around three areas:

- Sustainable Livelihoods
- Child Health
- Employee Volunteering

Sustainable Livelihoods

With an unemployment rate of around 11 %, India has a huge population that doesn't have a sustainable source of income. A big fraction of this comprises of the country's youth who remain unemployed due to lack of jobs or relevant skills. To address the same, Glenmark has identified four models that promise to create sustainable source of livelihood and initiated work on three, as mentioned below:

Identify skills gaps vis-à-vis industry requirements in a particular area/city and customize skill development courses

This model has been launched in Nasik city through a partnership with an NGO, Kherwari Social Welfare Association (KWSA). We identified the skill gaps faced by industries surrounding Nasik and decided to address those shortages. Through our vocational training centre we managed to provide skills to around 600 school dropouts in the city, of which nearly 80 % got employment.

Providing opportunity to the physically challenged

Glenmark believes in inclusive development of the whole society, with each member having an equal opportunity to lead a productive life. Keeping this in mind, Glenmark partnered with Bhagvan Mahaveer Viklang Sahayata Samiti (BMVSS), better known as the 'Jaipur Foot' to rehabilitate the individuals who have lost their limbs. Through this association, Glenmark supported the rehabilitation of around 3500 individuals who were able to walk once again and thereby lead a productive life.

Creating sustainable livelihoods among the poorest of the poor

While the above programs provide skills or make an individual productive, we also felt that it was important to look at this aspect holistically and work with the most disadvantageous section of the society. It was in this regard, that Glenmark initiated its third project Jode (the connect) with an organization called PRADAN that aims to work for the generation of sustainable livelihoods for select tribal communities in India. In this project your Company is investing in improvement of existing land and water resources based on Integrated Natural Resource Management and educating participating families about improved cropping practices. The project aims to generate sustainable livelihood and income for 3 villages covering 2000 families of Kolnara block tribal people in Orissa, India.

ITI (Industrial Training Institute) Development

The Government of India has invested in creating numerous ITIs across the country which provide vocational training programs. The infrastructure created by the government is massive and impressive. Most importantly it is well spread across the country. These institutes can create a huge talent pool for organizations. However they need to be oriented towards the skill requirements of the organizations. The government has realized this aspect and has begun to outsource management of these institutes to external organizations. Glenmark believes that by partnering with the government, it will become part of a movement which can radically change the unemployment rate in the country and hopes to become the first pharmaceutical company in the state to adopt an ITI in the state.

Child Health

More than half a million women will die in pregnancy or childbirth and almost 11 million children will die before they reach the age of five. A child's health encompasses the physical, mental, emotional, and social well-being right from infancy through adolescence. (0-14). While Child Health is itself a vast area, we have decided that we will focus on this age group for which the statistics in India and in many emerging markets are not good.

Glenmark has decided to take the cause of child health as its core CSR area, aiming to reduce the Infant Mortality Rate & Child Mortality Rate, thereby addressing the most important and sensitive indicator of community health. This Flagship program would be called “Project **Kavach** (the shield) **:** Healthier Children Healthier World”, where we will look at children from the age of 0 to 5 and address the issue of malnutrition, immunization and sanitation. In this year we plan to start atleast three big projects in the area of Child Health.

Employee Volunteering

“We have to be the change that we want to bring in others” Going by this philosophy, Glenmark began the sensitization of its employees to their social responsibility via its program Project Sambandh. The aim of this first project was to ignite interest towards social welfare and began with the introduction of Employee Volunteering Program on the eve on International Volunteering Day. This year nearly 500 employees from our offices across India and Argentina came forward and spent time on employee volunteering on various different projects.

Others

In an effort to improve the access of medical attention to the needy in remote parts of India, Glenmark initiated Project Darwaaza (the access). The Company supported Sri Satya Sai International and other similar organizations working in urban and rural health in terms of organizing health camps, reaching out to patients in rural far flung areas by providing them with mobile hospitals. In FY 11, Glenmark donated a mobile van to Satya Sai – Mumbai Chapter, aiming to cover 25000 patients annually.

The Company also took the initiative of distributing free medicines

- Donated medicines to Sri Satya Sai Hospital and other grassroot level NGOs in India
- Donated medicines for providing relief caused by Leh and Laddakh cloud burst disaster
- Glenmark Generics USA, donated medicines to Americares - an iNGO, for providing relief to earthquake and tsunami impacted regions in Japan

Environment

At Glenmark, we are aware of intricate interdependency of our environment and its impact on our sustained success. With the aim of ensuring long-term sustainability, your Company has put up structures and systems to minimize the organization’s footprint on its environment. In line with the same, Glenmark is currently focusing on 3 critical initiatives:

Energy & Water Conservation
We have undertaken an energy conservation drive across all our plants and aim at significant reduction in energy consumption levels in the coming years. Various water conservation measures were also implemented across all plants. Our water conservation drives last year have resulted in a saving of 32000KL of water in the year.

Solvent Recovery
In the year, we have made significant investments into our solvent recovery systems and aim at achieving more than 95 % solvent recovery rates for our key plants

Employee Sensitization
There is regular drive for enhancing the awareness amongst all employees, contractors and visitors about our safe practices to protect the environment.

In the year, the Company also finished the implementation of its Environmental Management System and received ISO 14001: 2004 certification for the formulations plant at Goa, India. The various programs undertaken as a part of the certification were improvement in green belt, power and water conservation, waste minimization and employee training.

The measures above are just the beginning. In the coming years, the Company shall put in motion multiple initiatives across geographies and functions, to further minimize its negative impact on the environment, while instilling higher efficiencies.

Tree Plantation Drive on World Environment Day at Mahape, India

Management Discussion & Analysis

Global Economy Outlook

Nearly four years after the onset of the largest financial crisis since the Great Depression, global financial stability is still not assured and significant policy challenges remain to be addressed. Even though global economic growth has accelerated, global financial stability has yet to be secured.

In advanced economies, activity has moderated less than expected, but growth remains subdued and unemployment is still high. The slow growth prospects and accommodative monetary policies of advanced economies, aided by relatively favorable fundamentals and carry trade opportunities in emerging market economies have spurred capital flows to such economies. This creates upward pressure on asset markets in receiving countries, while raising the latent risk that inflows could reverse and, as a result, poses considerable policy challenges on how best to absorb the flows. In many emerging economies, inflation pressures are also emerging, and there are now some signs of overheating, driven in part by strong capital inflows.

The recent political developments in the Middle East also threatened to affect the recovery of the global economy, specially the emerging economies like India, that rely on the Middle East for their oil requirements, by driving up inflation levels. But with Saudi Arabia stepping up to make up for war-torn Libya in terms of oil supply, the effect of the same has thus far been somewhat less pronounced.

A more influential crisis had been the one that hit the world's 3rd largest economy. The earthquake and tsunami, followed by the nuclear emergency, have definitely been one of the worst crises that have hit Japan, and stand to have ripple effect across the global economy. The long-term effects of this event on the world economy shall be unfolding in the coming year.

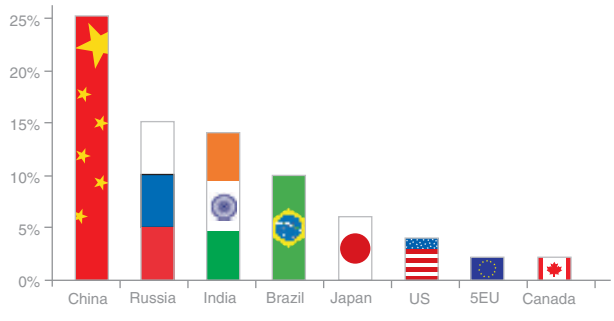
Notwithstanding these factors, financial market performance has been favorable thus far in early 2011, reflecting the more positive economic climate, ample liquidity, and expanding risk appetite.

Global Pharma Scene

2011 marks the beginning of a critical two year period where global innovative pharma companies stand to lose the maximum value to generic competition due to high value patent expirations. The total value at risk stands at more than USD 30 Bn in 2011. This impending loss of value, aided by the lower new drug approval rates by major regulatory agencies including US FDA, increased costs of drug development and drying up of R&D pipelines, had spurred Big Pharma to adopt a battery of strategies in the past few years to minimize its effect and make avenues for future growth. The two major strategies that have emerged are as follows:

Pharmerging Markets: The hot spot of pharma action
As countries recover from the global economic crisis at different rates, there is growing divergence in the pace of pharmaceutical growth among major markets. While the emerging markets, or the Pharmerging markets, stand to benefit from greater government spending on healthcare and broader public and private healthcare funding, the advanced markets are expected to continue growing at much lower rates in FY 12. Pharmerging countries are forecast to grow at a 15-17 percent rate in 2011, to $170-180 billion, vis-à-vis the single digit growth rates expected for the developed markets. Figure 1

Figure 1: Expected Growth Rate 2011



Although the growth prospects make these markets attractive avenues for future growth, multiple factors have made inroads into these markets relatively less easy.

Overpriced Valuations
A recent flurry of mergers and acquisitions in the Pharmerging space have driven up valuations of the local companies steeply, thus depriving Big Pharma of the option of good local acquisitions to quite an extent. However, the deep pockets and appetite for growth of these companies still promise a few high value deals in the Pharmerging markets in the near future

Stricter Regulations
Although a bit lax in the past, most of the emerging markets' regulatory bodies are quickly catching up with their regulated market counterparts when it comes to the quality and safety requirements for the products to get registered. The alignment of ANVISA with the US FDA and the recent change of regulatory requirements in Russia are just a few examples of the same.

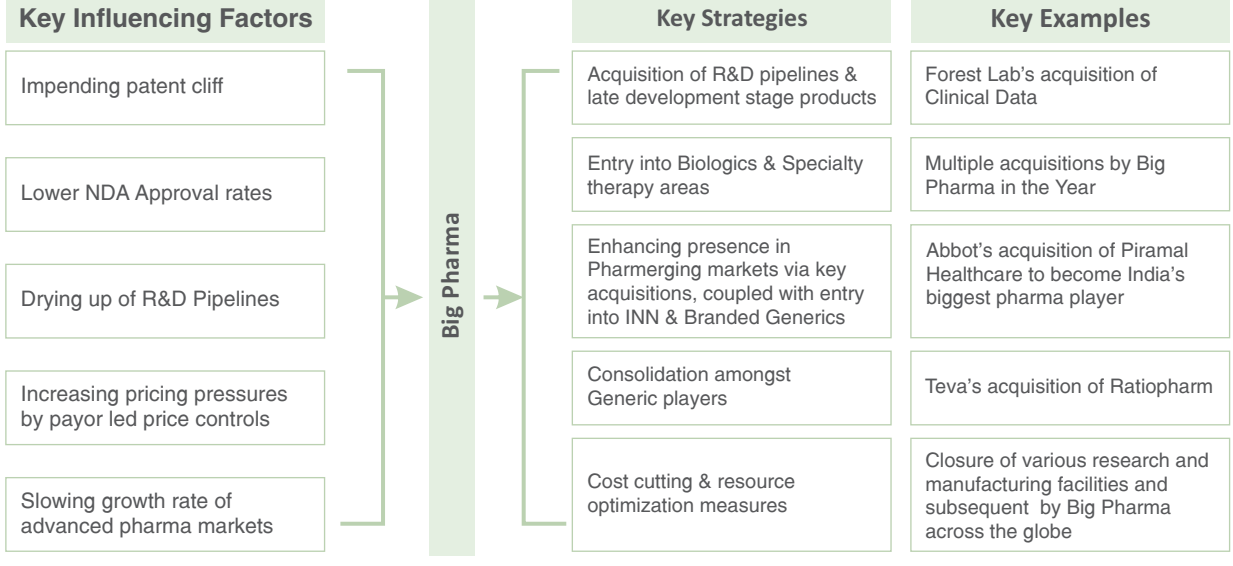
Pricing Controls
Most markets, including the Pharmerging markets have continually beefed up their cost containment measures in the last few years. With the addition of more and more products into the list of price controlled products, companies will find it harder to derive good margins from their businesses.

Barriers to Entry
The influx of huge investment by MNC pharma companies into the Pharmerging markets also manifests into higher level of competition for the local players. With deeper pockets and better product portfolios, MNCs stand to take away huge chunks of business from these players. Hence, many governing bodies have started setting up direct/indirect barriers to entry to manage the direct and indirect impact of this keen interest of MNCs on the local players, as well as the final consumers. Insistence of local manufacturing of the products filed to enable faster approvals, governed prices and competition for IP protected products are just a few of the tools that governments have used to shield the local players and consumers.

Biologics & Biosimilars: New Avenues for growth
The industry is slowly moving away from the primary care, small molecule driven sales model, towards targeting specialist secondary care indications through the use of high-value biologic therapies. Industry pundits predict that, by 2016, bioengineered vaccines and biologics will account for 23 % of the global market (measured by value), up from 17 % in 2009. This is attributed to the high unmet need satisfied by these drugs, their high price points and the relative recent entry of many biologics into the market, hence ensuring protected value for some time. Also, biosimilars that face patent expiry are largely insulated from sales erosion due to the high barriers to market entry at present.

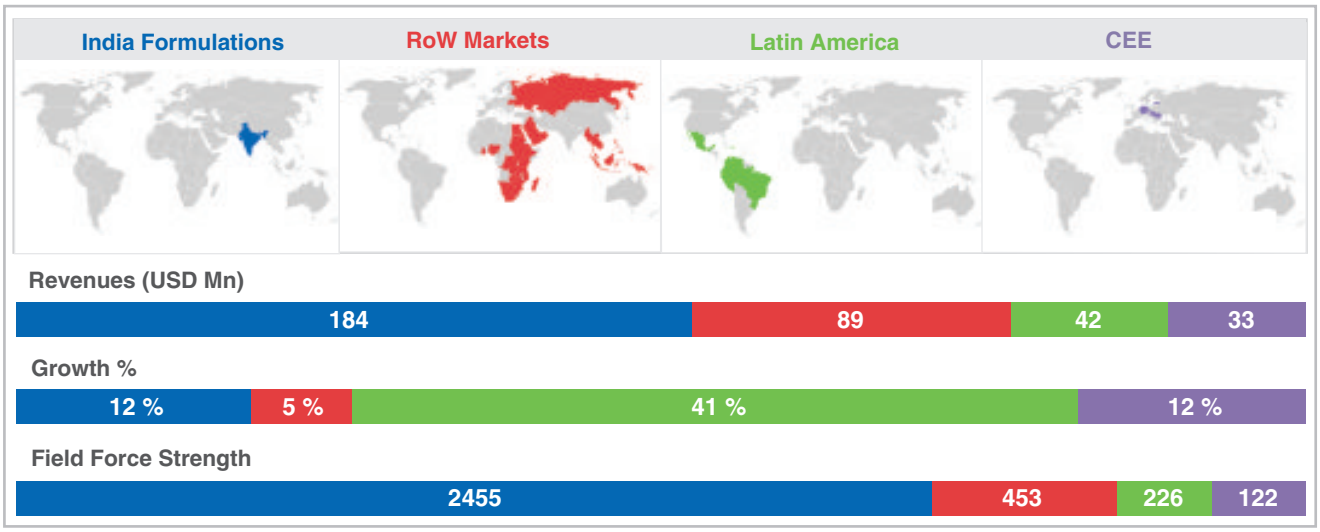
But although the entry barriers are high, generic companies are not shying away from this opportunity. Increasingly the branded biologics face the threat of sales erosion from biosimilars post-patent expiry, with the biosimilars market estimated to reach $76 billion through 2020. Approval pathways for biosimilars have been set up in Europe and Japan, with biosimilars already launched in both regions. US currently lags behind in this regard. However, intense debates are ongoing to finalize a pathway for the same.

Figure 2: Key Trends in Global Pharma Space



Business Review

Specialty Business



During the financial year, the Specialty Business focused on 3 critical areas globally:

- **People Development**
  We have focused on enhancing the productivity of our most critical resource, our people. Our training and development efforts encompassed skill, personality, as well as leadership facets of our human capital, resulting in better performance of our people across the value chain.

- **Product Pipeline Management**
  Continuing with our therapeutic focus strategy, we have strived to bolster the portfolio of our key therapy areas, across markets. Our new product introduction process is now more robust, focusing on the quality of new launches, rather than the sheer number.

- **Operational Efficiency**
  During the year, the focus on improving operational efficiency was evident at all levels of the value chain. We streamlined our field force and aligned them with our therapeutic focus to enhance productivity. Greater control was exercised on our in-channel inventory, as well as receivables management. The Company also put up additional capacities and processes to infuse our manufacturing and supply chain with heightened levels of efficiencies. All these efforts have resulted in solid secondary sales growth, higher profitability and higher cash flows.

India Formulations

Sales for the formulation business in India increased to ₹ 8,446.88 Mn (USD 184.02 Mn) for the financial year as compared to ₹ 7,528.62 Mn (USD 157.69 Mn) in the previous corresponding year, recording a growth of 12 %.

The Company has registered value growth of 23.9 % vis-à-vis the industry growth of 15.3 % (ORG: MAT Mar 2011) to attain **25th** rank and gaining **0.10 %** market share in FY 11 as per MAT Mar 2011. The growth is driven by significant gains in market share and rankings of top brands as per ORG (MAT Mar 2011).

- Ascoril (Expectorant + Mucolytic) has gained 11 ranks to be at 91 (MAT Mar 2010 ranked 102)

- Telma (Telmisartan) gained 40 ranks to be at 95 (MAT Mar 2010 ranked 135)

- Telma-H (Telmisartan, Hydrochlorothiazide) has gained 37 ranks to be at 158 (MAT Mar 2010 ranked 195)

- Candid (Clotrimazole) has gained 20 ranks to be at 270 (MAT Mar 2010 ranked 290)

The Company strengthened its footing in various therapeutic segments by exhibiting growth in market share such as Cardiology 2.35 % (MAT MS Mar 2010 – 2.0 %), Dermatologist 8.34 % (MAT MS Mar 2010 – 8.0 %), Respiratory 2.67 % (MAT MS Mar 2010 – 2.22 %) and Gynecology 1.25 % (MAT MS Mar 2010 – 1.08 %).

Table 1: Key Product Launches : India

Division	Brand	Brand Proposition
Majesta	Altacef-CV (Cefuroxime & Clavulanic Acid)	Potent drug combination in management of tough disease
Integrace	Bon-K2 (CCM, Calcitriol & Vitamin K2)	A unique calcium supplement in the management of Osteoporosis
Milieus	Milxim-O (Cefixime & Ofloxacin)	Comprehensive combination effective in resistance cases
Glenmark Respiratory	Airtec SF (Salmeterol & Fluticasone)	Strengthens respiratory franchise at chest physician level in management of Asthma & COPD
	Airtec FB (Formoterol & Budesonide)	
Glenmark	Candid Soap (Clotrimazole)	First brand launched in India in the management of fungal infection strengthening Candid brand equity
	Vwash (Therapy Liquid Soap)	Versatile wash for intimate care offering a new dimension in feminine care
G & G	Arnine Sachets (L-arginine granules)	For pregnancy care in cases of IUGR and Pre eclampsia
Gracewell Speciality	Sorvate (Calcitriol)	Strengthening speciality focus of Gracewell Speciality by addressing Plaque psoriasis management
Gracewell	Onabet B (Sertaconazole & Beclomethasone)	Strengthens Gracewell equity in Dermatology in the management of fungal infections
Critica	Coly Monas (Colistimethate Sodium)	Consolidating Critica's presence in critical care
Zoltan	Telmaxx (Telmisartan & Metoprolol)	Enhancing Zoltan's equity in management of hypertension
Healtheon	Olmax M (Olmesartan & Metoprolol)	Strengthening the hypertension portfolio of Healtheon
	Olmax AM (Olmesartan & Amlodipine)	

The Company further strengthened its presence in the respiratory segment by launch of "Glenmark-Respiratory Division", offering an innovative product basket comprising of Metered Dose Inhalers (MDIs), Dry Powder Inhaler formulations (DPIs) and devices developed in-house, with a focus on better drug deposition and improved patient compliance. The Dry Powder Inhalation (DPI) formulation is based on patented PLATFORM technology.

The launch and implementation of Glenmark–Focused Reporting for Complete Efficiency, or G Force last year started yielding its fruits, proving itself as an effective business intelligence tool for performance evaluation, tracking sales force activities and monitoring sales trend. Faster information flow through G Force significantly enhanced the productivity of sales team and further boosted sales performance efficiency by establishing process driven sales management.

Glenmark has always been proactive in dissemination of scientific information and latest updates facilitating Doctor in their clinical practice. It took a step forward to establish a 'Knowledge Point' to address Medical Queries through MIDAS (Medical Information and Dissemination Services). MIDAS aims at providing quick response to any query or the latest information to doctors. The Company also implemented Webinar, a technologically advanced module to reach doctors for conducting continuous medical education program. Webinar is an efficient model to address doctors across India at one instance, demonstrating product benefits & features, clinical evidences and addressing the queries of doctors by therapy leaders from medical fraternity.

RoW Markets

Russia CIS

During the entire financial year there was high focus on improving operational efficiency at all levels which resulted in solid secondary sales growth, higher profitability and higher positive net cash flow for the Russian operations. The Company showed a revenue growth of 45 % for the year. This significant increase in sales was backed by effective sales force activities and good growth in power brands. The new product - Glencet, launched at the end of Q3 FY 11 is gaining momentum and has shown a positive trend.

According to the latest Pharmexpert data (Mar 2011) the Company has registered a value growth of 31.83 % vis-à-vis that of the industry 6.46 % (on a MAT basis). We are the fastest growing Indian company in Russia and Glenmark is now ranked 62 among the pharmaceutical companies in the country, gaining 11 ranks vis-à-vis March 2010. The market share across dermatology segment increased from 1.18 % to 1.56 %. Glenmark's rank in the dermatology segment has gone up to 18 (MAT Mar 2011) gaining 6 ranks vis-à-vis March 2011 (on a MAT basis).

The year gone by has also been one of the most dynamic on the regulatory front, with stricter and more elaborate clinical requirements for product registrations. This change has increased the bar for future product approvals of the pharma industry in Russia. To overcome these barriers in long-term, your Company has become more focused and prioritized its product development and filing efforts. The newly established Clinical Research Operations Group will also have a critical role in managing the clinical requirements for these products, while providing valuable cost efficiencies. The existing pipeline of products with the Russian FDA and the cosmeceutical range promises to support the buoyant growth numbers in short term.

In the other CIS markets, Ukraine, Kazakhstan and Uzbekistan are continuing to show positive trend in secondary sales. The Company is in the process of appointing national distributors in all these countries, which will ensure wider and faster availability of all its products and strengthen secondary sales for the units.

Africa & Middle East

Although the economies of Africa and Middle East region went through some turbulence in the year due to certain political developments, Glenmark's Africa and Middle East operations continued to move against the winds with an impressive growth in overall sales. The focused and effective marketing and service, alongwith targeted product launches further enhanced the Company's clout with the medical fraternity, manifesting in a secondary sales growth of 39 % over the previous year. The growth was driven by the performance of the key markets of South Africa, Sudan and Kenya, each of them showing more than 40 % growth in sales. Our Power & Focus brands strategy continued to yield fruits, with brands like Ascoril, Relcer and the Candid Range all registering double digit secondary sales growths.

The year was marked by several first-to-market innovative product launches across key therapeutic categories. Few of the key launches for the year are as mentioned in table 2.

In the year, the Company also put in place various systems to enhance the control and service levels, as well as overall inventory and cash flow positions in the region.

With the Middle East economies showing positive trends and various systems in place, your Company is confident of continuing with this healthy positive trend in the next year.

Table 2: Key Launches for Africa & Middle East

Country	Launches
Kenya	• Entry into the lucrative anti-asthma segment • Introduction of Caltam (bicalutamide) from our Argentina oncology plant to enhance the oncology portfolio
South Africa	• Launch of a novel gastrointestinal agent CEC for treatment of Irritable Bowel Syndrome and Gastric Oesophagal Reflux Disorder
Egypt	• Entry into the cosmeceutical segment of Egypt with the launch of Elovera cream
UAE	• Launch of high end cosmetic range in UAE
Mauritius	• Introduction of the entire Telma (Telmisartan) range, making Glenmark's offering the widest range of cardio metabolic products in the country

Asia

The year has clearly been one of consolidation and growth for the Company's Asia business. While the operations strived to strengthen its markets and instill efficiencies across the value delivery chain, significant efforts were undertaken on marketing front to strengthen relationship with Key Opinion Leaders (KOLs) and enhance the awareness and uptake of its power and focus brands. The business showed a healthy secondary sales growth of 22 % over the previous year, driven majorly by some specific activities for building KOL relationships and improving value delivery efficiencies.

In its endeavor to strengthen the presence in key therapy segments of Dermatology & Internal Medicine, Glenmark convened two regional scientific forums: iLEAD (International League of Experts for Advancement of Dermatology) and iLEAP (International League of Experts for Advancements of Physicians) in the year. iLead and iLeap are platforms where eminent KOLs from 6 different countries viz. Philippines, Malaysia, Vietnam, Sri Lanka, Myanmar and Cambodia come together and participate in interactive scientific sessions encompassed contemporary topics, latest clinical content published worldwide and clinical case discussions that provide food for thought and many take-home messages.

The strategy of Power and Focus brands continued to give rich dividends in Asia, contributing nearly 60 % of the overall sales. An important landmark for the year was the entry of Glenmark's Vietnam operations into the lucrative hospital

market of Vietnam. Your Company also launched two specialized sales teams – Cuticare & Respicare, in Philippines to further enhance its sales and marketing effectiveness.

In the year, Glenmark received 31 products approvals for the region, and did many high impact launches, including the launch of Deriva MS and Klenzit MS in Malaysia, Vietnam, Philippines and Sri Lanka, as well as the recent launch of Glemont (Monteleukast) in Malaysia in April 2011.

With robust systems in place, enhanced focus on generating maximum return on investment and new launches lined up, the Asia operations is all set to take a giant leap in the next year.

Latin America

Latin America continues to be a focus area for Glenmark. The revenue from the Latin American (LatAm) and Caribbean operations was at ₹ 1,918.86 Mn (USD 41.80 Mn) for FY 11 as against ₹ 1,360.90 Mn (USD 28.50 Mn) a growth of 41 %.

Brazil remained the key country for the region, contributing to nearly 78 % of the overall turnover. The restructuring efforts put by the Company in FY 10 started to payoff in FY 11, with the secondary uptake showing a healthy increase over the previous year. A major growth driver for the Brazil operations this year has been the strengthening of Company's oncology and dermatology portfolios by a mix of in-licensed and in-house product launches. There was an increased focus on maximizing field force productivity as well.

The year also saw an unequivocal focus on developing a stronghold in rest of the Latin American region, especially Mexico and Venezuela, the second and third largest pharmaceutical markets in LatAm region. Albeit over a small base, the Upper LatAm countries doubled their secondary uptake vis-à-vis the previous year. This was majorly driven by the strong product pipeline and enhanced emphasis on improving field force productivity. The Company further enhanced its oncology, respiratory and dermatology portfolios across these markets by a mix of in-house development and in-licensing deals. The region sourced most of its oncology products from GGL's Argentina plant, the Company's hub for manufacturing and distribution of oncology products.

During the year, Venezuela also witnessed a significant devaluation of its currency. Your Company was successful in minimizing its impact on its operations.

Table 3: Key product Launches: LatAm

Country	Product
Brazil	• Cedur • Neotigason
Venezuela	• Hair 4 U • Levocetirizine tablets • Montelukast 10mg IR/ CT4/5mg
Peru	• Tacroz Forte
Caribbean	• Deriva Gel
Ecuador	• Mefenamic Acid + Drotaverine

Central Eastern Europe

Relatively a new region for Glenmark, its Europe business has been growing at a steady rate. Glenmark Europe's operations revenue for the entire financial year was ₹ 1,527.65 Mn (USD 33.28 Mn) as compared to ₹ 1,362.75 Mn (USD 28.54 Mn) for the previous corresponding financial year, an increase of 12 %.

During the year, the Company's aim was to fortify its position in current focus therapy areas, by the means of more efficient marketing efforts and high impact new launches that further strengthened its portfolio. A summary of the eminent product launches in the region is shown in table 4.

Through its marketing efforts, the Company strived to consolidate market shares of its existing products and gain share for the new ones. These efforts have manifested into many of its generic brands becoming the highest selling generics, even after relative late entry into the respective markets. The secondary sales for the entire region grew by 52 % for the year, vis-à-vis the market growth of 5 %, making Glenmark one of the fastest growing branded generic companies in the region.

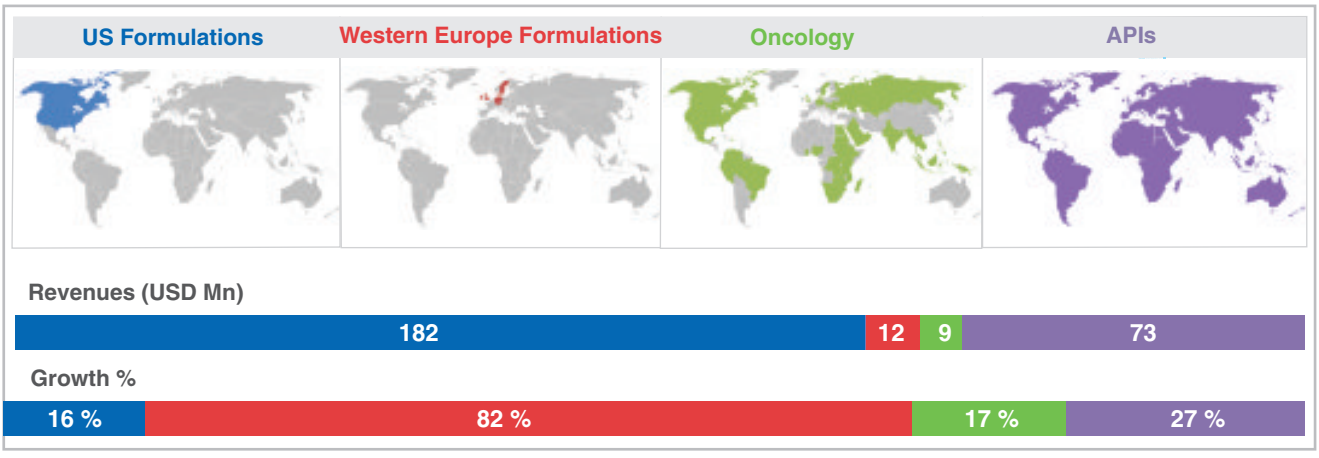
The Company also continued to focus on the search for new in-licensing opportunities and the launch of its own products under registration to scale up its European operations.

The year also saw your Company's operations enter Latvia and Hungary. While Latvia was entered via a partner with the launch of two CNS and two cardiovascular products, Glenmark has appointed a distributor for its products in Hungary. It has also concluded the sales and marketing agreements Bulgaria and Portugal.

Table 4: Key product Launches: Europe

Country	Molecule
Czech Republic & Slovakia	• Atorvastatin and Losartan HCTZ • Clopidogrel
Poland	• Clopidogrel • Donepezil ODT • Levocetrizine • Ropinirol
Romania	• Clopidogrel

Generics Business



US Formulations

Glenmark Generics Inc., U.S.A. registered revenue from sale of finished dosage formulations of ₹ 8,351.56 Mn (USD 181.95 Mn) for FY 11 against revenue of ₹ 7,230.45 Mn (USD 151.44 Mn), an increase of 16 % in ₹ term over the previous year. It was a good year for Glenmark as it received the highest number of final ANDA approvals in the 2010 calendar year from the U.S. FDA amongst all India-based manufacturers. It was also the only India-based generic company to receive final approval and launch a portfolio of oral contraceptive products in the U.S. market.

In the year, filed a total of 13 ANDAs with the FDA and was granted 22 ANDA approvals, comprised of 18 final and 4 tentative approvals. The Company aims to file another 20 ANDAs in the FY 12. The Company currently has 41 applications pending in various stages of the approval process with the US FDA. Also, the Company has 14 Para IV applications pending approval of which Glenmark is the sole first-to-file for four products.

During the year, Glenmark, jointly with Lehigh Valley Technologies (LVT), received the approval of two NDAs for a line of controlled substance products containing Oxycodone Hydrochloride by the US FDA. The two approved NDAs provide Glenmark and LVT with manufacturing and distribution rights to the only FDA-approved Oxycodone immediate release capsules and oral solution currently available in the United States and shall offset the loss of revenues due to withdrawal of Nitroglycerine tablets from the US markets due to a change in the governing rules for controlled substances.

Glenmark launched a total of 25 products during FY 11 comprised of a mix of immediate release tablets, extended release tablets, oral-contraceptives, semi-solid and controlled substance items. Glenmark's marketing portfolio consists of 67 generic products authorized for distribution in the U.S. market.

During the first half of the fiscal year, Glenmark announced three settlements involving paragraph IV filings for atovaquone/proguanil tablets, ezetimibe tablets and eszopiclone tablets as follows:

- Atovaquone/Proguanil tablets: Under the terms of the settlement agreement, Glenmark will be able to market and distribute its generic version of Malarone® tablets under a royalty-bearing license from GSK in the 3rd quarter of calendar year 2011, or earlier under certain circumstances.
- Ezetimibe tablets: Glenmark will be able to its generic version of Zetia® on December 12, 2016 or earlier under certain circumstances, ahead of the April 25, 2017 expiration of Merck's patent exclusivity for Zetia®. Glenmark believes that it is entitled to 180 days of exclusivity as the first generic to file.
- Eszopiclone tablets: Based on the terms of the settlement and license agreement, and upon approval, Glenmark would be permitted to launch its generic product on the later of November 30, 2013, or May 30, 2014 if Sepracor obtains paediatric exclusivity for

Table 5: Niche Area Focus in ANDA Filings

Category	ANDA's Pending with FDA	Authorized to Distribute	Total	Market Size (Mn USD)
Immediate Release	12	36	48	8,081.90
Hormones	9	6	15	1,179.30
Modified Release	3	6	9	376.50
Derm Products	3	18	21	363.70
PIV Filings	13	0	13	7,930.40
Controlled Substances	0	3	3	84.30
Total	**40**	**69**	**109**	**18,016.10**

*Sales as per IMS for MAT June 2011

Lunesta®. The settlement and license agreement and Consent Judgment and Order also would permit Glenmark to launch its generic product earlier under certain circumstances. Glenmark believes it is entitled to 180 days of exclusivity as the first generic to file.

During the year, Sanofi SA and Abbott Laboratories won a U.S. jury trial in which the drugmakers sought to halt Glenmark's sales of the generic version of their hypertension medicine Tarka. Abbott was awarded $16 million in damages. Although Glenmark was disappointed with the jury verdict, the judge has yet to consider Glenmark's defense that the patent is invalid for double patenting, to which the jury verdict is only advisory. Glenmark continues to believe that the patent is not valid.

Table 6: Glenmark's Para IV Filings with Sole Exclusivity

Product	Brand Name	Plaintiff	Sales	Litigation Status	Approval Status
Ezetimibe	Zetia	Schering Plough	Schering Plough	Case Settled	Tentative Approval Received
Fluticasone Lotion 0.005 %	Cutivate	Nycomed	USD 48 Mn	Case Settled	Final
Atovaquone + Proguanil Hcl	Malarone	Glaxo-Smithkline	USD 65 Mn	Case Settled	Final
Hydrocortisone Butyrate Cream	Locoid Lipocream	Triax and Astellas	USD 38 Mn	Case Settled	Awaited

Western Europe Formulations

Glenmark Generics continued to grow aggressively in Europe. Revenues for the full year of FY 11 were ₹ 543.61 Mn (USD 11.84 Mn) against revenue of ₹ 299.38 Mn (USD 6.27 Mn), an increase of 82 %, in ₹ term, over the previous year.

As part of the strategy to expand the geographic footprint in Europe, the year saw the creation of two new subsidiaries in Western Europe. The European business now comprises Glenmark Generics (Europe) Ltd which is headquartered in UK and the new entities: Glenmark Generics B.V (GGBV) based in the Netherlands and Glenmark Arzneimittel GmbH (GAG) which is incorporated in Germany.

The business model for Glenmark Generics in Europe is built on creation of own businesses in a few selected key markets like the UK, Netherlands, Germany and the Nordic markets which follow the pure generic model, while licensing out to clients in several other EU markets on both a Pan-European as well as country specific basis. In markets where Glenmark is present through its entities (UK, Netherlands and Germany), the Company also seeks to add products through a selective in-licensing approach.

The UK business is currently the largest part of the EU business and this business continued to expand its coverage of the market by adding several new important accounts across both the wholesaling and retail channels and through new product launches which included in-house and in-licensed products. The sales and distribution infrastructure for the UK business is now well established and will grow significantly in the next year on the back of several new products which were in-licensed in this year.

GGBV won tenders for four products in the Netherlands and launched these on the Dutch market through contracts with several Health insurance companies. Glenmark follows a lean business model in the Netherlands which leverages on keeping low operating costs while maximizing on the business opportunity through tendered products. Glenmark Arzneimittel GmbH (GAG) was set up in Gröbenzell near Munich and the Company laid the groundwork in order to procure local regulatory approvals for launching products in Germany in the next FY. GAG will actively target tender business in Germany while also promoting a few niche products through a non-tender route as part of its strategy to grow the business in Germany.

The out-licensing business made progress through the culmination of several new deals with Pan-European and local generic companies across the European markets. Through these deals, Glenmark currently supplies products to clients operating in 16 countries across Europe which include Austria, Germany, Spain, Finland, France, Greece, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Sweden, UK, Switzerland and Denmark.

GGEL in-licensed six new products and these are expected to be available for sales in UK for next financial year. On the regulatory front, the Company procured approval for its DCP procedures for Atovaquone-Proguanil and Mometasone cream and also submitted applications for Marketing authorizations through the DCP route for Desloratadine and Zolmitriptan ODT.

Oncology

FY 11 was an eventful year for Glenmark's oncology business, with its revenues going up to ₹ 400.88 Mn (USD 8.73 Mn) in 2010-11 as against ₹ 343.02 Mn (USD 7.18 Mn) for the previous year, an increase of 17 %.

Based out of Argentina, this business serves as the hub for manufacturing and distribution of oncology products across Glenmark markets. The year saw the new plant kickstart its operations and garner approvals from ANMAT Argentina as well as MERCOSUR authorities. The Company received the approval to manufacture 12 products from the Pilar manufacturing facility this year.

The facility continues to provide dossiers to various Glenmark geographies helping them initiate and strengthen their oncology portfolio. In the year, a total of nearly 59 oncology dossiers were provided to various countries, including Argentina, Brazil, Mexico, Peru, Middle East and Caribbean countries. The business also supported the launch of 10 oncology products across Glenmark markets.

In the coming years, this business stands to play a pivotal role in growth story of Glenmark, with increasing number of filings and launches planned in both regulated and non-regulated markets.

Active Pharmaceutical Ingredients (API)

With increasing pricing pressures being put on the pharma industry across the globe, the pharma industry is pressed to derive the maximum value from the entire value chain, while offering differentiated products that can demand higher margins. This makes the development of low cost- high differentiation APIs extremely critical for success of any organization.

Taking cognizance of the same, the Company strives to be a preferred partner of leading global generic companies offering advanced process chemistry skills and innovative intellectual property solutions. Leveraging its R&D infrastructure and rich R&D knowhow, Glenmark continues to develop high value, unique and challenging APIs for both internal and external demand.

Glenmark's API operations spans across 80 countries including regulated markets like the US and Europe with front ends in key markets. For FY 11, the revenues from the API business were ₹ 3,336.50 Mn (USD 72.69 Mn) against ₹ 2,627.28 Mn (USD 55.03 Mn) for the previous year, recording an increase of 27 % in ₹ term.

The business continued its market leadership in Perindopril, Lercanidipine, Telmisartan, and Amiodarone combined with launches of four new products during the year viz. Adapalene, Prasugrel, Sitagliptin, and Bisoprolol. During the year, Glenmark was awarded Perindopril annual tender in Malaysia and also received first product registration in Russia. Six US DMFs were filed during the year and new APIs were seeded for Regulated Markets ANDAs.

Outlook

Glenmark's short-term and long-term outlook is encouraging for several reasons. On the discovery front, the pipeline is progressing well with 6 molecules in clinics, of which one is in Phase III and two in Phase II trials. The company will also continue with its approach of out-licensing its molecules. On the generics front, with high value patented drugs going off patent in the coming years, there is huge potential for the generics business. Glenmark is actively increasing its base in major generics markets of US and Western Europe. At the same time, the specialty business will continue to build differentiated pipelines in rest of the world markets, notably the 'Pharmerging' markets. Focus will be on building size and scale organically. The Company has also put multiple systems and processes in place to manage its complex operations and instill efficiencies across the value chain. Glenmark will also continue to build capabilities and nurture a talent pool with diverse skills sets to deliver continuous results.

Internal Control Systems

The company's internal control procedures are tailored to match the organization's pace of growth and increasing complexity of operations. These ensure compliance with various policies, practices, regulations and statutes. The internal control systems are regularly checked by both statutory and internal auditors.

Risk Management

The ever changing business environment necessitates continuous monitoring, evaluation and management of significant risks faced by the organization. Some key risk factors, that can impact a rapidly expanding company like Glenmark, are listed below. Also outlined are the key mechanisms followed to manage these risks.

Strategy Risk Management

Although the Company has established strategic priorities for each of businesses, it may or may not be able to implement or achieve the expected results of these strategies due to numerous internal and external variables, leading to probable strategic risks.

At Glenmark, the strategy de-risking is done by growing multiple business domains in high opportunity areas. The innovative effort in discovery research is also accompanied by traditional branded generic sales from India and other markets as well as pure generic sales in regulated markets.

The Company now also has a significant API business interest in regulated and semi-regulated markets. Glenmark is also able to de-risk its strategic moves by being fully integrated.

Business Portfolio Risk Management

The Company cannot accurately predict whether existing controls, pressures or restrictions will increase or whether new controls, pressures or restrictions will be introduced. These controls include, but are not restricted to, pricing controls and manufacturing practice regulations, and may materially and adversely affect the Company's ability to introduce new products profitably and its financial results.

Also, single sourcing for certain components, bulk active materials and finished products, alongwith liability for the inputs from third party product and service suppliers does expose the Company to multiple probable risks.

To counter these, Glenmark has adopted harmonized quality systems across its plants. Regular vendor audits are conducted to ensure regulatory compliance. The Company also does business continuity planning to foresee and create appropriate solutions for other risks in advance.

Research Risk Management

Developing new products is an investment intensive, lengthy and uncertain process. 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.

Glenmark is vigilantly balancing the risk involved in its drug discovery program. Targets are selected after exhaustive screening and research across various parameters. The Company also works on parallel targets to maximize success prospects. Strategic tie-ups for NCEs and NBEs minimize the inherent risk of failure in a program.

Competition Risk Management

Glenmark operates in many markets, facing stiff competition from local and MNC companies on both branded and generics business fronts. As a research-led, fully integrated global pharmaceutical company based out of India, the Company has an edge over competition in several ways. With a rich intellectual pool of technically qualified graduates, high skills and expertise in product development and a low-cost manufacturing base, the Company has an edge over players from other markets. At the same time, the robust innovative pipeline will help the Company to be competitive in the market.

Economic & Political Risk Management

Our future results are constantly at risk owing to any unforeseen business, political and economic changes. Given the scale and international nature of the Company's business, intra-Company transfer pricing is an inherent tax risk as it is for other international businesses. Changes in tax laws or in their application may affect the financial results.The Company may face credit risk arising on account of failure to meet the contractual obligations by a customer. The Company takes adequate steps to assess the customers based on proactive market information.

Liquidity risk may arise on account of the Company not being able to meet its financial obligations as and when they fall due. The Company's approach is to ensure as far as possible, that it has sufficient liquidity to meet its liabilities when due. Where it has entered into long-term financial obligations, these are structured in such a way that maturities are evenly spread out. Glenmark has selectively opted for appropriate measures to mitigate the impact due to volatile forex movements. The Company also does internal analysis to assess the economic and political stability of a market at the time of new market entry and regular monitoring to respond to any situations that may impact business.

Litigation Risk

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. 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.

The Company has adequate legal systems in place to handle the same. The Company reviews on a regular basis all the applicable rules and regulations and has a compliance management and review system in place.

Environment Risk Management

The manufacture of APIs and pharmaceutical formulations is subject to risks associated with the production, filling, storage of raw materials, finished products and disposal of wastes. Glenmark is committed to managing its waste in a sound and responsible manner and adhering to norms stipulated by the regulatory authorities.

Protection of IPR

The Company relies on critical and sensitive data, such as personally identifiable information, trade secrets, intellectual property and corporate strategic plans. Security of this type of data is exposed to increasing external threats. The Company is also subject to various standards for the protection of personally identifiable information.

The Company has put in place adequate systems to ensure its IPR is protected.

Information Technology

The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and random attack. While we have invested adequately in the protection of data and information technology, there can be no assurance that our efforts will prevent breakdown or breaches in our systems that could adversely affect our business.The Company also takes steps to have proper backups so as to avoid loss of data.

Financials

Consolidated Revenues
Glenmark's Consolidated revenue comprises of ₹ 15,963.05 Mn from Specialty Business; ₹ 12,632.55 Mn from Generics Business and ₹ 895.10 Mn from out-licensing.

The region-wise breakup of the revenue comprised of ₹ 9,931.68 Mn from India Business; ₹ 8,779.16 Mn from US Business; ₹ 2,490.04 Mn from Latin America Business; ₹ 3,719.86 Mn from European Business and ₹ 4,569.96 Mn from business from Rest of the world.

Equity Capital
The equity capital has increased to ₹ 270.27 Mn due to allotment of equity shares of ₹ 1/- each on exercise of 434,500 stock options.

Non Current Assets
The total Non Current Assets mainly consist of Property, Plant & Equipment (Net) of ₹ 11,794.12 Mn; Intangible Assets of ₹ 9,723.38 Mn and Goodwill of ₹ 605.70 Mn.

Long-term Financial Assets
Long-term Financial Assets were at ₹ 281.26 Mn consisting of Available for Sale of ₹ 2.68 Mn and Held to maturity of ₹ 278.58 Mn.

Current Assets
Current Assets mainly consist of Accounts Receivable (Net) of ₹ 11,308.14 Mn; Inventories of ₹ 8,070.12 Mn and Other Current Assets (including Current Tax Assets) of ₹ 4,651.13 Mn and Cash equivalents (including restricted cash) of ₹ 1,958.30 Mn.

Current Liabilities
Current Liabilities mainly consist of Accounts Payable (including Current Tax Liabilities) of ₹ 6,640.50 Mn and Other Liabilities and Provisions of ₹ 964.12 Mn.

Profiles of Directors

Mr. Gracias Saldanha (Founder and Chairman Emeritus)
Mr. Gracias Saldanha, 73, is the founder of the Company. He has over 39 years experience in the industry. His educational qualifications include a M.Sc. from Bombay University with a Diploma in Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has worked with leading pharmaceutical companies like Abbott Laboratories and E. Merck.

Mr. Glenn Saldanha (Chairman & Managing Director)

Mr. Glenn Saldanha, 41, is a B.Pharma from Bombay University and was awarded the Watumall Foundation Award for overall excellence. His other educational qualifications include an MBA from New York University's Leonard N. Stern School of Business (US). He has worked for Eli Lilly in the US and was a Management Consultant with Price Waterhouse Coopers. His services have been used by Smithkline Beecham, Rhorer, Astra, Merck and Johnson and Johnson, among others.

Mrs. B. E. Saldanha (Non-Executive Director)

Mrs. B. E. Saldanha, 71, has graduated in B.Sc., B.Ed., from Bombay University and was a Whole-time Director of the Company from 1982 to 2005. She was responsible to a large extent in developing the Company's export business.

Mrs. Cheryl Pinto (Director - Corporate Affairs)

Mrs. Cheryl Pinto, 44, is a graduate in Pharmacy from the University of Bombay. She has over 23 years experience in the pharmaceuticals business.

Mr. N. B. Desai (Non-Executive Director)

Mr. N. B. Desai, 84, is a retired General Manager of Bank of Baroda. He has over 47 years experience in the Banking Sector. He has worked in India and overseas. He was Chairman of Bank of Baroda Uganda Ltd. He was the founder and Managing Director of Equitorial Bank PLC, UK from which he retired in 1992.

Mr. Julio F. Ribeiro (Non-Executive Director)

Mr. Julio F. Ribeiro, 82, is a retired government official and has served the country under various assignments. Amongst the major positions held, he has been the Ex-Commissioner of Police, Mumbai, former Special Secretary to Government of India, Ministry of Home Affairs, former Director General of Police, Punjab, Ex-Adviser to the Governor of Punjab, Ex-Ambassador of India to Romania and is currently a Director in VVF Ltd.

Mr. D. R. Mehta (Non-Executive Director)

Mr. D. R. Mehta, 74, has graduated in Arts and Law from Rajasthan University. He also studied at Royal Institute of Public Administration, London, UK and the Alfred Sloan School of Management, Boston, U.S.A. He has over 41 years experience in civil services and has held various positions in the Government of Rajasthan and Government of India. He was the Deputy Governor of Reserve Bank of India and also the Chairman of the Securities and Exchange Board of India (SEBI).

Mr. Hocine Sidi Said (Non-Executive Director)

Mr. Hocine Sidi Said, 46, has graduated in B.A. (International Marketing). He is the Founder & Director of Bio-nAbler, an investment company that partners with Sovereign Wealth Funds and Private Equity Firms across Asia and the MENA region to identify and execute product and company acquisitions. He has over 21 years of experience in the pharmaceuticals industry and has worked with companies like Pfizer and UCB. During his stint at UCB, he was incharge of the entire Emerging Markets Region and designated as Senior Vice President. Prior to joining UCB, he spent close to 17 years with Pfizer in various senior management and developmental roles in the Middle East, Central and Eastern Europe and Asia.

Mr. Sridhar Gorthi (Non-Executive Director)

Mr. Sridhar Gorthi, 39, is a B.A., L.L.B. (Hons.) from the National Law School of India University. Mr. Sridhar Gorthi is presently a partner in Trilegal and has worked with Arthur Anderson and Lex Inde, Mumbai. He is involved in legal advisory services to various multinational and domestic corporations on restructuring, debt finance, joint ventures, acquisition/mergers etc.

Directors' Report

Your Directors have pleasure in presenting their 33rd Annual Report and Audited Accounts of the Company for the year ended 31 March 2011.

FINANCIAL RESULTS

(₹ in Millions)

	Standalone	
	2010-2011	2009-2010
	Indian GAAP	Indian GAAP
Profit before Interest, Depreciation & Tax	3078.80	1724.49
Less: Interest	360.82	301.58
Less: Depreciation	209.88	212.78
Less: Tax (Current Year & Deferred Tax)	386.32	(74.50)
Profit after Tax	2121.78	1284.63
Surplus brought forward from earlier years	8511.12	7480.98
APPROPRIATIONS		
Proposed Dividend on Equity Shares	108.11	107.94
Tax on Proposed Dividend on Equity Shares	17.96	17.93
Residual Dividend and Dividend Tax	0.50	0.16
Transfer to General Reserves	212.19	128.46
Balance carried to Balance Sheet	10294.14	8511.12

DIVIDEND

Your Directors recommend a Dividend of 40% (₹ 0.40 per equity share of ₹ 1/- each) to be appropriated from the profits of the year 2010-11 subject to the approval of the shareholders at the ensuing Annual General Meeting. The dividend will be paid in compliance with applicable regulations. The dividend, if approved, will result in an outflow of ₹ 126.07 million (including dividend tax).

CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements for the year ended 31 March 2011 have been prepared in accordance with International Financial Reporting Standards as permitted by SEBI. The Company has prepared information for the previous year as per IGAAP and therefore current year and previous year figures are not strictly comparable. Accordingly, in preparation of these Financial Statements, the Company has not provided comparative information or related reconciliation as required by the SEBI Circular.

RESULTS OF OPERATIONS

On standalone basis the Company achieved a gross revenue of ₹ 12122.48 million and the Standalone operating profit before interest, depreciation & tax was ₹ 3078.80 million as compared to ₹ 1724.49 million in the previous year.

CHANGES IN CAPITAL STRUCTURE

Issue of shares on exercise of Employees' Stock Options:

During the year, the Company allotted 4,34,500 Equity Shares of ₹ 1/- each (on *pari-passu* basis) pursuant to exercise of Stock Options by the eligible employees of the Company and its subsidiaries.

EMPLOYEE STOCK OPTION SCHEME

During the year, Stock Options have been issued to the employees of the Company and its subsidiaries. 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 details of stock options granted by the Company are disclosed in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme), 1999 and set out in the Annexure-B to this Report.

LISTING AT STOCK EXCHANGES

The Equity shares of the Company continue to be listed on Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

SUBSIDIARY COMPANIES

During the year the Company has incorporated a subsidiary i.e. Glenmark Arzneimittel GmbH, Germany.

The Ministry of Corporate Affairs has vide its General Circular No.: 2, 2011 dated February 8, 2011 and 3, 2011 dated February 21, 2011 granted a general exemption under Section 212(8) of the Companies Act, 1956 in relation to the subsidiaries of the Company provided the Board of Directors of the Company by a resolution in writing give consent for not attaching the Balance Sheet, the Profit and Loss account and the annexures thereto. The Board of Directors at their meeting, consented for not attaching the Balance Sheet, Profit and Loss Account and annexures thereto of the Susidiaries. The Audited Accounts of the subsidiaries together with its Directors' Report and Auditors' Report are available for inspection of members on any working day at the Corporate Office of the Company between 11 a.m. and 1 p.m.

DIRECTORS

Mr. D. R. Mehta, Mrs. B. E. Saldanha and Mrs. Cheryl Pinto retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. A. S. Mohanty retired from the services of the Company w.e.f. 31 March 2011 and consequently ceased to be Executive Director effective that date. He also resigned as a Director of the Company w.e.f. 10 May 2011. Your Directors wish to place on record their sincere appreciation of the valuable contribution made by Mr. A. S. Mohanty during his tenure on the Board.

Mr. Gracias Saldanha, Chairman stepped down as Chairman of the Board of Directors and was re-designated as Founder & Chairman Emeritus of the Company and Mr. Glenn Saldanha was elected as Chairman of the Board of Directors w.e.f. 10 May 2011.

COST AUDITORS

M/s. Sevekari Khare & Associates are the Cost Auditors of the Company. Due date for filing of Cost Audit Report by the Cost Auditor for the Financial Year 2010-11 is 30 September 2011.

CORPORATE GOVERNANCE

Report on the Corporate Governance forms an integral part of this Report. The Certificate of the Practicing Company Secretary certifying compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed with the report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report on the operations of the Company, as required under the Listing agreements with the stock exchanges is provided in a separate section and forms a part of this report.

AUDITORS

M/s. Walker, Chandiok & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

HUMAN RESOURCES

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

PARTICULARS OF EMPLOYEES

Information as required under the provisions of Section 217(2A) of the Companies Act, 1956 read together with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in an Annexure forming part of this report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure-A to the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, 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 judgements 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 2011 and of the profit of the Company for the year ended 31 March 2011;

(iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

GREEN INITIATIVE

The Ministry of Corporate Affairs has taken the Green initiative in Corporate Governance by allowing paperless compliances by Companies through electronic mode.

The Company supports the Green initiative and has accordingly decided to send all communications to its shareholders to their respective registered e-mail addresses.

The Company appeals to its shareholders who are yet to register their e-mail addresses that they take necessary steps for registering same so that they can also become a part of the intiative and contribute towards a Greener environment.

APPRECIATION AND ACKNOWLEDGEMENTS

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

Mumbai

Date: 10 May 2011.

Annexures to the Directors' Report

ANNEXURE - A

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY

Energy Generation Measures Taken

A.	Power and Fuel Consumption	2010-11	2009-10
1.	Electricity		
(a)	Purchased		
	Unit (in '000 Kwhrs)	11010.20	7995.98
	Total Amount (₹ in '000's)	52398.82	35385.00
	Rate/Unit (₹)	4.76	4.43
(b)	Own Generation		
	(i) Through Diesel Generator		
	Unit (in '000 Kwhrs)	1686.72	1187.92
	Units per Ltr. of Diesel Oil	3.35	3.33
	Cost/Unit (₹)	11.07	9.51
	(ii) Through Steam Turbine/Generator	NIL	NIL
2.	Coal	NIL	NIL
	Qty.		
	Total Cost		
	Average Rate		
3.	Furnace Oil/Light Diesel Oil		
	Qty. (K. Ltr.)	714.58	52.40
	Total Amount (₹ in '000's)	26252.47	2391.40
	Average Rate (₹/K. Ltr.)	38.19	45.64
4.	i) Internal generation		
	Light Diesel Oil		
	Qty. (In Ltr. '000's)	NIL	NIL
	Total Cost (₹ in '000's)	NIL	NIL
	Rate/Unit (₹)	NIL	NIL
	ii) Natural Gas		
	Qty. (M^3 '000's)	NIL	NIL
	Total Cost (₹ in '000's)	NIL	NIL
	Rate/Unit (₹)	NIL	NIL

B. Consumption

The Company manufactures several Drug Formulations in different pack sizes. In view of this, it is impracticable to apportion the consumption and cost of utilities to each Product/Formulation.

B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D is carried out by the Company & its subsidiaries and benefits derived as a result of the same.

Formulation Development:

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

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

The following products have been developed during the financial year 2010-2011.

Dietary supplement

1. Calcium Citrate Malate, Calcitriol and Vitamin K2- 7 Tablets

Antiviral, Analgesic, Antipyretic, Decongestant, Antihistamine, Antiasthamatic

1. Levocetirizine Tablets 5 mg
2. Montelukast Sodium Tablets 4/5/10 mg
3. Montelukast Sodium + Levocetirizine dihydrochloride Tablets (10 + 5) mg
4. Levosalbutamol + Ambroxol Hydrochloride + Guaifenesin Tables (1+30+100) mg

Anti Diabetic

1. Pioglitazone, Glimepiride and Metformin ER Tablets (7.5 + 1 + 500) mg
2. Pioglitazone, Glimepiride and Metformin ER Tablets (7.5 + 2 + 500) mg

3. Metformin ER Tablets 1000 mg
4. Repaglinide and Metformin Tablets (1/2 + 500) mg

Anti Hypertensive

1. Telmisartan and Amlodipine Tablets (80 + 5) mg
2. Telmisartan, Amlodipine and Hydrochlorothiazide Tablets (40 + 5 + 12.5) mg
3. Telmisartan, Amlodipine and Hydrochlorothiazide Tablets (80 + 5 + 12.5) mg
4. Olmisartan and Metoprolol ER Tablets (20 + 25 /50) mg
5. Telmisartan and Metoprolol ER Tablets (40 + 25/50) mg
6. Amlodipine and Metoprolol ER Tablets (5 + 25 /50) mg

Anti-hyperlipidimic

1. Atorvastatin + Fenofibrate Tablets (10 + 200) mg

Antibacterial

1. Azithromycin and Ambroxol Hydrochloride SR Tablets (500 + 75) mg
2. Colistemethate injection

Topical Antibacterial/Antifungal

1. Sertaconazole Nitrate & Zinc Pyrithione Shampoo (2.0 & 1.0%)

Dermatology

1. Hydroquinone, Tretinoin and Fluocinolone Acetonide Cream (2.0 + 0.05 + 0.01)% w/w
2. Sertaconazole Nitrate and Beclomethasone Dipropionate Cream (2.0 & 0.025%) w/w
3. Calcitriol and Clobetasol Propionate Ointment (0.0003% & 0.05% w/w)
4. Calcitriol Ointment (0.0003% w/w)
5. Desonide Cream (0.05% w/w)
6. Desonide Lotion (0.05% w/w)
7. Clotrimazole and Clindamycin Phosphate Vaginal Gel (2.0% & 2.0% w/w)
8. Clobetasol Propionate & Ammonium Lactate Cream (0.05% & 12.0% w/w)
9. Urea Cream 10% w/w
10. Urea Cream 20% w/v
11. Urea Lotion 3% w/v
12. Urea Lotion 10% w/v
13. Urea 5% SPF 30 Cream Gel
14. Tretinion Cream
15. Sertaconazole Lotion
16. Elovera IMF Cream
17. Elovera IMF Lotion

Topical Solutions

1. Minoxidil and Aminexil Topical Solution (10% w/v & 1.5% w/v)

Liquid Orals

1. Levosalbutamol Sulphate, Ambroxol Hydrochloride and Guaifenesin Expectorant (0.5 + 15.0 + 50 mg)/5ml

Oncology

1. Premetrexed for injection (100/200) mg
2. Gemcitabine for injection (200/1000) mg
3. Bendamustine for injection 100 mg
4. Bortezomib for injection 3.5 mg
5. Fosaprepetant for injection 1.15 mg
6. Clofarabine injection 20 mg
7. Aprepitant capsules (40/80/125) mg

Metered Dose Inhaler Projects

1. Formoterol and Fluticasone pressurised inhalation (6 + 125/6 + 250) mcg/actuation
2. Salmeterol and Fluticasone pressurised inhalation (25 + 50/25 + 125/25 + 250) mcg/actuation
3. Formoterol and Budesonide pressurised inhalation (6 + 100/6 + 200/6 + 400) mcg/actuation
4. Beclometasone pressuried Inhalation (50/100/200/250 mcg/Actuation)
5. Salbutamol and Beclometasone Inhalation. (50 + 100 mcg/actuation)
6. Budesonide Inhalation (100/200 mcg)

Dry Powder Inhaler Projects

1. Salmeterol + Fluticasone DPI (50 + 100 / 50 + 250 / 25 + 500)
2. Formoterol + Budesonide DPI (6 + 100 / 6 + 200/6 + 400)

NASAL SPRAY Projects

1. Fluticasone propionate nasal spray 50 mcg/ actuation

NCE Formulation Development

1. GRC 4039
2. GRC 17536
3. GRC 15300
4. Crofelemer Tablets

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.

Category	Method Developed	Methods Validated	Methods Transferred to the manufacturing Site
Oral Solid Dosages	18	32	18
Derma products	18	29	18
Oncology products	7	10	3
MDI	11	18	8
DPI	6	–	2
Nasal	1	–	1
NCE	4	5	3
API	3	2	17
Total	68	96	70
Documents for Drug Substance (STP, Specs etc.)	–	–	170

In Analytical Research activities for NCE research:

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

b) Physicochemical properties of new chemical entity are established and characterization studies are conducted.

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

d) We perform polymorphic evaluation and salt selection studies on various NCEs drug substance and drug products.

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

2. Future plan of action

R & D is working on new molecules in the following segment;

- Antifungal molecules
- Antibacterial molecules
- Antiasthmatic molecules
- Antidiabetic products
- Antiaging products
- Antiinflammatory products
- Atihyperlipidemic products
- Antiosteoporosis products
- Antiemetic products
- Antihypertensive molecules
- Nutraceuticals
- Sunscreens Products
- Technology – such as micro spheres and 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.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

1. Efforts in brief towards technology absorption, adoption and innovation

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.

2. Benefits derived:

Benefits derived are introduction of new products, improvement in the yield and quality, safety and efficacy of products, cost reduction of products and processes without affecting the quality of the products and process efficacy. Our R & D Centre is recognised by D.S.I.R., Ministry of Science and Technology, Government of India.

3. Information regarding technology imported during the last five years – Nil.

3. Expenditure on R & D:

(₹ in Million)

		2010-11	2009-10
a)	Capital Expenditure	89.98	57.97
b)	Revenue Expenditure	569.20	460.55
c)	Total	659.18	518.52
d)	R & D Expenditure as a percentage of total turnover	5.30%	4.99%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans; The Management Discussion and Analysis report forming a part of the Directors Report deals with the same.

2. Total foreign exchange earned was ₹ 3339.26 million and outflow was ₹ 1558.86 million.

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Mumbai
Date: 10 May 2011

ANNEXURE - B

Disclosure in the Directors' Report as per SEBI Guidelines for the year 2010-11:

	Particulars		
a	Options granted	10,361,900	
b	Pricing Formula	Exercise Price shall be the latest available closing market price of the equity shares of the company, prior to the date of grant	
c	Options Vested**	6,715,650	
d	Options Exercised**	2,687,000	
e	Total no. of shares arising as a result of exercise of Options	2,687,000	
f	Options lapsed *	5,737,200	
g	Variation in terms of Options	None	
h	Money realised by exercise of Options (₹ in million)	146.79	
i	Total number of options in force**	1,937,700	
	* Lapsed Options includes options cancelled/ lapsed.		
	** The number of options have been reported as on 31.03.2011		
j	Employee wise details of options granted to:		
	- Senior Management	Name of the employee	No: of options granted
		Arvind Vasudeva	75000
		Alexandra Pearce	25000
		Agapito N. Raymundo	3000
		Dariusz Hrehorowicz	5000
		Eugenio Garcia Verde	5000
		Jorge Parodi	5000
		Lee Kuan Hoe	3000
		Magdalena Tomaszewska	17500
		Swati Rustagi	25000
		Steffen Stuerzebecher	25000
		V.S.Vasan	10000
		Venkatesha Udupa	5000
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	None	
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the Company at the time of grant	None	
k	Diluted earnings per share pursuant to issue of shares on exercise of option calculated in accordance with AS 20 'Earnings per Share'		
l	Pro Forma Adjusted Net Income and Earning Per Share		
	Particulars	₹ In Millions	
	Net Income		
	As Reported	2121.78	
	Add: Intrinsic Value Compensation Cost	NIL	
	Less: Fair Value Compensation Cost	1.67	
	Adjusted Pro Forma Net Income	2120.11	
	Earning Per Share: Basic		
	As Reported	7.86	
	Adjusted Pro Forma	7.85	
	Earning Per Share: Diluted		
	As Reported	7.85	
	Adjusted Pro Forma	7.84	

m	Weighted average exercise price of Options granted during the year whose	
(a)	Exercise price equals market price	278.54
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	NA
	Weighted average fair value of options granted during the year whose	
(a)	Exercise price equals market price	173.03
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	NA
n	Description of method and significant assumptions used to estimate the fair value of options	The fair value of the options granted has been estimated using the Black-Scholes option pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumptions used in the estimation of the same has been detailed below:
	Variables	Weighted average values for options granted during the year
	Stock Price	284.21
	Volatility	54.80%
	Riskfree Rate	8.00%
	Exercise Price	278.54
	Time To Maturity	6.00
	Dividend yield	0.21%
		173.03
	Stock Price: Closing price on NSE as on the date of grant has been considered for valuing the grants.	
	Volatility: We have considered the historical volatility of the stock till the date of grant to calculate the fair value.	
	Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.	
	Exercise Price: The Exercise Price is the latest available closing market price of the equity shares of the Company, prior to the date of grant, for the respective grants.	
	Time to Maturity: Time to Maturity/Expected Life of options is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the maximum period after which the options cannot be exercised.	
	Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceding the date of the grant.	

Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, 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:

A. Composition:

The Board comprises of 10 Directors, of whom, three are executive, and seven are Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

The Non-Executive Directors are professionals with experience in management, pharmaceutical industry, legal, finance, marketing and general administration who bring in a wide range of skills and experience to the Board.

a) Details of the Board of Directors:

Name of the Director	Status	Relationship with other Directors	No. of Board Meetings attended	No. of other Directorships held #	Committee Membership(s)##	
					Chairman	Member
Gracias Saldanha - Chairman	Non-Executive - Promoter Group	Father of Mr. Glenn Saldanha and Mrs. Cheryl Pinto and husband of Mrs. B.E. Saldanha	3	1	–	–
B. E. Saldanha (Mrs.)	Non-Executive - Promoter Group	Mother of Mr. Glenn Saldanha and Mrs. Cheryl Pinto and wife of Mr. Gracias Saldanha	4	1	–	–
Glenn Saldanha Managing Director & CEO	Executive - Promoter Group	Son of Mr. Gracias Saldanha and Mrs. B. E. Saldanha and brother of Mrs. Cheryl Pinto	5	3	–	1
Cheryl Pinto (Mrs.)	Executive - Promoter Group	Daughter of Mr. Gracias Saldanha and Mrs. B.E. Saldanha and sister of Mr. Glenn Saldanha	4	–	–	1
J. F. Ribeiro	Non-Executive - Independent	None	4	2	4	–
A. S. Mohanty	Executive	None	4	–	–	–
N. B. Desai	Non-Executive - Independent	None	4	1	–	3
Sridhar Gorthi	Non-Executive - Independent	None	4	3	–	3
D. R. Mehta	Non-Executive - Independent	None	4	6	–	–
Hocine Sidi Said	Non-Executive - Independent	None	2	–	–	–

\# 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 25 Companies and Private Limited Companies.

In accordance with Clause 49 of the Listing Agreement, Membership/Chairmanship of only the Audit Committee and Shareholders'/Investors' Grievance Committee of all Public Limited Companies have been considered.

b) During the Financial Year ended 31 March 2011; Five board meetings were held on the following dates:

28th May, 2010; 27th July, 2010; 9th August, 2010; 27th October, 2010 & 1st February, 2011

B. None of the Non-Executive Directors of the Company, have any pecuniary relationship or transactions with the Company other than sitting fees paid for attending board meeting/committee meetings and those already disclosed in the Note 7 of Schedule 21 to the Financial Statements in the Annual Report.

C. Mr. Gracias Saldanha, Mr. Glenn Saldanha, Mrs. Cheryl Pinto, Mr. A.S. Mohanty, Mr. J. F. Ribeiro, Mr. N. B. Desai & Mr. Hocine Sidi Said attended the last Annual General Meeting of the Company held on 27th September, 2010.

D. Information flow to the Board Members:

We present our Operating plans of our businesses to the Board for their review, inputs & approval. Likewise, our Quarterly Financial Statements and Annual Financial Statements are first presented to the Audit Committee and subsequently to the Board of Directors for their Approval. In most cases information to Directors is submitted along with the Agenda papers well in advance of the Board Meeting, in some instances documents are tabled during the course of the Board Meetings or the Appropriate Committees of the Board.

E. Post-meeting follow-up system:

After the Board Meetings, we have a formal system of follow up, review and reporting on actions taken by the management on the decisions of the Board and sub-committees of the Board.

3. Audit Committee:

A. Your Company has a qualified and independent Audit Committee. During the Financial Year ended 31 March 2011, the committee met six times on 29th April, 2010; 27th May, 2010; 26th July, 2010; 9th August, 2010; 26th October, 2010 and 31st January, 2011. The attendance of the Committee members at the meetings was as follows:-

B.

	Name	No. of meetings attended	Remarks
1.	J. F. Ribeiro	5	Chairman
2.	Sridhar Gorthi	5	Member
3.	N. B. Desai	5	Member

Mr. Glenn Saldanha, Managing Director & CEO, Mr. R. V. Desai, CFO and Mr. Prakash Sevekari, Cost Auditor are invitees to the Meeting of the Audit Committee. The Company Secretary acts as a Secretary to the Committee. The terms of reference of this committee are wide enough covering matters specified in the Companies Act, 1956 read together with Clause 49 of the Listing Agreement of the Stock Exchange. 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.

C. 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.

4. Remuneration of Directors:

A. The remuneration of the Executive and Non-Executive Directors of your Company is decided by the Board of Directors on the terms and conditions as per the recommendation by the Compensation Committee.

B. Given below are the details of remuneration/ fees/ commission paid to Directors during the financial year ended 31 March 2011:

	Name of Director	Salaries Amount (₹)	Retirement benefits/other reimbursements Amount (₹)	Commission Amount (₹)	Sitting Fees Amount (₹)	Total Amount (₹)
1.	Gracias Saldanha	-	-	-	60,000	**60,000**
2.	B. E. Saldanha	-	-	-	80,000	**80,000**
3.	Glenn Saldanha	22,787,994	8,173,342	1,287,000	-	**32,248,336**
4.	Cheryl Pinto	9,779,714	1,350,798	970,200	-	**12,100,712**
5.	J. F. Ribeiro	-	-	-	180,000	**180,000**
6.	N. B. Desai	-	-	-	180,000	**180,000**
7.	Sridhar Gorthi	-	-	-	180,000	**180,000**
8.	A. S. Mohanty	7,901,905	1,053,246	981,750	-	**9,936,901**
9.	D. R. Mehta	-	-	-	80,000	**80,000**
10.	Hocine Sidi Said	-	-	-	40,000	**40,000**
		40,469,613	**10,577,386**	**3,238,950**	**800,000**	**55,085,949**

Note:

1. The Executive Directors have been reappointed on 16th May, 2007 for the term of five years. The service contract can be terminated with a notice of six months.

2. Sitting fees of ₹ 1,80,000 of Mr. Sridhar Gorthi was paid to Trilegal on his behalf.
Shares held by non-executive/Independent directors as on 31 March 2011

Name of Directors	Equity Shares(Nos.)
Gracias Saldanha	262660
B. E. Saldanha	221306
J. F. Ribeiro	45800
N. B. Desai	30000
Sridhar Gorthi	559
D. R. Mehta	NIL
Hocine Sidi Said	NIL

5. Shareholders'/Investors' Grievances Committee:

The following Committee reviews shareholders' complaints and resolution thereof.

During the financial year ended 31 March 2011 the committee met five times on 28th May, 2010; 27th July 2010; 27th October 2010; 31st January 2011 & 17th February, 2011. The attendance of the committee members at the meetings was as follows:-

	Name	Number of meetings attended	Remarks
1.	J. F. Ribeiro	4	Chairman
2.	Glenn Saldanha	5	Member
3.	N. B. Desai	3	Member
4.	Cheryl Pinto	4	Member

Compliance Officer: Mr. Sanjay Chowdhary - Jt. Company Secretary acts as the Compliance Officer of the Company.

- Details of investor's complaints received during the year ended 31 March 2011:

No. of complaints	2010-2011	2009-2010
Received	39	20
Disposed	39	20
Pending	NIL	Nil

- The Company's Registrars, Karvy Computershare Private Ltd., had received letters/complaints during the financial year, all of which were replied/resolved to the satisfaction of the shareholders.

6. Compensation Committee:

A. Broad terms of reference of the Compensation Committee:

- To recommend and review remuneration package of Executive/Non-Executive Directors.
- To approve issue of stock options to the employees.

B. The Compensation Committee comprises of following members of the Board:

1. J. F. Ribeiro - Chairman
2. Glenn Saldanha - Member
3. N. B. Desai - Member
4. Sridhar Gorthi - Member

C. During the year ended 31 March 2011, the committee met three times on 1st July, 2010; 24th September, 2010 & 30th March, 2011.

D. 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.

7. Disclosures by Management:

a) No material, financial and commercial transactions were reported by the management to the Board, in which the management had personal interest having a potential conflict with the interest of the Company at large.

b) There are no transactions with the Director or Management, their associates or their relatives etc. that may have potential conflict with the interest of the Company at large.

c) There was no non-compliance during the last three years by the Company on any matter related to capital market. Consequently, there were neither penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any Statutory Authority.

d) Though there is no formal Whistle Blower Policy, the Company takes cognizance of the complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

e) The Company has fulfilled a non-mandatory requirement as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges, related to Remuneration Committee (Compensation Committee). Please see the Para on Compensation Committee.

8. Shareholders information:

a) The relevant information relating to the Directors to be re-appointed at the ensuing Annual General Meeting to be held on 11th August, 2011 are given below:

i. Mrs. Cheryl Pinto – 44, is a graduate in Pharmacy from the University of Bombay. She has over 23 years experience in the pharmaceuticals business. She is also a Director of following Companies/Body Corporates:-

Names of the companies/firms	Nature of interest
Glenmark Generics Europe Ltd.	Director
Glenmark Philippines Inc.	Director
Glenmark Generics Inc., USA	Director
Glenmark Pharmaceuticals (Nigeria) Ltd.	Director
Glenmark Dominicana S. R. L.	Director
Glenmark Pharmaceuticals Malaysia Sdn Bhd	Director
Glenmark Pharmaceuticals (Australia) Pty. Ltd.	Director
Glenmark South Africa (Pty.) Ltd.	Director
Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Director
Glenmark Pharmaceuticals S. R. L.	Director
Glenmark Pharmaceuticals EOOD	Director
Glenmark Pharmaceuticals Sp. Z.o.o.	Director
Glenmark Distributors Sp. Z.o.o.	Director
Glenmark Pharmaceuticals Europe Limited	Director
Glenmark Generics S.A.	Director

ii. Mrs. B. E. Saldanha - 71, has graduated in B. Sc., B. Ed. from Bombay University and was a Wholetime Director of the Company from 1982 to 2005. She was responsible to a large extent in developing the Company's export business. She is also a Director of the following Companies/Body Corporates:

Name of the companies/firms	Nature of interest
Glenmark Exports Ltd.	Chairperson

iii. Mr. D. R. Mehta - 74, has graduated in Arts and Law from Rajasthan university. He also studied at Royal Institute of Public Administration, London and the Alfred Sloan School of Management, Boston, USA. He has over 41 years experience in Civil Services and has held various positions in the Government of Rajasthan and Government of India. He was the Deputy Governor of Reserve Bank of India and also the Chairman of the Securities and Exchange Board of India (SEBI). He is also a Director of following Companies/Body Corporates:-

Names of the companies/firms	Nature of interest
Poly Medicure Ltd	Chairman
JMC Projects (India) Ltd	Chairman
Jain Irrigation Systems Ltd	Director
Spice Retail Ltd.	Director
Spice Mobility Ltd.	Director
Atul Rajasthan Date Pvt. Ltd	Director
Glenmark Generics Ltd.	Director

b) Share Transfer Process: The shares are sent /received for physical transfer at R & T's office and all valid transfer requests are processed and returned within a period of 30 days from the date of receipt. The Share transfers are approved on weekly basis by the Share Transfer Committee.

c) Dematerialisation of shares and Liquidity: As of 31 March 2011, 99.05% of shares have been dematerialised and held in electronic form through NSDL and CDSL. The shares of your Company are permitted to be traded only in dematerialised form.

d) Share Holding Pattern as at 31 March 2011:

Description	No. of Sharesholders	Shares held	% to Equity
Company Promoters	14	130575745	48.31
Foreign Institutional Investors	189	82451638	30.51
Residential Individuals	65721	27591908	10.21
Bodies Corporate	1131	7250805	2.68
Indian Financial Institutions	13	9325093	3.45
Mutual Funds	42	7679466	2.84
Non Resident Indians	1962	1844813	0.68
Foreign Nationals	7	144408	0.05
Banks	15	1550855	0.58
H.U.F.	1301	609605	0.23
Employees	92	623441	0.23
Clearing Members	183	485611	0.18
Directors	5	114336	0.04
Trusts	13	24329	0.01
TOTAL	**70688**	**270272053**	**100.00**

Distribution Schedule as on 31 March 2011

S. No	Category From – To	No. of Shareholders	% of Shares	No. of Shares	% of Total Equity
1.	1 - 5000	69259	97.97	12639936	4.67%
2.	5001 - 10000	580	0.82	2128382	0.79%
3.	10001 - 20000	346	0.49	2495634	0.92%
4.	20001 - 30000	110	0.16	1369778	0.51%
5.	30001 - 40000	50	0.07	896929	0.33%
6.	40001 - 50000	37	0.05	854071	0.32%
7.	50001 - 100000	71	0.10	2507277	0.93%
8.	100001 And Above	235	0.33	247380046	91.53%
	TOTAL	**70688**	**100.00**	**270272053**	**100.00%**

e) General Body Meetings:

i) The last three Annual General Meetings of the Company were held at the venue and time as under:

For the Year	Date	Time	Venue
2007-2008	26th September, 2008	11.00 a.m	Sunville Banquet & Conference Hall 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
2008-2009	25th September, 2009	11.00 a.m	Sunville Banquet & Conference Hall 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
2009-2010	27th September, 2010	11.00 a.m	Sunville Banquet & Conference Hall 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

All resolutions moved at the last Annual General Meeting were passed by a show of hands by requisite majority of members who attended the meeting.

ii) Whether any special resolution passed in the previous three AGMs? Yes

iii) Whether any special resolution passed last year through postal ballot? No

iv) Whether any special resolution is proposed to be conducted through postal ballot? No

f) Date, Time and Venue of the Ensuing Annual General Meeting: Annual General Meeting shall be held on Thursday, 11th August, 2011 at 11 a.m. at Sunville Banquet & Conference Hall, 3rd Floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

g) Record Date/Book Closure:

Our Register of members and Share Transfer Books will remain closed from 1st August, 2011 to 11th August, 2011 (both days inclusive)

h) Date of declaration of dividend:

A dividend of ₹ 0.40 per share of face value of ₹ 1 each has been recommended by the Board of Directors on 10th May, 2011 subject to the approval of the shareholders at the ensuing Annual General Meeting.

i) Financial Calendar (Tentative and Subject to change)

Quarter ending	Release of Results
Financial reporting for the first quarter ending 30 June 2011.	July 2011
Financial reporting for the second quarter ending 30 September 2011.	October 2011
Financial reporting for the third quarter ending 31 December 2011.	January 2012
Financial results for the year ending 31 March 2012.	May 2012

j) Members can avail of nomination facility by filing Form 2B with the Company. Blank forms can be downloaded from the website of the Company.

k) 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 in the 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 the R&T Agents 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/-.

l) Pursuant to the provisions of Section 205A (5) of the Companies Act,1956, dividend for the financial year ended 31 March, 2001 and thereafter, which remain 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 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund 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
31.03.2004	29.03.2004	29.04.2004	28.04.2011	28.05.2011
31.03.2005	26.04.2005	26.05.2005	25.05.2012	24.06.2012
31.03.2006	31.01.2006	02.03.2006	01.03.2013	31.03.2013
31.03.2007	26.12.2006	25.01.2007	24.01.2014	23.02.2014
31.03.2008	31.10.2007	30.11.2007	29.11.2014	29.12.2014
31.03.2009	25.09.2009	25.10.2009	24.10.2016	23.11.2016
31.03.2010	27.09.2010	27.10.2010	26.10.2017	25.11.2017

Shareholders who have not so far encashed their dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. Karvy Computershare Pvt. Ltd. immediately. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

m) Reconciliation of Share Capital Audit Report:

A Qualified Practicing Company Secretary has carried out Audit every Quarter to reconcile the total admitted Capital with National Securities Depository Limited(NSDL) and Central Depository Services(India) Limited(CDSL) and the total issued and listed Capital. The Audit confirms that the total issued/paid up Capital is in agreement with the aggregate total number of shares in physical form, shares allotted and advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL.

n) 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 Companies Board regularly.

o) Means of Communication:

a) Quarterly/Half Yearly and Annual Financial Results of the Company are published in the Financial Express and Punyanagri newspapers.

b) Your Company's results and official news releases are displayed on the Company's website.

c) All items required to be covered in the Management Discussion & Analysis are included in the Directors' Report to Members.

d) Company has its own website and all the vital information relating to the Company and its products is displayed on its website: www.glenmarkpharma.com.

e) Whether presentation made to institutional investors or to the analysts – Yes.

Your Company also regularly provides information to the stock exchanges as per the requirements of the Listing Agreements. The Company's website is updated periodically to include information on new developments and business opportunities of your Company.

The Management Discussion and Analysis forms a part of the Annual Report.

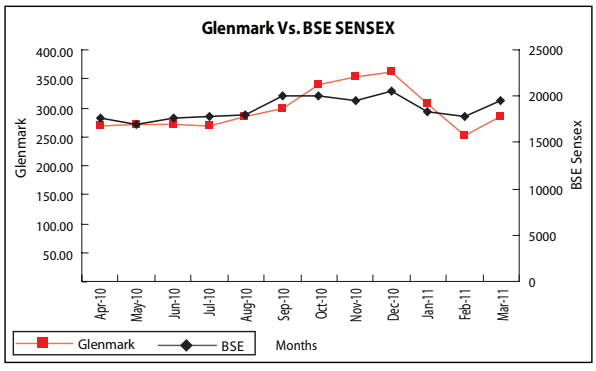
9. Company's Scrip Information:

- Listing on stock exchanges: The shares of the Company are listed on Bombay Stock Exchange Limited & The National Stock Exchange of India Ltd.
  - Listing fees for the year 2011-12 have been paid to the Stock Exchanges.
- Stock Code: 532296 on the BSE
  - ISIN No: INE935A01035
  - Scrip Name
    - GLENMARK PHA - BSE
    - GLENMARK - NSE

Market Price Data: High, low during each month in last financial year. Performance in comparison to broad based indices namely BSE Sensex.

(All figures in Indian Rupees)

Months	High	Low	Glenmark	BSE Sensex
Apr-10	283.85	257.00	269.85	17,558.71
May-10	303.80	253.30	271.35	16,944.63
Jun-10	282.40	248.80	271.20	17,700.90
Jul-10	294.45	261.00	269.55	17,868.29
Aug-10	301.40	263.80	285.70	17,971.12
Sep-10	307.00	279.15	298.50	20,069.12
Oct-10	342.00	292.50	339.80	20,032.34
Nov-10	385.40	325.90	352.75	19,521.25
Dec-10	389.75	340.10	362.70	20,509.09
Jan-11	372.10	296.25	306.75	18,327.76
Feb-11	315.00	241.60	251.80	17,823.40
Mar-11	305.45	255.00	283.60	19,445.22



10. Corporate Identity Number (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Company Affairs, Government of India is L24299MH1977PLC019982 and our Company Registration Number is 19982.

11. Plant Locations:

The Company's plants are located at:

i) E-37, MIDC Industrial Area, D Road, Satpur, Nasik - 422 007, Maharashtra.

ii) Village: Kishanpura, Baddi Nalagarh Road, Tehsil: Nalagarh, Dist. Solan 174101, Himachal Pradesh.

iii) Business Unit II, Village Bhattanwala, PO Rajpura, Nalagarh Dist. Solan, Himachal Pradesh.

iv) D-42, Plot No. 50, Kundaim Industrial Estate, Kundaim - 403 115, Goa.

12. Outstanding GDR's/ADR's/Warrants or any Convertible instruments exercised, date and likely impact on equity:

A) The Company had issued 2,27,000 new options under Employees Stock Option Scheme viz. ESOS' 2003. During the Financial Year 2010-2011, 4,88,300 options were cancelled and 4,34,500 options were exercised. As of 31 March 2011, 19,37,700 options were outstanding and are due for exercise on the following dates:

ESOS' 2003

Date	Number of Options
April 27, 2011	1,11,500
May 22, 2011	2,000
May 29, 2011	2,500
July 9, 2011	19,650
July 14, 2011	10,950
August 14, 2011	83,300
August 22, 2011	76,200
October 9, 2011	30,900
October 12, 2011	4,200
November 8, 2011	31,600
December 9, 2011	1,57,200
January 9, 2012	1,17,700
February 5, 2012	3,81,950
February 25, 2012	3,500
March 21, 2012	1,58,500
July 9, 2012	19,650
July 14, 2012	21,900
August 22, 2012	52,800
September 24, 2012	11,100

ESOS' 2003

Date	Number of Options
October 9, 2012	31,650
December 9, 2012	1,04,800
January 9, 2013	78,800
February 5, 2013	14,100
February 25, 2013	7,000
March 30, 2013	11,600
July 9, 2013	26,200
July14, 2013	32,850
September 24, 2013	22,200
October 9, 2013	42,200
February 5, 2014	18,800
February 25, 2014	10,500
March 30, 2014	23,200
July 14, 2014	43,800
September 24, 2014	33,300
February 25, 2015	14,000
March 30, 2015	34,800
September 24, 2015	44,400
March 30, 2016	46,400

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.

B) The Company had issued 30,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1000 each.

i. Convertible at the option of bondholder at any time on or after 11th November, 2007 and prior to the close of business on 29th November, 2010 at a fixed exchange rate of ₹ 44.94 per 1 USD and the conversion price of ₹ 582.60 per share of ₹ 1/- each.

ii. Redeemable in whole but not in part at the option of the Company, at any time on or after 10th January, 2010, if the closing price of shares (translated into US Dollars at the prevailing rate) for each of the 25 consecutive trading days immediately prior to the date upon which notice of redemption is given was at least 130% of the applicable early redemption amount divided by the applicable Conversion Ratio.

iii. Redeemable on 11th January, 2011 at 139.729% of its Principal amount if not redeemed or converted earlier. The redemption premium of 39.729% payable on maturity of the bond if there is no conversion of the bond to be debited to Securities Premium account evenly over the period of 5 years from the date of issue of bonds.

During the year, 30,000 FCC Bonds of USD 1000 each aggregating to USD 30 Million were redeemed on 11th January, 2011 on maturity. As of 31 March 2011 NIL FCC Bonds (2010-30,000) of USD 1000 each are outstanding.

13. National ECS facility (NECS):

As per RBI notification,w.e.f from 1st October, 2009,the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and banks have been instructed to move to the NECS platform.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

In this regard, shareholders holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to you by your bank, (after implementation of CBS), alongwith photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP). Please send these details to the Company/Registrars, only if the shares are held in physical form, immediately.

If your bank particulars have changed for any reason, please arrange to register the NECS with the revised bank particulars.

The Company will use the NECS mandate for remittance of dividend either through NECS or other electronic modes failing which the bank details available with Depository Participant will be printed on the dividend warrant. All the arrangements are subject to RBI guidelines, issued from time to time.

Shareholders are advised to opt for payment of dividend through NECS. The salient benefits of receiving dividend payment through NECS amongst others may be listed as below:

a) There are no clearing charges in the hands of the investor/recipient, the same are borne by the Company;

b) Risk as to fraudulent encashment of the dividend warrants, loss/interception of dividend warrants in transit, are eliminated;

c) The facility ensures instant credit of the dividend amount in the desired account which to the recipient, means effortless and speedier transaction and hassles as to revalidation etc are done away with;

d) Once the payment is made through NECS Company issues intimation letters to the investors as to credit/payment of dividend, providing therein the details of the account and amount. Investors may download the NECS Mandate Form from the Company's website and send the same duly filed in to registrars for updating of records.

14. Code for prevention of Insider Trading

We have comprehensive guidelines on preventive Insider Trading. Our guidelines are in compliance with the SEBI guidelines on prevention of Insider Trading.

15. Investor Helpdesk: For clarifications/assistance, if any, please contact:

	Corporate Office	Registrars & Transfer Agents
Persons to contact	Mr. Sanjay Chowdhary	Mr. M. R. V. Subrahmanyam
Address:	Glenmark Pharmaceuticals Ltd Glenmark House, HDO Corporate Building, Wing A, B. D. Sawant Marg, Chakala, Off. Western Express Highway, Andheri (E), Mumbai - 400 099.	Karvy Computershare Pvt. Ltd. Plot No.17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad - 500 081.
Telephone	(022) 40189999	(040) 23420818-828
Fax No.	(022) 40189986	(040) 23420814
E-mail	webmaster@glenmarkpharma.com	mrvs@karvy.com
Website	www.glenmarkpharma.com	www.karvy.com
Investor Redressal	complianceofficer@glenmarkpharma.com	-

Declaration regarding affirmation of Code of Conduct

In terms of the requirements of the amended Clause 49 of the Listing Agreement, 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 2011.

Glenn Saldanha

Chairman & Managing Director

Place: Mumbai
Date: 10 May 2011

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 R. V. Desai, Chief Financial Officer, of Glenmark Pharmaceuticals Ltd., certify that:

(a) We have reviewed financial statements and cash flow statement for the year and that to the best of our knowledge and belief:

  i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining the internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

  i) significant changes in internal control over financial reporting during the year;

  ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements:

  iii) during the year there were no instances of fraud which we have become aware. The management and its employees have a significant role in the Company's internal control system.

Glenn Saldanha
Chairman & Managing Director

R. V. Desai
Chief Financial Officer

Place: Mumbai
Date: 10 May 2011

Certificate on Corporate Governance

To the Members of
Glenmark Pharmaceuticals Limited

We have reviewed the implementation of Corporate Governance procedures by Glenmark Pharmaceuticals Limited during the year ended 31 March 2011, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of 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 Listing Agreement.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the stock exchanges have been complied with in all material respect by the Company and that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders'/Investors' Grievance Committee.

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 and on behalf of
S.S. Rauthan & Associates
Company Secretaries

Surjan Singh Rauthan
Proprietor
M. No. - FCS-4807
COP-3233

Place: Mumbai
Date: 10 May 2011

Auditors' Report

To,

The Members of Glenmark Pharmaceuticals Limited

1. We have audited the attached Balance Sheet of Glenmark Pharmaceuticals Limited, (the 'Company') as at 31 March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The financial statements dealt with by this report are in agreement with the books of account;

   d. On the basis of written representations received from the directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Act;

   e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed thereunder and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

      i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

      ii) the Profit and Loss Account, of the profit for the year ended on that date; and

      iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No: 001076N

Per **Khushroo B. Panthaky**
Partner
Membership No: F – 42423

Place: Mumbai
Date: 10 May 2011

Annexure to the Auditors' Report of even date to the members of Glenmark Pharmaceuticals Limited, on the financial statements for the year ended 31 March 2011.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report as under:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) Physical verification of inventory (except stocks lying with third parties and stocks in transit, confirmations for which have been obtained) have been conducted at reasonable intervals by the management.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) There are four companies covered in the register maintained under section 301 of the Act to which the Company has granted unsecured loans. The maximum amount outstanding during the year was ₹ 15,248.94 million and the year-end balance was ₹ 13,713.96 million.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amounts is as stipulated and payment of interest has been regular.

(d) There is no amount overdue in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

(v) (a) The Company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.

(b) There are no transactions in pursuance of contracts or arrangements entered in the registered maintained under section 301 of the Act during the year aggregating to rupees five lakhs or more in respect of any party.

(vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government under section 209 (1)(d) of the Act for the maintenance of cost records 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 records with a view to determine whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of sales-tax, excise duty, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ million)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	10.00	April 2003 to September 2007	The Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	9.71	FY 2004-05 and FY 2005-06	The Central Excise and Service Tax Appellate Tribunal
The Gujarat Sales Tax Act, 1969	Sales Tax	0.2	F.Y 2004-05	Deputy Commissioner (CT) Appeals
The Central Sales Tax Act, 1956	Sales Tax	1.87	FY 2004-05	Deputy Commissioner (CT) Appeals
The Central Sales Tax Act, 1956	Sales Tax	5.59	FY 2006-07	Deputy Commissioner (CT) Appeals

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period covered by our audit except a case of theft in transit of some inventories aggregating to ₹ 2.27 million. As further informed to us, the Company has taken adequate follow up action, including recovering the complete amount by way of insurance claims.

For Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No: 001076N

Per **Khushroo B. Panthaky**
Partner
Membership No: F – 42423

Place: Mumbai
Date: 10 May 2011

Balance Sheet

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

	Schedule	As at 31 March 2011	As at 31 March 2010
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Capital	1	270.27	269.84
b) Reserves and surplus	2	19,527.14	17,428.11
		19,797.41	17,697.95
2. LOAN FUNDS			
a) Secured loans	3	1,601.32	486.40
b) Unsecured loans	4	9,861.14	7,111.15
		11,462.46	7,597.55
3. FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (Note 4 of Schedule 21)		-	36.21
4. DEFERRED TAX LIABILITY	5	330.57	327.71
	TOTAL	31,590.44	25,659.42
II. APPLICATION OF FUNDS			
1. FIXED ASSETS	6		
a) Gross block		3,626.94	3,086.29
b) Less: Depreciation/amortisation		1,389.15	1,182.21
c) Net block		2,237.79	1,904.08
d) Capital work-in-progress		399.43	468.83
		2,637.22	2,372.91
2. INVESTMENTS	7	10,412.47	9,929.20
3. DEFERRED TAX ASSETS	8	101.27	96.73
4. CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories	9	1,570.07	1,503.98
b) Sundry debtors	10	1,893.44	3,300.92
c) Cash and bank balances	11	309.49	50.77
d) Loans and advances	12	16,919.38	10,511.14
		20,692.38	15,366.81
LESS: CURRENT LIABILITIES AND PROVISIONS			
a) Current liabilities	13	2,054.90	1,910.41
b) Provisions	14	198.00	195.82
		2,252.90	2,106.23
NET CURRENT ASSETS		18,439.48	13,260.58
	TOTAL	31,590.44	25,659.42
NOTES TO THE FINANCIAL STATEMENTS	21		
Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.			

This is the Balance Sheet referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 10 May 2011

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Profit and Loss Account

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

	Schedule	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Sales and operating income	15	12,122.48	10,296.87
Less: Excise duty		108.95	77.76
Sales tax		478.02	388.83
Net sales and operating income		11,535.51	9,830.28
Other income	16	314.72	91.90
		11,850.23	9,922.18
EXPENDITURE			
Cost of sales	17	3,914.14	3,263.93
Selling and operating expenses	18	4,288.09	4,473.21
Depreciation/amortisation	6	209.88	212.78
Interest (net)	19	360.82	301.58
Research and development expenses	20	569.20	460.55
		9,342.13	8,712.05
PROFIT BEFORE TAX		2,508.10	1,210.13
Provision for taxation [Refer Note 10 of Schedule 21]			
- Current year [includes wealth tax provision ₹ 0.17 (Previous Year - ₹ 0.20)]		674.15	247.49
- MAT Credit (entitlement)/utilisation		(286.15)	(229.80)
- Deferred tax credit		(1.68)	(92.19)
NET PROFIT AFTER TAX		2,121.78	1,284.63
Balance profit brought forward		8,511.12	7,480.98
NET PROFIT AVAILABLE FOR APPROPRIATION		10,632.90	8,765.61
Proposed dividend on equity shares		108.11	107.94
Tax on proposed dividend on equity shares		17.96	17.93
Residual dividend and dividend tax		0.50	0.16
Transfer to general reserve		212.19	128.46
BALANCE CARRIED TO BALANCE SHEET		10,294.14	8,511.12
Earnings per share (₹) [Refer Note 5 of Schedule 21]			
Basic		7.86	4.93
Diluted		7.85	4.92
Face value per share (in ₹)		1.00	1.00
NOTES TO THE FINANCIAL STATEMENTS	21		
Schedules referred to above and notes attached thereto form an integral part of the Profit and Loss Account.			

This is the Profit and Loss Account referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 10 May 2011

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Cash Flow Statement

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

		Year ended 31 March 2011	Year ended 31 March 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	2,508.10	1,210.13
	Adjustments for:		
	Depreciation/Amortisation	209.88	212.78
	Interest expense	857.50	996.65
	Interest income	(496.68)	(695.06)
	Income from investments - dividends	-	(0.08)
	Loss on sale of fixed assets	0.37	9.11
	Provision for doubtful advances written back	-	(0.70)
	Provision for bad and doubtful debts	15.00	17.50
	Provision for gratuity and leave encashment	42.17	34.63
	Unrealised foreign exchange (gain)/loss	(275.88)	1,192.33
	Operating profit before working capital changes	2,860.46	2,977.29
	Adjustments for changes in working capital:		
	- Decrease in sundry debtors	1,435.40	585.19
	- (Increase)/Decrease in other receivables	(149.05)	7,225.57
	- Increase in inventories	(66.10)	(200.83)
	- Increase/(Decrease) in trade and other payables	606.95	(392.70)
	Cash generated from operations	4,687.66	10,194.52
	- Taxes paid (net of tax deducted at source)	(477.04)	(362.87)
	Net cash from operating activities	4,210.62	9,831.65
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (including Capital work-in-progress)	(536.28)	(607.37)
	Proceeds from sale of fixed assets	15.77	64.56
	Investments in subsidiaries	(483.27)	(7,542.58)
	Loans and advances to subsidiaries/enterprise	(6,338.42)	(2,564.11)
	Interest received	796.28	647.21
	Dividend received	-	0.08
	Net cash used in investing activities	(6,545.92)	(10,002.21)

Cash Flow Statement

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

	Year ended 31 March 2011	Year ended 31 March 2010
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from fresh issue of		
- Share capital including securities premium (net of issue expenses)	40.86	4,142.78
Proceeds/(Repayment) of long-term borrowings	(1,242.87)	4,365.67
Proceeds/(Repayment) of short-term borrowings	5,488.53	(6,426.45)
Proceeds from working capital facilities	1,253.59	(464.47)
Redemption of FCCB (including premium and tax)	(1,959.48)	(385.25)
Interest paid	(860.79)	(1,009.83)
Dividend paid (including dividend distribution tax)	(125.82)	(118.00)
Net cash from financing activities	2,594.02	104.45
Net Increase/(Decrease) in cash and cash equivalents	258.72	(66.11)
Opening balance of cash and cash equivalents	50.77	116.88
Closing balance of cash and cash equivalents	309.49	50.77
Cash and cash equivalents comprise:		
Cash	1.90	1.71
Deposits with scheduled banks	15.49	14.73
Deposits with non-scheduled banks	-	0.11
Balance with scheduled banks	290.43	33.02
Balance with non-scheduled banks	1.67	1.20
	309.49	50.77

Note:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 'Cash Flow Statements' specified in the Companies (Accounting standards) Rules, 2006.
2. Cash and cash equivalents includes ₹ 3.66 (2010 - ₹ 3.12) which are not available for use by the Company. (Refer Schedule 13 to the Financial Statements)
3. Figures in bracket indicate Cash outgo.

This is the Cash Flow Statement referred to in our report of even date.

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 10 May 2011

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Schedules annexed to and forming part of the Balance Sheet

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

		As at 31 March 2011	As at 31 March 2010
1.	**CAPITAL**		
	Authorised		
	350,000,000 (2010 - 350,000,000) Equity Shares of ₹ 1 each	350.00	350.00
	4,000,000 (2010 - 4,000,000) Cumulative Redeemable Non-convertible Preference Shares of ₹ 100 each	400.00	400.00
	Issued, subscribed and paid-up		
	270,272,053 (2010 - 269,837,553) Equity Shares of ₹ 1 each	270.27	269.84
	TOTAL	270.27	269.84

Note:

1. During the year ended 31 March 2011 the Company, pursuant to Employee Stock Option Scheme 2003, has granted 227,000 (2010 - 236,500) options at market price as defined in SEBI (ESOS) Guidelines and cancelled 488,300 (2010 - 601,100) options.
2. During the year 434,500 (2010 - 604,860) options were converted into equity shares under the Employee Stock Option Scheme, 2003. As at 31 March 2011, 1,937,700 (2010 - 2,633,500) options were outstanding under Employee Stock Option Scheme 2003. On exercise of the options so granted under Employee Stock Option Scheme 2003, the paid-up Equity Share Capital of the Company will increase by a like number of shares.
3. On 18 September 2009, the Company allotted 18,712,935 equity shares of ₹ 1 each at a premium of ₹ 220/- per share to Qualified Institutional Buyers pursuant to Chapter VIII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation 2009.
4. Of the above 158,371,140 (2010 - 158,371,140) equity shares of ₹ 1 each are allotted as fully paid-up bonus shares by capitalisation of reserves.

		As at 31 March 2011	As at 31 March 2010
2.	**RESERVES AND SURPLUS**		
	Securities premium account		
	Balance at the beginning of the year	7,158.30	3,184.45
	Add: Premium on issue of shares pursuant to conversion of Employee Stock Option Scheme (ESOS)	51.07	36.66
	Add: Premium on issue of shares to Qualified Institutional Buyers (QIB)	-	4,116.85
	Less: Utilisation for -		
	Issue expenses on issue of shares to QIB	10.64	65.83
	Redemption premium of FCC Bonds (FCCB)	96.33	149.62
	TDS on FCCB redemption premium	59.94	-
	Add: Tax impact on FCCB redemption premium and QIB expenses	219.66	35.79
	Closing Balance	7,262.12	7,158.30
	General Reserve		
	Balance at the beginning of the year	1,557.69	1,429.23
	Add: Transferred from profit and loss account	212.19	128.46
	Closing Balance	1,769.88	1,557.69
	Capital Redemption Reserve	200.00	200.00
	Capital Reserve	1.00	1.00
	Profit and Loss Account Balance	10,294.14	8,511.12
	TOTAL	19,527.14	17,428.11
3.	**SECURED LOANS**	Note	
	From banks		
	Term loan	1	223.40	338.55
	Working capital facilities	2	1,377.92	147.85
	TOTAL		1,601.32	486.40

Note:

1. Term loan is secured by way of exclusive charge as the case may be, at certain locations, on Company's fixed assets both present and future.
2. Working Capital Facilities is secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets at the manufacturing facility at Nasik and Research and Development centre at Sinnar, Nasik both present and future.

Schedules annexed to and forming part of the Balance Sheet

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

			As at 31 March 2011	As at 31 March 2010
4.	**UNSECURED LOANS**	Note		
	Short term loans from Banks		6,595.91	1,221.73
	Other loans from Banks	1	3,234.00	4,481.73
	Foreign Currency Convertible Bonds [Refer Note 15 of Schedule 21]		-	1,354.20
	Security Deposits		31.23	53.49
		TOTAL	9,861.14	7,111.15

Note:

1. Repayable within one year ₹ 600 (2010 - ₹ 500)

		As at 31 March 2011	As at 31 March 2010
5.	**DEFERRED TAX LIABILITY**		
	Depreciation/Amortisation	330.57	309.90
	FCC Bond/ECB Loan revaluation	-	17.81
	TOTAL	330.57	327.71

6. FIXED ASSETS

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 31 March 2010	Additions/ Transfer during the year	Deductions/ Transfer	As at 31 March 2011	As at 31 March 2010	For the year	On Deductions	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Tangible assets										
Freehold land	48.47	2.58	-	51.05	-	-	-	-	51.05	48.47
Leasehold land	31.25	53.34	-	84.59	2.28	0.61	-	2.89	81.70	28.97
Factory buildings	466.31	91.12	-	557.43	70.78	18.13	-	88.91	468.52	395.53
Other buildings and premises	206.94	1.08	(1.20)	206.82	27.61	3.36	-	30.97	175.85	179.33
Plant and machinery	295.47	126.06	-	421.53	61.48	17.81	-	79.29	342.24	233.99
Furniture and fittings	304.88	35.17	(0.30)	339.75	161.94	33.33	(0.20)	195.07	144.68	142.94
Equipments	1,181.96	229.24	(0.56)	1,410.64	440.29	87.59	(0.31)	527.57	883.07	741.67
Vehicles	36.14	0.95	(3.17)	33.92	18.26	5.00	(2.43)	20.83	13.09	17.88
Intangible assets										
Computer software	82.15	20.53	(14.19)	88.49	36.52	15.85	-	52.37	36.12	45.63
Brands	432.72	-	-	432.72	363.05	28.20	-	391.25	41.47	69.67
TOTAL	3,086.29	560.07	(19.42)	3,626.94	1,182.21	209.88	(2.94)	1,389.15	2,237.79	1,904.08
Previous year	2,704.81	463.32	(81.85)	3,086.29	976.74	212.78	(7.31)	1,182.21	-	-
Capital work-in-progress (including capital advances)									399.43	468.83

Note:

1. Addition to Fixed assets includes Capital expenditure of ₹ 89.98 [2010 - ₹ 57.97] incurred at approved Research and Development centres.
2. Addition to assets include ₹ 10.96 (2010 - ₹ 7.49) being borrowing costs capitalised.

Schedules annexed to and forming part of the Balance Sheet

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

	As at 31 March 2011	As at 31 March 2010
7. INVESTMENTS [Refer Note 14(d) of Schedule 21]		
Long Term Investments - at Cost - (fully paid except otherwise stated)		
Quoted - non-trade		
Equity shares		
9,000 (2010 - 9,000) Bank of India of ₹ 10 each	0.41	0.41
1,209 (2010 - 1,209) IDBI Bank Limited of ₹ 10 each	0.03	0.03
Investment in government securities		
National Savings Certificate - Sixth Issue	0.02	0.02
Unquoted - non-trade		
1 (2010 - 1) Time share of Dalmia Resorts Limited	0.02	0.02
1 (2010 - 1) Equity Share of Esquados 340,000 of Glenmark Pharmaceutica Limitada, Lisbon (Portugal)	0.05	0.05
213,032 (2010 - 213,032) Equity Shares of Bharuch Eco - Aqua Infrastructure Limited of ₹ 10 each	2.13	2.13
1,350,000 (2010 - 1,350,000) 7% Cumulative Preference Shares of ₹ 100 each of Marksans Pharma Ltd.	135.00	135.00
Napo Pharmaceuticals Inc. [1,176,471 (2010 - 1,176,471) Preferred shares of USD 0.85 each]	43.56	43.56
Investment in joint venture		
Glenmark Pharmaceuticals (Thailand) Co. Ltd. [9,800 Ordinary shares of THB 100 each and 16,415 Ordinary shares of THB 100 each (Paid-up THB 50) and 2 Preference shares of THB 100 each (2010 - 9,800 Ordinary shares of THB 100 each and 16,415 Ordinary shares of THB 100 each (Paid-up THB 50) and 2 Preference shares of THB 100 each]	2.51	2.51
Investments in subsidiary companies - unquoted		
a) Glenmark Exports Limited, India [1,850,020 (2010 - 1,850,020) Equity Shares of ₹ 10 each]	18.50	18.50
b) Glenmark Impex L.L.C., Russia [577,767,277 (2010 - 455,701,648) Equity Shares of RUR 1 each]	901.95	722.29
c) Glenmark Philippines Inc., Philippines [640,490 (2010 - 640,490) shares of Pesos 200 each]	116.70	116.70
d) Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria [365,003,963 (2010 - 267,533,341) shares of Naira 1 each]	116.06	86.61
e) Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia [2,110,342 (2010 - 1,200,861) shares of RM 1 each]	28.32	15.29
f) Glenmark Generics Ltd., India [144,348,393 (2010 - 143,210,000) shares of ₹ 10 each]	8,100.25	7,868.00
g) Glenmark Holding S. A., Switzerland [22,520,000 (2010 - 22,520,000) shares of CHF 1 each]	797.11	797.11
h) Glenmark Pharmaceuticals (Australia) Pty. Ltd., Australia [1,992,002 (2010 - 1,976,002) shares of AUD 1 each]	65.77	65.05
i) Glenmark Pharmaceuticals Egypt S.A.E., Egypt [8,457,443 (2010 - 4,975,154) shares of EGP 1 each]	71.10	42.94
j) Glenmark Pharmaceuticals FZE (U.A.E.) [1 (2010 - 1) shares of AED 1,000,000 each]	12.92	12.92
k) Glenmark Dominicana, SRL, Dominican Republic [100 (2010 - 100) shares of RD 1000 each]	0.06	0.06
TOTAL	10,412.47	9,929.20
Aggregate book value of Investments		
- Quoted	0.44	0.44
- Unquoted	10,412.03	9,928.76
Aggregate market value of Quoted Investments	4.46	3.21

Schedules annexed to and forming part of the Balance Sheet

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

		As at 31 March 2011	As at 31 March 2010
8.	**DEFERRED TAX ASSET**		
	Provision for bad debts and doubtful advances	69.79	68.02
	Others	31.48	28.71
	TOTAL	101.27	96.73
9.	**INVENTORIES [Refer Note 13(f) of Schedule 21]**		
	(As certified by the management)		
	Raw materials	625.80	523.45
	Packing materials	259.61	154.96
	Work-in-process	99.30	182.20
	Stores and spares	15.44	16.45
	Finished goods (includes Goods in transit)	569.92	626.92
	TOTAL	1,570.07	1,503.98
10.	**SUNDRY DEBTORS [Refer Note 14(b) of Schedule 21]**		
	Outstanding for more than six months		
	Secured, considered good	-	-
	Unsecured, considered good	1,381.96	2,510.03
	Unsecured, considered doubtful	191.10	176.10
		1,573.06	2,686.13
	Provision for doubtful debts	(191.10)	(176.10)
		1,381.96	2,510.03
	Other debts-		
	Secured, considered good	-	-
	Unsecured, considered good	1,761.48	4,290.89
		1,761.48	4,290.89
		3,143.44	6,800.92
	Sale of receivable (discounted with recourse)	(1,250.00)	(3,500.00)
	TOTAL	1,893.44	3,300.92
11.	**CASH AND BANK BALANCES**		
	Cash in hand	1.90	1.71
	Balances with scheduled banks		
	- Current accounts	271.63	32.99
	- Margin money account	15.49	14.73
	- EEFC account	18.80	0.03
	Balances with non-scheduled banks		
	- Current accounts	1.67	1.20
	- Deposit accounts	-	0.11
	TOTAL	309.49	50.77

The balances in the margin money accounts are given as security against guarantees issued by banks on behalf of the Company.

Bank balances with Non-Scheduled Banks in Current Account includes:

	As at 31 March 2011	Maximum amount outstanding during the year 2010-2011	As at 31 March 2010	Maximum amount outstanding during the year 2009-2010
Bank for Foreign Trade of Vietnam	0.36	1.06	0.06	0.40
Imperial Bank	0.11	0.18	0.07	0.22
Foreign Trade Bank of Cambodia	0.01	0.97	0.34	0.48
State Export-Import Bank of Ukraine	0.37	7.28	0.03	1.83
Taib Kazak Bank	0.47	1.90	0.46	0.95
Alp Jamol Bank USD A/c	0.22	0.22	0.22	0.72
Alp Jamol Bank Local Currency A/c	0.01	0.01	0.01	0.52
Asia Alliance Bank	0.12	1.83	-	-
Bank of Ukraine	0.00	5.83	-	-
HSBC Singapore USD A/c	-	0.02	0.01	0.03
Barclays Bank, New Maadi Branch	-	-	-	0.34
Bank of Kazakhstan USD A/c	-	2.61	-	1.22
	1.67		1.20	
Bank balances with Non-Scheduled Banks in Deposit account includes:				
HSBC call deposit USD A/c	-	0.11	0.11	0.13

Schedules annexed to and forming part of the Balance Sheet

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

	As at 31 March 2011	As at 31 March 2010
12. LOANS AND ADVANCES (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
Considered good	408.70	375.37
Considered doubtful	29.10	29.10
	437.80	404.47
Provision for doubtful advances	(29.10)	(29.10)
	408.70	375.37
Advances to subsidiaries [Refer Note 14(a) of Schedule 21]	15,237.96	9,278.59
Advances to vendors	207.26	104.28
Advance tax	247.80	234.14
MAT Credit Entitlement [Refer Note 10 of Schedule 21]	518.45	232.30
Balance with Excise authorities	169.54	163.81
Deposits	129.67	122.65
TOTAL	16,919.38	10,511.14
13. CURRENT LIABILITIES		
Acceptances	412.70	494.72
Sundry creditors [Refer Note 8 of Schedule 21]		
- Total outstanding dues to Micro enterprises and small enterprises	-	-
- Total outstanding dues to creditors other than Micro enterprises and small enterprises	1,344.02	791.80
Investor education and protection fund shall be credited by		
- Unclaimed dividend	3.66	3.12
[There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.]		
Advances from customers	48.39	-
Payable to subsidiaries [Refer Note 14(c) of Schedule 21]	26.74	6.49
Other Liabilities	216.79	164.62
Interest accrued but not due	2.60	449.66
TOTAL	2,054.90	1,910.41
14. PROVISIONS		
Proposed dividend	108.11	107.94
Tax payable on proposed dividend	17.96	17.93
Provision for wealth tax	0.27	0.25
Provision for income tax	20.53	29.44
Provision for gratuity and leave encashment [Refer Note 11 of Schedule 21]	51.13	40.26
TOTAL	198.00	195.82

Schedules annexed to and forming part of the Profit and Loss Account

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

		Year ended 31 March 2011	As at 31 March 2010
15.	**SALES AND OPERATING INCOME [Refer Note 13(b) of Schedule 21]**		
	Sale of goods	12,105.76	10,281.58
	Income from services	16.72	15.29
	TOTAL	12,122.48	10,296.87
16.	**OTHER INCOME**		
	Dividend received on non trade Investments	-	0.08
	Exchange gain (net)	203.20	-
	Export Incentive	83.07	48.57
	Provision for doubtful advances written back	-	0.70
	Guarantee commission	11.21	26.06
	Miscellaneous income	17.24	16.49
	TOTAL	314.72	91.90
17.	**COST OF SALES**		
	Salary, wages, bonus and allowances	201.78	143.39
	Contribution to Provident and other funds	8.12	5.05
	Labour charges	148.32	148.25
	Consumption of raw and packing materials [Refer Note 13(d) and (e) of Schedule 21]	2,379.86	2,002.79
	Purchase of Traded goods [Refer Note 13(c) of Schedule 21]	871.58	841.50
	Excise duty	(34.47)	(1.84)
	Power, fuel and water charges	93.15	61.24
	Consumption of stores and spares [Refer Note 13(e) of Schedule 21]	59.52	42.27
	Repairs and maintenance - Plant and Machinery	27.04	21.09
	Repairs and maintenance - Building	2.80	5.06
	Rent	1.85	1.65
	Other manufacturing expenses	14.70	14.36
	(Increase)/Decrease in inventory	139.89	(20.88)
	TOTAL	3,914.14	3,263.93
18.	**SELLING AND OPERATING EXPENSES**		
	Salary, bonus and allowances	1,122.19	888.18
	Contribution to Provident and other funds	58.55	41.92
	Staff welfare expenses	40.27	34.99
	Directors' salaries, allowances and commission	55.09	36.61
	Incentive and commission	217.45	179.43
	Sales promotion expenses	1,045.63	919.63
	Export commission	36.88	34.37
	Commission on sales	67.93	44.86
	Travelling expenses	502.32	403.39
	Freight outward	244.21	165.39
	Telephone expenses	20.45	19.25
	Rates and taxes	8.36	7.52
	Provision for doubtful debts	15.00	17.50
	Insurance premium	24.24	17.32
	Electricity charges	15.70	15.95
	Rent	111.21	87.02
	Repairs and maintenance - Others	69.77	59.13
	Auditors' remuneration		
	Audit fees	5.50	4.80
	Other matters	-	0.10
	Out of pocket expenses	0.10	0.03
	Loss on sale of assets	0.37	9.11
	Exchange Loss	-	1,143.54
	Discounting charges	166.16	7.28
	Other operating expenses	460.71	335.89
	TOTAL	4,288.09	4,473.21

Schedules annexed to and forming part of the Profit and Loss Account

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

	Year ended 31 March 2011	As at 31 March 2010
19. INTEREST (net)		
On term loans	697.65	345.80
On other loans	159.85	650.84
	857.50	996.64
Less: Interest income		
On deposits with banks and others [tax deducted at source ₹ 0.13 (2010 - ₹ 0.24)]	2.31	10.26
On loans given to subsidiaries	494.37	684.80
	496.68	695.06
TOTAL	360.82	301.58
20. RESEARCH AND DEVELOPMENT EXPENSES		
Salary and other allowances	229.50	180.18
Contribution to provident and other funds	8.76	6.73
Staff welfare expenses	1.85	2.12
Incentive and commission	16.26	0.02
Consumable and chemicals	151.55	140.89
Electricity charges	39.33	18.97
Repairs and maintenance - Building	1.44	0.18
Repairs and maintenance - Others	18.12	25.06
Insurance premium	1.28	1.69
Other expenses	101.11	84.71
TOTAL	569.20	460.55

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

SCHEDULE 21 - NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The Financial Statements are prepared to comply in all material aspects with the accounting principles generally accepted in India, including the applicable Accounting Standards notified under section 211(3C) of the Companies Act,1956 and the relevant provisions of the Companies Act,1956.

ii) Fixed Assets (including Intangibles), Depreciation and Amortisation

Fixed assets are stated at cost less accumulated depreciation and amortisation. The Company capitalises all costs relating to the acquisition and installation of fixed assets. Expenditure directly related to the setting up of new projects, is capitalised as an indirect cost towards construction of the fixed assets.

Depreciation is provided using the straight line method, pro-rata to the period of use of assets, based on the useful lives of fixed assets as estimated by management, or at the rates specified in Schedule XIV of the Companies Act, 1956, whichever is higher. Brands/Intellectual property rights are amortised from the month of products launch/commercial production, over the estimated economic life not exceeding 10 years.

Fixed assets having aggregate cost of ₹ 5,000 or less are depreciated fully in the year of acquisition.

The Company has estimated the useful life of its assets as follows:

Category	Estimated useful life (in years)
Factory and Other Building	30 - 55
Plant and Machinery	8 - 20
Vehicles	5 - 6
Equipments and Air conditioners	4 - 20
Furniture and Fixtures	10
Computer Software	5
Brands	5 - 10

Leasehold land and improvement is amortised over the period of lease.

iii) Borrowing Costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

iv) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If, at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

v) Foreign Currency Transactions

a) Foreign currency transactions are recorded at the exchange rates prevailing on 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 Profit and Loss Account, unless they are considered as an adjustment to borrowing costs.

b) Gain/Loss on account of foreign exchange fluctuation in respect of liabilities in foreign currencies specific to acquisition of fixed assets are recognised in the Profit and Loss Account.

vi) Investments

Long-term investments are stated at cost. Provision, where necessary, is made to recognise a decline, other than temporary, in the value of the investments.

vii) Inventories

Inventories of finished goods, consumable store and spares are valued at cost or net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a weighted average cost basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The Company considers several factors in determining the allowance for slow moving, obsolete and other non-saleable inventory including 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 adjusts the inventory provision to reflect its actual experience on a periodic basis.

viii) Employee Benefits

Long-term Employee Benefits

In case of Defined Contribution plans, the Company's contributions to these plans are charged to the Profit and Loss Account as incurred. Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return on plan assets is the Company's expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations. Plan assets are measured at fair value as at the Balance Sheet date.

ix) Revenue Recognition

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably. Revenue from the sale of goods includes excise duty and sales tax and is measured at the fair value of the consideration received or receivable, net of returns and applicable trade discounts and allowances.

Revenue from contract research is recognised in profit and loss account when right to receive a non-refundable payment from out-licensing partner has been established.

The Company accounts for sales returns by recording a provision based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the Company's estimate of sales returns is determined primarily by its experience in these markets. In respect of established products, the Company determines an estimate of sales returns provision primarily based on its historical experience with such sales returns. Additionally, other factors that the Company considers in determining the estimate include levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products 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 sales return provision to reflect its actual experience. With respect to new products introduced by the Company, those have historically been either extensions of an existing line of products where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or its competitors.

Services

Revenue from services rendered is recognised in profit and loss account as the underlying services are performed.

Export entitlements

Export entitlements from government authorities are recognised in profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Dividend and Interest Income

Dividend income is recognised when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognised on the time proportionate method.

x) Research and Development Expenditure

Capital expenditure on Research and Development (R & D) is capitalised as fixed assets. Development cost relating to the new and improved product and/or process development is recognised as an intangible asset to the extent that it is expected that such asset will generate future economic benefits. Other research and development costs are expensed as incurred.

xi) Taxation

Current Tax

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

Deferred Tax

Deferred tax is recognised, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets/liabilities recognised as above is after excluding the amounts, which are getting reversed during the tax holiday period.

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

xii) Leases

Finance Leases

Assets acquired under finance lease are recognised as assets with corresponding liabilities in the Balance Sheet at the inception of the lease at amounts equal to lower of the fair value of the leased asset or at the present value of the minimum lease payments. These leased assets are depreciated in line with the Company's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Lease rent in respect of assets taken on operating lease are charged to the Profit and Loss Account as per the terms of lease agreements.

xiii) Employee Stock Option Schemes (ESOS)

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

xiv) Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. As per the transitional provision given in the notification issued by Ministry of Corporate Affairs dated 31 March 2009, the Company had opted to adjust the exchange difference on long-term foreign currency monetary items. The notification was in effect till 31 March 2011.

In the current year, the Company has amortised the entire balance of exchange differences accumulated in the 'Foreign currency monetary item translation difference account' ('FCMITDA') and taken effect of such differences to the profit and loss account. Further, in accordance with the provisions of the notification, the exchange differences arising on restatement of long term loans utilised on acquiring capital assets were adjusted to the cost of such assets. The depreciation on such assets has been charged to the Profit and Loss Account.

Accordingly, exchange differences of ₹ 289.56 (2010 - ₹ 26.37) have been transferred to Profit and Loss Account and ₹ 0.56 (2010 - ₹ 10.55) have been adjusted to cost of capital assets.

3. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT NOT PROVIDED FOR

		31 March 2011	31 March 2010
(a)	Bank guarantees	20.28	20.77
	Disputed income tax/excise duty/sales tax	27.37	26.77
	Claims against the Company not acknowledged as debts (Refer Note i)	0.15	0.39
	Open letters of credit	6.39	5.27
	Indemnity bond	260.25	345.37
	Call money payable to Glenmark Pharmaceuticals (Thailand) Co. Ltd. (16,415 shares @ THB 50 per ordinary share)	1.23	1.15
	Corporate guarantee (Refer Note ii)	5,687.13	8,283.01
	Corporate guarantee (Refer Note iii)	1,206.36	1,218.78
	Note:		
	i) In respect of labour/industrial disputes		
	ii) Corporate guarantee given on behalf of various subsidiaries:		
	Citibank (Glenmark Holding SA, Switzerland (GHSA))	-	4,514.00
	ICICI Bank (Glenmark Holding SA, Switzerland (GHSA))	638.92	645.50
	Citibank (Glenmark Pharmaceuticals S.R.L Romania)	5.44	5.20
	ALD Automotive (Glenmark Impex L.L.C., Russia)	102.41	98.03
	ING Vysya Bank (Glenmark Generics Ltd., India)	-	430.00
	Central Bank of India (Glenmark Generics Ltd., India)	1,500.00	1,500.00
	Citibank (Glenmark Farmaceutica Ltda, Brazil)	89.36	90.28
	Yes Bank Ltd. (Glenmark Generics Ltd., India)	-	500.00
	Yes Bank Ltd. (Glenmark Generics Ltd., India)	-	500.00
	Citibank (Glenmark Impex L.L.C., Russia)	536.16	-

	31 March 2011	31 March 2010
Citibank (Glenmark Impex L.L.C., Russia)	223.40	-
Citibank (Glenmark Pharmaceuticals SK s.r.o, Slovakia)	44.68	-
Citibank (Glenmark Pharmaceuticals S.R.L Romania)	134.04	-
Citibank (Glenmark Distributors SP z.o.o, Poland)	134.04	-
Citibank (Glenmark Impex L.L.C., Russia)	44.68	-
Citibank (Glenmark Holding S.A., Switzerland (GHSA))	2,234.00	-

iii) The Company's subsidiary, Glenmark Generics Inc., U.S.A (GGI) (formerly known as Glenmark Pharmaceuticals Inc., U.S.A. (GPI) on 2 June 2006 has entered into an Agreement with Paul Royalty Fund Holdings II (PRF) pursuant to which, PRF will pay upto USD 27 million to GGI for the development and commercialisation of certain products for the US market. Further, the Company has entered into a Master Services, License, Manufacturing and Supply Agreement with GGI to develop and manufacture the aforesaid products, and also issued a financial guarantee in favour of PRF for an amount not exceeding USD 27 million for the benefits under the said agreement.

(b) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2011 aggregate ₹ 233.78 (2010 – ₹ 137.15).

4. FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT

	As at 31 March 2011	As at 31 March 2010
Balance at the beginning of the year	36.21	(246.48)
Add: Unrealised gain/(loss) on FCC Bond and ECB loan as per notification issued by Ministry of Corporate Affairs	253.35	256.32
Amortisation of foreign currency monetary item translation difference	(289.56)	26.37
Closing balance	-	36.21

5. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital and on conversion of FCC Bonds.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

	2010-2011	2009-2010
Profit after tax for the financial year (attributable to equity shareholders)	2,121.78	1,284.63
Reconciliation of number of shares (In millions)	No. of Shares	No. of Shares
Weighted average number of shares:		
For basic earnings per share	270.04	260.76
Add:		
Deemed exercise of options on unissued equity share capital and conversion of FCC Bonds	0.42	0.56
For diluted earnings per share	270.46	261.32
Earnings per share (nominal value ₹ 1 each)	₹	₹
Basic	7.86	4.93
Diluted	7.85	4.92

6. SEGMENT INFORMATION

Business segments

The Company is primarily engaged in a single segment business of formulations and is managed as one entity, for its various activities and manufacturing and marketing of pharmaceutical is governed by a similar set of risks and returns.

Geographical segments

In the view of the management, the Indian and export markets represent geographical segments.

Sales by market – The following is the distribution of the Company's sale by geographical market:

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

	2010-2011	2009-2010
Geographical segment		
India	8,924.90	7,528.63
Other than India	3,197.58	2,768.24
TOTAL	12,122.48	10,296.87

Assets and additions to fixed assets by geographical area – The following table shows the carrying amount of segment assets and additions to fixed assets by geographical area in which the assets are located:

	India	Others*	India	Others*
	2010-2011	2010-2011	2009-2010	2009-2010
Carrying amount of segment assets	32,800.45	941.63	25,588.45	2,080.47
Additions to fixed assets	560.07	-	463.32	-

* Others represent receivables from debtors located outside India including those related to deemed exports and cash and bank balances of branches outside India.

7. RELATED PARTY DISCLOSURES

In accordance with the requirements of Accounting Standard – 18 "Related Party Disclosures", the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are as follows:

a) Parties where direct/indirect control exists

i) Subsidiary companies

Glenmark Pharmaceuticals Europe Ltd., U.K.
Glenmark Generics (Europe) Ltd., U.K.
Glenmark Pharmaceuticals S.R.O., Czech Republic
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic
Glenmark Pharmaceuticals S. A., Switzerland
Glenmark Holding S. A., Switzerland
Glenmark Generics Holding S. A., Switzerland
Glenmark Generics Finance S. A., Switzerland
Glenmark Pharmaceuticals S.R.L., Romania
Glenmark Pharmaceuticals Eood., Bulgaria
Glenmark Distributor SP z.o.o., Poland
Glenmark Pharmaceuticals SP z.o.o., Poland
Glenmark Generics Inc., USA
Glenmark Therapeutics Inc., USA
Glenmark Farmaceutica Ltda., Brazil
Glenmark Generics SA., Argentina
Glenmark Pharmaceuticals Mexico, S.A. DE C.V., Mexico
Glenmark Pharmaceuticals Peru SAC., Peru
Glenmark Pharmaceuticals Colombia Ltda., Colombia
Glenmark Uruguay S.A., Uruguay
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela
Glenmark Dominicana SRL, Dominican Republic
Glenmark Pharmaceuticals Egypt S.A.E., Egypt
Glenmark Pharmaceuticals FZE., United Arab Emirates
Glenmark Impex L.L.C., Russia
Glenmark Philippines Inc., Philippines
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria
Glenmark Pharmaceuticals Malaysia Sdn Bhd., Malaysia
Glenmark Pharmaceuticals (Australia) Pty Ltd., Australia
Glenmark South Africa (Pty) Ltd., South Africa
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa
Glenmark Exports Ltd., India
Glenmark Generics Ltd., India
Glenmark Generics B.V., Netherlands
Glenmark Arzneimittel Gmbh., Germany

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

ii) Investment in Joint Venture
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand

iii) Enterprise over which key managerial personnel excercise significant influence
Glenmark Foundation, India

b) Related party relationships where transactions have taken place during the year

Subsidiary Companies
- Glenmark Exports Ltd., India
- 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 Pharmaceuticals (Australia) Pty. Ltd., Australia
- Glenmark Impex L.L.C., Russia
- Glenmark Holding S.A., Switzerland
- Glenmark Generics Ltd., India
- Glenmark Pharmaceuticals Peru SAC., Peru
- Glenmark Pharmaceuticals Venezuela., C.A , Venezuela
- Glenmark Pharmaceuticals FZE., United Arab Emirates
- Glenmark Pharmaceuticals Egypt S.A.E., Egypt
- Glenmark Generics S.A., Argentina

Enterprise over which key managerial personnel exercise significant influence
- Glenmark Foundation, India

c) Key management personnel
- Mr. Gracias Saldanha
- Mrs. B. E. Saldanha
- Mr. Glenn Saldanha
- Mrs. Cheryl Pinto
- Mr. A. S. Mohanty

d) Transactions with related parties during the year

	2010-2011		2009-2010	
Subsidiary company				
1. Sale of materials & services		1,573.27		1,101.53
Glenmark Pharmaceuticals S.A., Switzerland	545.58		461.46	
Glenmark Farmaceutica Ltda., Brazil	37.54		87.69	
Glenmark Philippines Inc., Philippines	34.59		41.69	
Glenmark Impex L.L.C., Russia	816.36		481.56	
Glenmark Generics Ltd., India	0.80		0.25	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	36.34		23.05	
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	-		0.40	
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	86.49		5.43	
Glenmark Pharmaceuticals Peru SAC., Peru	15.57		-	
2. Purchase of materials & services		107.62		220.93
Glenmark Generics Ltd., India	99.05		217.07	
Glenmark Generics S.A., Argentina	6.05		3.86	
Glenmark Farmaceutica Ltda., Brazil	2.52		-	
3. Investment in share capital		251.06		7,552.87
Glenmark Philippines Inc., Philippines	-		28.80	
Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia	13.04		1.31	
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	29.45		35.27	
Glenmark Impex L.L.C., Russia	179.68		289.99	
Glenmark Pharmaceuticals (Australia) Pty. Ltd., Australia	0.73		4.31	
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	28.16		40.96	
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	-		1.16	
Glenmark Generics Ltd., India	-		7,151.00	
Glenmark Dominicana SRL, Dominican Republic	-		0.07	

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

		2010-2011		2009-2010	
4.	Sale of fixed assets to		15.40		19.15
	Glenmark Pharmaceuticals S.A., Switzerland	-		0.75	
	Glenmark Generics Ltd., India	15.40		18.40	
5.	Purchase of fixed assets		-		23.40
	Glenmark Pharmaceuticals S.A., Switzerland	-		23.40	
6.	Advances given		-		2.40
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	-		2.40	
7.	Loan given to		8,325.38		3,417.08
	Glenmark Holding S.A., Switzerland	3,622.63		3,410.34	
	Glenmark Generics Ltd., India	4,702.75		-	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		6.74	
8.	Loan and interest repaid by		2,778.53		1,598.64
	Glenmark Holding S.A., Switzerland	2,208.34		997.57	
	Glenmark Generics Ltd., India	430.48		594.33	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		6.74	
	Glenmark Impex L.L.C., Russia	139.71		-	
9.	Interest on loan given		494.37		684.80
	Glenmark Impex L.L.C., Russia	5.37		14.08	
	Glenmark Holding S.A., Switzerland	299.57		260.73	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	3.10		3.20	
	Glenmark Generics Ltd., India	186.33		406.55	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	-		0.24	
10.	Expenses paid on behalf of Glenmark Pharmaceuticals Ltd., India		103.36		54.22
	Glenmark Farmaceutica Ltda., Brazil	-		0.24	
	Glenmark Generics Ltd., India	3.41		3.44	
	Glenmark Impex L.L.C., Russia	27.89		24.47	
	Glenmark Pharmaceuticals FZE., United Arab Emirates	29.75		26.07	
	Glenmark Pharmaceuticals Malaysia Sdn.Bhd.,Malaysia	42.31		-	
11.	Expenses paid on behalf of Glenmark Generics Ltd., India		91.23		85.22
12.	Reimbursement of expenses to Glenmark Exports Ltd., India		0.60		45.78
13.	Other Income from		24.10		30.35
	Glenmark Generics Ltd., India	12.89		4.29	
	Glenmark Holding S.A., Switzerland	11.21		26.06	
14.	Labour Charges to Glenmark Generics Ltd., India		-		0.59
15.	Factory rent to Glenmark Generics Ltd., India		1.65		1.65
Key management personnel					
	Remuneration		54.43		36.07
	Mr. Gracias Saldanha	0.06		0.12	
	Mrs. B. E. Saldanha	0.08		0.06	
	Mr. Glenn Saldanha	32.25		18.28	
	Mrs. Cheryl Pinto	12.10		9.41	
	Mr. A. S. Mohanty	9.94		8.20	
e)	Related party balances				
	Receivable/(Payable) from/(to) subsidiary companies/enterprise		15,823.93		9,888.72
	Glenmark Exports Ltd., India	149.98		159.48	
	Glenmark Farmaceutica Ltda., Brazil	19.40		63.63	
	Glenmark Philippines Inc., Philippines	20.38		18.08	
	Glenmark Pharmaceuticals S.A., Switzerland	856.09		918.44	
	Glenmark Holding S.A., Switzerland	8,993.38		7,422.43	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	56.04		47.24	

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

	2010-2011	2009-2010
Glenmark Generics Ltd., India	5,355.67	770.50
Glenmark Impex L.L.C., Russia	340.24	488.62
Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	-	0.40
Glenmark Pharmaceuticals FZE., United Arab Emirates	(14.83)	(6.49)
Glenmark Generics SA., Argentina	1.16	1.09
Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	42.62	5.30
Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	(11.58)	-
Glenmark Pharmaceuticals Peru SAC., Peru	15.34	-
Glenmark Foundation, India	0.04	-

8. OUTSTANDING DUES TO MICRO, SMALL AND MEDIUM SCALE BUSINESS ENTERPRISES

The Company has not received any information from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid/payable as required under the said Act have not been given.

9. LEASES

The Company has taken on lease/leave and licence godowns/residential and office premises at various locations in the country.

i) The Company's significant leasing arrangements are in respect of the above godowns and premises (including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to Profit and Loss Account as Rent.

ii) The Leasing arrangements which are cancellable range between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. An amount of ₹ 83.35 (2010 - ₹ 83.91) towards deposit and unadjusted advance rent is recoverable from the lessor.

10. TAXATION

Provision for current taxation for the Company of ₹ 674.15 represents Minimum Alternate Tax pursuant to the provisions of Section 115JB of the Income Tax Act, 1961 of India.

The Finance Act, 2005 inserted sub section (1A) to Section 115JAA to grant tax credit in respect of MAT paid under Section 115JB of the Act with effect from Assessment Year 2006-07 and carry forward the credit for a period of 10 years. In accordance with the Guidance Note issued on "Accounting for credit available in respect of Minimum Alternative Tax (MAT) under the Income Tax Act 1961" by the Institute of the Chartered Accountants of India, the Company has recognised MAT Credit which is expected to be set-off against the tax liability, other than MAT in future years. Accordingly, an amount of ₹ 286.15 for the current year and has been recognised as MAT Credit Entitlement in Schedule 12 - Loans and Advances.

11. EMPLOYEE BENEFITS

The disclosures as required as per the revised AS 15 are as under:

1. Brief description of the Plans

The Company has various schemes for long-term benefits such as Provident Fund, Superannuation, Gratuity and Leave Encashment. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through appropriate authorities. The Company's defined contribution plans are Superannuation and Employees' Provident Fund and Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include Gratuity and Leave Encashment.

	2010-2011	2009-2010
2. Charge to the Profit and Loss Account based on contributions:		
Superannuation	2.42	2.33
Provident fund	73.63	55.09
	76.05	57.42

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

3. Disclosures for defined benefit plans based on actuarial reports as on 31 March 2011:

		2010-2011		2009-2010	
		Gratuity (Funded plan)	Leave Encashment (Funded plan)	Gratuity (Funded plan)	Leave Encashment (Funded plan)
(i)	**Change in Defined Benefit Obligation**				
	Opening defined benefit obligation	126.82	68.28	109.64	55.51
	Current service cost	23.39	17.69	16.65	14.18
	Interest cost	7.31	3.61	7.92	3.72
	Actuarial loss/(gain)	3.52	(0.80)	0.72	6.73
	Benefits paid	(10.17)	(16.19)	(8.11)	(11.86)
	Closing defined benefit obligation	150.87	72.59	126.82	68.28
(ii)	**Change in Fair Value of Assets**				
	Opening fair value of plan assets	122.97	31.87	107.98	24.61
	Expected return on plan assets	8.30	2.32	10.08	2.51
	Actuarial gain/(loss)	1.24	0.69	2.91	(0.20)
	Contributions by employer	10.17	21.13	10.11	16.81
	Benefits paid	(10.17)	(16.19)	(8.11)	(11.86)
	Closing fair value of plan assets	132.51	39.82	122.97	31.87
(iii)	**Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**				
	Present value of funded obligations as at year end	150.87	72.59	126.82	68.28
	Fair value of plan assets as at year end	(132.51)	(39.82)	(122.97)	(31.87)
	Funded Liability/(Asset) recognised in the Balance Sheet	18.36	32.77	3.85	36.41
	Present Value of Unfunded Obligation as at year end	-	-	-	-
	Unrecognised Actuarial Gain/(Loss)	-	-	-	-
	Unfunded Liability/(Asset) recognised in the Balance Sheet	-	-	-	-
(iv)	**Amount recognised in the Balance Sheet**				
	Present value of obligations as at year end	150.87	72.59	126.82	68.28
	Fair value of plan assets as at year end	(132.51)	(39.82)	(122.97)	(31.87)
	Amount not recognised as an asset	-	-	-	-
	Net (asset)/liability recognised as at 31 March 2011	18.36	32.77	3.85	36.41
(v)	**Expenses recognised in the Profit and Loss Account**				
	Current service cost	23.39	17.69	16.65	14.18
	Interest on defined benefit obligation	7.31	3.61	7.92	3.72
	Expected return on plan assets	(8.30)	(2.32)	(10.08)	(2.51)
	Net actuarial loss/(gain) recognised in the current year	2.28	(1.49)	(2.18)	6.93
	Total expenses	24.68	17.49	12.31	22.32
(vi)	**Actual Return on Plan Assets**				
	Expected return on plan assets	8.30	2.32	10.08	2.51
	Actuarial gain/(loss) on Plan Assets	1.24	0.69	2.91	(0.20)
	Actual Return on Plan Assets	9.54	3.01	12.99	2.31
(vii)	**Asset information**				
	Administered by Birla Sunlife Insurance Co. Ltd. and LIC of India	100%	100%	100%	100%
(viii)	**Principal actuarial assumptions used**				
	Discount rate (p.a.)	8.30%	8.30%	8.00%	8.00%
	Expected rate of return on plan assets (p.a.)	9.00%	9.00%	9.00%	9.00%
(ix)	**Experience Analysis**				
	Actuarial (gain)/loss on change in assumptions	(3.80)	(2.00)	6.30	(1.92)
	Experience (gain)/loss due to change in experience	7.32	1.20	(5.58)	8.65
	Actuarial (gain)/loss on Obligation	3.52	(0.80)	0.72	6.73

(x) Expected employer's contribution for the next year is ₹ 68.20 for Gratuity and Leave Encashment.

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

12. MANAGERIAL REMUNERATION

		2010-2011	2009-2010
(a)	Paid/payable to directors*		
	Salaries, perquisites and other benefits	40.47	23.82
	Commission	3.24	0.96
	Sitting fees	0.80	0.72
	Contribution to provident fund and superannuation fund	10.58	11.11
		55.09	36.61
	Name of Directors		
	1. Mr. Gracias Saldanha	0.06	0.12
	2. Mrs. B. E. Saldanha	0.08	0.06
	3. Mr. Glenn Saldanha	32.25	18.28
	4. Mrs. Cheryl Pinto	12.10	9.41
	5. Mr. A. S. Mohanty	9.94	8.20
	6. Other Directors	0.66	0.54
	* Excludes contributions to Gratuity and Leave Encashment Fund, which is based on actuarial valuation.		
(b)	Computation of net profits in accordance with Section 349 and Section 309(5) of the Companies Act, 1956.		
	Profit before taxation as per statement of profit and loss	2,508.10	1,210.13
	Add: Depreciation as per statement of profit and loss	209.88	212.78
	Provision for doubtful debts	15.00	17.50
		2,732.98	1,440.41
	Less: Depreciation calculated under Section 350 of the Companies Act, 1956	209.88	212.78
	Net profit in accordance with Section 349 of the Companies Act, 1956	2,523.10	1,227.63
	Add: Managerial remuneration paid/payable to directors	55.09	36.61
	Net profit in accordance with Section 309(3) of the Companies Act, 1956	2,578.19	1,264.24
	Maximum managerial remuneration allowed under Section 198 of the Companies Act, 1956, 11 per cent of the above	283.60	139.07

13. CAPACITY, PRODUCTION, SALES AND STOCKS

(a) Capacities and actual production (including samples)

		Installed Capacity		Actual Production	
Class of goods	UoM	2010-2011	2009-2010	2010-2011	2009-2010
Injections	Ltrs	-	-	150,119	210,901
Liquid Orals	Ltrs	8,553,666	8,553,666	4,825,608	4,175,057
Lotions and Externals	Ltrs	870,025	870,025	686,220	708,052
Ointments and Creams	Kgs	1,153,500	1,136,550	731,372	834,457
Solids and Powders	Kgs	113,000	113,000	286,185	311,173
Tablets and Capsules	Nos	1,182,950,000	1,182,950,000	760,097,746	784,299,349
Aerosol Spray	Nos	3,000,000	-	357,213	-
Inhaler Capsules	Nos	400,000	-	198,558	-
Others		-	-	60,142	132,131

Note:

(i) The products of the Company are exempt from licencing procedures.

(ii) Installed capacity, being a technical matter, has not been verified by the auditors. However, the management has certified the same.

(iii) Actual production includes goods manufactured at third party manufacturing facilities on loan licence basis and at leased facilities.

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

(b) Sales

Class of goods	UoM	2010-2011 Qty	2010-2011 Value	2009-2010 Qty	2009-2010 Value
Injectibles	Ltrs	266,716	1,071.16	360,800	674.56
Liquid Orals	Ltrs	4,910,763	1,749.09	4,464,608	1,411.50
Lotions and Externals	Ltrs	735,221	1,284.49	845,595	1,033.32
Ointments and Creams	Kgs	722,993	2,003.35	872,132	2,016.11
Solids and Powders	Kgs	282,505	173.91	316,939	166.08
Tablets and Capsules	Nos	1,150,662,316	5,056.41	1,124,223,930	4,153.83
Aerosol Spray	Nos	300,975	46.05	-	-
Inhaler Capsules	Nos	124,151	12.72	-	-
Cardiac diagnostic services		-	16.72	-	15.29
Others			708.58		826.18
TOTAL			12,122.48		10,296.87

1. Sales are net of sales returns.
2. Sales quantities does not include free issues, samples and breakages.

(c) Finished goods purchased (includes samples)

Class of goods	UoM	2010-2011 Qty	2010-2011 Value	2009-2010 Qty	2009-2010 Value
Injectibles	Ltrs	94,737	184.97	151,626	241.78
Liquid Orals	Ltrs	139,690	50.92	137,390	45.54
Lotions and Externals	Ltrs	35,447	18.12	100,869	41.75
Ointments and Creams	Kgs	12,513	8.67	17,347	16.79
Tablets and Capsules	Nos	365,389,824	561.38	322,750,466	436.83
Others			47.52		58.81
TOTAL			871.58		841.50

(d) Raw and packing materials consumed

Products	UoM	2010-2011 Qty	2010-2011 Value	2009-2010 Qty	2009-2010 Value
Cefuroxime Axetil USP	Kgs	2,733	28.29	2,510	25.04
Linezolid IH	Kgs	2,374	40.63	1,560	31.20
Mupirocin USP	Kgs	376	53.35	316	49.09
Propylene Glycol IP	Kgs	387,926	38.74	366,813	33.32
Sugar S/30 IH	Kgs	1,763,619	54.42	1,461,206	49.84
Sorbitol Solution 70% IP	Kgs	870,701	30.09	809,886	25.02
Clarithromycin USP	Kgs	1,946	24.28	1,264	13.00
Telmisartan	Kgs	8,897	79.55	7,363	95.31
100ML Amber Pet Bottles (25 MM Neck)	Nos	31,202,724	54.69	28,442,845	46.04
Sertaconazole Nitrate BP	Kgs	436	26.69	-	-
Others			1,949.13		1,634.93
TOTAL			2,379.86		2,002.79

(e) Break-up of materials and consumable stores consumed

	2010-2011 Value	2010-2011 Per cent	2009-2010 Value	2009-2010 Per cent
Materials				
Imported materials	91.70	3.85	76.62	3.83
Indigenously procured	2,288.16	96.15	1,926.17	96.17
	2,379.86	100.00	2,002.79	100.00
Consumable stores and spares				
Imported	-	-	-	-
Indigenously procured	59.52	100.00	42.27	100.00
	59.52	100.00	42.27	100.00

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

(f) Inventories of finished goods (manufactured and traded)

Class of goods	UoM	Opening Stock				Closing Stock			
		2010-2011		2009-2010		2010-2011		2009-2010	
		Qty	Value	Qty	Value	Qty	Value	Qty	Value
Injectibles	Ltrs	57,315	85.40	55,583	64.55	35,455	34.04	57,315	85.40
Liquid Orals	Ltrs	566,946	63.98	719,115	96.64	607,258	64.19	566,946	63.98
Lotions and Externals	Ltrs	154,111	51.40	190,778	59.85	154,778	50.50	154,111	51.40
Ointments and Creams	Kgs	113,959	73.92	134,285	100.68	134,850	91.39	113,959	73.92
Solids and Powders	Kgs	49,405	10.80	55,170	11.51	53,085	13.10	49,405	10.80
Tablets and Capsules	Nos	190,372,456	233.74	207,546,567	378.13	165,197,716	211.65	190,372,456	233.74
Aerosol Spray	Nos		-		-	56,238	6.83		-
Others			107.68		4.40		98.22		107.68
TOTAL			626.92		715.76		569.92		626.92

14. SUBSIDIARY COMPANIES

		Maximum amount outstanding during the year		As at	
		2010-2011	2009-2010	31 March 2011	31 March 2010
a)	**Loans and advances to subsidiaries/enterprise**				
	Glenmark Pharmaceuticals S.A., Switzerland	949.24	953.72	856.09	911.65
	Glenmark Holding S.A., Switzerland	10,635.41	8,204.91	8,993.38	7,422.43
	Glenmark Farmaceutica Ltda., Brazil	2.41	2.75	0.20	2.41
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	33.57	39.14	31.42	31.75
	Glenmark Impex L.L.C., Russia	143.28	156.71	-	138.76
	Glenmark Generics Ltd., India	5,552.62	7,979.22	5,355.67	770.50
	Glenmark Foundation, India	0.04	-	0.04	-
	Glenmark Generics SA., Argentina	1.97	2.22	1.16	1.09
				15,237.96	9,278.59
b)	**Receivable from subsidiary companies**				
	Glenmark Pharmaceuticals S.A., Switzerland			-	6.78
	Glenmark Farmaceutica Ltda., Brazil			19.53	61.22
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria			24.62	15.49
	Glenmark Philippines Inc., Philippines			20.38	18.09
	Glenmark Impex L.L.C., Russia			340.24	349.86
	Glenmark Exports Ltd., India			149.98	159.48
	Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa			-	0.40
	Glenmark Pharmaceuticals Venezuela., C.A, Venezuela			42.62	5.30
	Glenmark Pharmaceuticals Peru SAC., Peru			15.34	-
c)	**Payable to subsidiaries**				
	Glenmark Pharmaceuticals FZE., United Arab Emirates			14.83	6.49
	Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia			11.58	-
	Glenmark Farmaceutica Ltda., Brazil			0.33	-

d) Movement of investment in shares during the year

	No. of Shares (In millions)			
	As at 1 April 2010	Invested during the Year	Sale during the Year	Balance as at 31 March 2011
Investments in subsidiary companies - unquoted				
Glenmark Impex L.L.C., Russia	455.70	122.07	-	577.77
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	267.53	97.47	-	365.00
Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia	1.20	0.91	-	2.11
Glenmark Generics Ltd., India	143.21	1.14	-	144.35
Glenmark Pharmaceuticals (Australia) Pty. Ltd., Australia	1.98	0.01	-	1.99
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	4.98	3.48	-	8.46

15. FOREIGN CURRENCY CONVERTIBLE BOND ISSUED

A) The Company had issued 30,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each, ₹ 1,331.70 at issue (value including foreign exchange translation as at 31 March 2010 is ₹ 1,354.20) on the following terms:

(i) Convertible at the option of the bondholder at any time on or after 11 November 2007 but prior to the close of business on 29 November 2010 at a fixed exchange rate of ₹ 44.94 per 1 USD and the conversion price of ₹ 582.60 per share of ₹ 1 each.

(ii) Redeemable in whole but not in part at the option of the Company on or after 10 January 2010 if closing price of the share for each of the 25 consecutive trading days immediately prior to the date upon which notice of such redemption is given was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio.

(iii) Redeemable on maturity date on 11 January 2011 at 139.729% of its principal amount if not redeemed or converted earlier. The redemption premium of 39.729% payable on maturity of the bond if there is no conversion of the bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of bonds.

During the year, 30,000 FCC Bonds of USD 1,000 each aggregating to USD 30 Million were redeemed on 11 January 2011 on maturity. As of 31 March 2011, Nil FCC Bonds (2010 - 30,000) of USD 1,000 are outstanding.

B) The Company had issued 20,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (₹ 873.20 at issue) on the following terms:

(i) Convertible at the option of the bondholder at any time on or after 28 March 2005 but prior to the close of business on 2 January 2010 at a fixed exchange rate of ₹ 43.66 per 1 USD and price of ₹ 215.60 (Post adjustment for bonus and split) per share of ₹ 1 each.

(ii) Redeemable in whole but not in part at the option of the Company on or after 15 February 2008 if closing price of the share for each of the 25 consecutive trading days immediately prior to the date upon which notice of such redemption is given was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio.

(iii) Redeemable on maturity date on 16 February 2010 at 133.74% of its principal amount if not redeemed or converted earlier. The redemption premium of 33.74% payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds.

During the year ended 31 March 2010, 1000 FCC Bonds of USD 1,000 each aggregating to USD 1 Million were redeemed on 16 February 2010 on maturity. As of 31 March 2011, Nil FCC Bonds (2010 - Nil) of USD 1,000 each are outstanding.

C) The Company had issued 50,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (₹ 2,183.00 at issue) on the following terms:

(i) Convertible at the option of the bondholder at any time on or after 15 November 2006 but prior to the close of business on 2 January 2010 at a fixed exchange rate of ₹ 43.66 per 1 USD and the price of ₹ 253.11 (post adjustment for split) per share of ₹ 1 each.

(ii) Redeemable in whole but not in part at the option of the Company on or after 15 February 2009 if closing price of the share for each of the 25 consecutive trading days immediately prior to the date upon which notice of such redemption is given was at least 130% of the applicable Early Redemption Amount divided by the Conversion Ratio.

(iii) Redeemable on maturity date on 16 February 2010 at 134.07% of its principal amount if not redeemed or converted earlier. The Redemption Premium of 34.07% payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds.

During the year ended 31 March 2010, 5000 FCC Bonds of USD 1000 each aggregating to USD 5 Million were redeemed on 16 February 2010 on maturity. As of 31 March 2011, Nil FCC Bonds (2010 - Nil) of USD 1,000 each are outstanding.

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

16. Extracts of Assets and Liabilities as on 31 March 2011 and Income and Expenses for the year ended 31 March 2011 related to the interest of the Company (without elimination of the effect of transactions between the Company and Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand) have been extracted from the audited accounts:

Particulars	2010-2011	2009-2010
Assets		
Net fixed assets including capital work-in-progress	-	-
Deferred Tax Asset	0.38	0.24
Cash Bank Balances	0.14	1.03
Loans and Advances	-	0.06
Liabilities		
Current Liabilities	0.02	0.14
Income		
Net Sales	-	-
Expenses		
Selling and Operating Expenses	0.86	1.27
Depreciation	-	-
Provision for Taxation including Deferred tax	(0.13)	(0.19)

17. VALUE OF IMPORTS ON CIF BASIS

Capital Goods	166.85	77.92
Materials	158.84	150.44
	325.69	228.36

18. EARNINGS IN FOREIGN CURRENCY

Export of goods calculated on FOB basis	3,020.01	2,649.15
Guarantee Commission	11.21	26.06
Interest on loan to subsidiaries	308.04	278.25
	3,339.26	2,953.46

19. EXPENDITURE IN FOREIGN CURRENCY

Travelling expenses	42.60	45.56
Professional and Consultancy charges	7.00	36.94
Export promotional expenses and export commission	176.10	132.00
Salary and related expenses	95.81	99.65
Product registration expenses	38.03	47.58
Interest expenses	264.09	12.88
QIB issue expenses	10.64	65.83
FCCB premium on redemption	600.03	94.76
Others	324.56	222.22
	1,558.86	757.42

20. DIVIDEND REMITTANCE IN FOREIGN CURRENCY

Number of non-resident shareholders	16	22
Number of Equity Shares held by them	217,610	163,240
Amount of dividend paid (gross), TDS ₹ Nil (2010 - ₹ Nil)	0.09	0.07
Year to which dividend relates	2009-2010	2008-2009

21. PRIOR YEAR COMPARATIVES

The financial statements of the Company for the immediately preceding year were audited and reported by another firm of Chartered Accountants.

Prior year's figures have been regrouped or reclassified wherever necessary to confirm to current year's classification.

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet Abstract & Company's General Business Profile

(₹ in Thousands)

(a) Registration Details

Registration No. 1 9 9 8 2 State Code 1 1

Balance Sheet Date — Date: 3 1 Month: 0 3 Year: 2 0 1 1

(b) Capital raised during the year

Public Issue: N I L

Rights Issue: N I L

Bonus Issue: N I L

Qualified Institutions Placement Issue: N I L

Preferential offer of shares under Employee stock option scheme: 4 3 4 . 5 0

Conversion of FCC Bond: N I L

(c) Position of mobilisation and deployment of funds

Total Liabilities including Shareholders' Funds: 3 3 8 4 3 3 4 6

Total Assets: 3 3 8 4 3 3 4 6

SOURCES OF FUNDS

Paid-up Capital: 2 7 0 2 7 2

Reserves and Surplus: 1 9 5 2 7 1 3 8

Secured Loans: 1 6 0 1 3 2 0

Unsecured Loans: 9 8 6 1 1 4 2

Deferred Tax Liability: 3 3 0 5 7 0

APPLICATION OF FUNDS

Net Fixed Assets: 2 6 3 7 2 2 0

Investments: 1 0 4 1 2 4 7 0

Net Current Assets: 1 8 4 3 9 4 8 4

Deferred Tax Assets: 1 0 1 2 6 8

Accumulated Losses: N I L

Miscellaneous Expenditure: N I L

(d) Performance of the Company

Turnover (Total Income): 1 1 8 5 0 2 3 8

Total Expenditure: 9 3 4 2 1 3 6

Profit/(Loss) Before Tax: 2 5 0 8 1 0 2

Profit/(Loss) After Tax: 2 1 2 1 7 8 8

Basic Earnings per Share in ₹: 7 . 8 6

Diluted Earnings per Share in ₹: 7 . 8 5

Dividend Rate %: 4 0

(e) Generic Names of Three Principal Products of Company

Item Code No. (ITC code)	Product Description
3 0 0 4 8 0 . 0 0	Terbutaline Sulphate + Bromehexine Hydrochloride + Guaiphenesin
3 0 0 4 9 0 . 9 9	Clotrimazole
3 0 0 4 9 0 . 7 9	Telmisartan

Auditors' Report

Auditors' report to the Board of Directors of Glenmark Pharmaceuticals Limited.

We have audited the attached Consolidated Statement of Financial Position of Glenmark Pharmaceuticals Limited ("the Company") its subsidiaries (as per list appearing in Note B) collectively referred to as "the Glenmark Group" as at 31 March 2011 and also the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended on the date annexed thereto ("collectively referred as consolidated financial statements"). These consolidated financial statements are the responsibility of the Glenmark Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 14,389 million as at 31 March 2011, total revenue of ₹ 18,938 million and cash flows amounting to ₹ 1,019.62 million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion in respect thereof, is based solely on the report of other auditors.
3. We report that the consolidated financial statements have been prepared by Glenmark Group's management in accordance with the requirements of International Accounting Standard 27, 'Consolidated and Separate Financial Statements' forming part of International Financial Reporting Standards ("IFRS") as permitted by SEBI Circular CIR/CFD/DIL/1/2010 dated 5 April, 2010 ("SEBI Circular").
4. As described in Note A-2.2 to the consolidated financial statements, in the preparation of its first financial statements in accordance with International Financial Reporting Standards, Glenmark Group has not presented any financial information for the comparative period as required by SEBI Circular.
5. As described in Note A-2.2 to the consolidated financial statements, Glenmark Group has not presented a reconciliation of significant differences between the figures as disclosed as per IFRS and the figures as they would have been if the notified Indian Accounting Standards were adopted, as required by SEBI circular.
6. Based on our audit and consideration of reports of other auditors on financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that, subject to the omission of the disclosures described in paragraphs 4 and 5 above, subject to the omission of the disclosures described in para 4 and 5 above, the attached consolidated financial statements give a true and fair view in conformity with International Financial Reporting Standards as permitted vide SEBI circular:
   a) in case of the Consolidated Statement of Financial Position, of the state of affairs of the Glenmark Group as at 31 March 2011;
   b) in case of the Consolidated Statement of Comprehensive Income, of the profit for the year ended on that date; and
   c) in case of the Consolidated Statement of Cash Flow, of the cash flows for the year ended on that date.

For Walker, Chandiok & Co.
Chartered Accountants
Firm Registration No.: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No.: F-42423

Place: Mumbai
Date: 10 May 2011

Consolidated Statement of Financial Position

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

	Notes	31 March 2011
ASSETS		
Current assets		
Cash and cash equivalents	C	1,948.72
Restricted cash	D	9.58
Accounts receivable, net	E	11,308.14
Inventories	F	8,070.12
Other current assets	G	3,972.65
Current tax assets		678.48
Total current assets		**25,987.69**
Non-current assets		
Property, plant and equipment, net	H	11,794.12
Intangible assets	I	9,723.38
Goodwill	J	605.70
Deferred tax assets	N	2,557.66
Restricted cash	D	27.96
Long-term financial assets	Z	281.26
Total non-current assets		**24,990.08**
Total assets		**50,977.77**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable		6,574.06
Current tax liabilities		66.44
Short-term borrowings	L	14,802.26
Current portion of long-term liabilities	L	111.70
Other liabilities	K	919.88
Provisions		44.24
Total current liabilities		**22,518.58**
Non-current liabilities		
Long-term liability	L	6,202.49
Employee obligations	M	141.02
Deferred tax liabilities	N	1,476.30
Total non-current liabilities		**7,819.81**
Total liabilities		**30,338.39**
Stockholders' equity	O	
Common stock		270.27
Additional paid-in capital		7,720.90
Stock compensation reserve		200.34
Statutory reserve		201.00
Currency translation reserve		(1,419.26)
Accumulated earnings		13,399.12
		20,372.37
Non-controlling interest		267.01
Total stockholders' equity		**20,639.38**
Total liabilities and stockholders' equity		**50,977.77**

(The accompanying notes are an integral part of these consolidated financial statements)

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 10 May 2011

Consolidated Statement of Comprehensive Income

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

Consolidated Income Statement

	Notes	Year ended 31 March 2011
Revenues		
Operating Revenue	P	29,490.70
Other income	Q	1,405.18
Total Revenues		**30,895.88**
Expenses		
Materials consumed	R	9,918.32
Employee costs	S	5,103.03
Other expenses		8,546.64
Depreciation and amortisation	H & I	946.78
Total Expenses		**24,514.77**
Operating profit		**6,381.11**
Finance income		38.97
Finance costs		(1,604.55)
Profit before tax		**4,815.53**
Taxes		
Current tax expenses	N	504.92
Deferred tax credit	N	(267.72)
Profit for the year		**4,578.33**
Profit for the year attributable to:		
Non-controlling interest		46.25
Equity shareholders of Glenmark Pharmaceuticals Limited		4,532.08
Earnings per share		
Basic (in ₹)	W	16.78
Diluted (in ₹)	W	16.76

(The accompanying notes are an integral part of these consolidated financial statements)

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 10 May 2011

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Other Comprehensive Income

	Note	Year ended 31 March 2011
Profit for the year		4,578.33
Other comprehensive income		
Exchange differences on translating foreign operations	O	(1,249.33)
Income tax relating to components of other comprehensive income		-
Other comprehensive income for the year, net of tax		**(1,249.33)**
Total comprehensive income for the year		**3,329.00**
Total comprehensive income attributable to:		
Non-controlling interest		46.25
Equity shareholders of Glenmark Pharmaceuticals Limited		3,282.75

(The accompanying notes are an integral part of these consolidated financial statements)

Consolidated Statement of Changes in Shareholders' Equity

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

	Equity attributable to shareholders of Glenmark Pharmaceuticals Limited								Non-controlling interest	Total stockholders' equity
	Common stock – No. of shares	Common stock - Amount	Additional paid-in capital	Stock compensation reserve	Statutory reserve	Currency Translation reserve	Accumulated earnings	Total attributable to owners of the parent company		
Balance as at 1 April 2010	269,837,553	269.84	7,643.87	133.91	201.00	(169.93)	9,178.77	17,257.46	264.23	17,521.69
Translation adjustment	-	-	-	-	-	(1,249.33)	-	(1,249.33)	-	(1,249.33)
Income/ (expense) recognised directly in equity	-	-	-	-	-	(1,249.33)	-	(1,249.33)	-	(1,249.33)
Net income for the year	-	-	-	-	-	-	4,532.08	4,532.08	46.25	4,578.33
Total income and expense recognised for the year	-	-	-	-	-	(1,249.33)	4,532.08	3,282.75	46.25	3,329.00
Tax impact on share issue expenses	-	-	20.32	-	-	-	-	20.32	-	20.32
Employee share based compensation	-	-	-	82.71	-	-	-	82.71	-	82.71
Acquisition of non-controlling interest	-	-	-	-	-	-	(185.36)	(185.36)	(43.47)	(228.83)
Shares issued under Employee Stock Option ('ESOP') Scheme	434,500	0.43	56.71	(16.28)	-	-	-	40.86	-	40.86
Dividends paid	-	-	-	-	-	-	(126.37)	(126.37)	-	(126.37)
Balance as at 31 March 2011	**270,272,053**	**270.27**	**7,720.90**	**200.34**	**201.00**	**(1,419.26)**	**13,399.12**	**20,372.37**	**267.01**	**20,639.38**

(The accompanying notes are an integral part of these consolidated financial statements)

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 10 May 2011

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Consolidated Statement of Cash Flows

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

Particulars	Year ended 31 March 2011
(A) Cash inflow/(outflow) from operating activities	
Profit before tax	**4,815.53**
Adjustments to reconcile profit before tax to net cash provided by operating activities:	
Depreciation and amortisation	946.78
Employee share based compensation	82.71
Interest expense	1,604.55
Interest income	(38.97)
Profit on sale of assets	(3.52)
Other provisions	48.32
Bad debts and provision for doubtful debts	98.60
Unrealized exchange differences (net)	(841.94)
Operating profit before changes in operating assets and liabilities	**6,712.06**
Changes in operating assets and liabilities	
Restricted cash	(3.21)
Accounts receivable	3,011.77
Other assets	(1,923.86)
Accounts payable and other liabilities	2,443.39
Net changes in operating assets and liabilities	**3,528.09**
Income taxes paid	(937.54)
Net cash provided by operating activities	**9,302.61**
(B) Cash inflow/(outflow) from investing activities	
Interest received	38.97
Payments for purchase of property, plant and equipment and intangible assets	(4,011.60)
Proceeds from sale of property, plant and equipment	303.13
Net cash used in investing activities	**(3,669.50)**
(C) Cash inflow/(outflow) from financing activities	
Proceeds from long-term borrowings	8,346.01
Repayments of long-term borrowings	(8,888.59)
Repayments of short-term borrowings, net	(2,037.36)
Interest paid	(1,458.97)
Proceeds from issue of share capital	40.86
Acquisition of non-controlling interest	(232.25)
Dividend paid (including tax on dividend)	(125.82)
Net cash used in financing activities	**(4,356.12)**
Effect of exchange rate changes on cash	(364.10)
Net increase in cash and cash equivalents	**912.89**
Cash and cash equivalents at the beginning of the year	**1,035.83**
Cash and cash equivalents at the end of the year (refer NOTE C)	**1,948.72**

(The accompanying notes are an integral part of these consolidated financial statements)

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cheryl Pinto
Director

Marshall Mendonza
Vice President - Legal & Company Secretary

Place: Mumbai
Date: 10 May 2011

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Glenmark Pharmaceuticals Limited ("Glenmark" or 'the Company') and its subsidiaries (together referred to as 'the Group') are primarily engaged in the business of development, manufacture and marketing of pharmaceutical products. The Group has a significant presence in branded generics markets across emerging economies including India and also has a fast growing generics business in the United States and Europe. The Group also markets active pharmaceutical ingredients to regulated and semi-regulated markets. The Group is actively involved in the discovery of new molecules both NCEs (new chemical entities) and NBEs (new biological entities).

The Group`s research and development facilities are located at Mahape, Sinnar and Taloja in India, North Oxford in the United Kingdom and at La Chaux-de-fonds in Switzerland. The manufacturing facilities of the Group in India are located at Nasik, Goa, Baddi, Nalagarh, Indore, Ankleshwar, Mohol and Kurkumbh. Overseas manufacturing facilities are located in Brazil, Czech Republic and Argentina.

2. GENERAL INFORMATION AND COMPLIANCE WITH SEBI CIRCULAR

2.1 GENERAL INFORMATION

Glenmark Pharmaceuticals Limited, a public limited company, is domiciled in Mumbai, India and is the Group's ultimate parent company. The registered office of Glenmark Pharmaceuticals Limited is at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai - 400 026, India.

The Company's shares are listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE). The Company had issued Foreign Currency Convertible Debt instruments which were traded on the Singapore Stock Exchange (SGX).

The consolidated financial statements of Glenmark Group are prepared and presented in millions of Indian Rupees ('INR'), the Company's functional currency.

The financial statements for the year ended 31 March 2011 were approved by the Board of Directors on 10 May 2011. Financial statements once approved by the Board of Directors are generally not amended.

2.2 COMPLIANCE WITH SEBI CIRCULAR

As permitted by Securities Exchange Board of India ('SEBI') circular CIR/CFD/DIL/1/2010 dated 5 April 2010 (hereinafter referred to as 'SEBI Circular'), the Group has voluntarily chosen to present its consolidated financial statements in accordance with International Financial Reporting Standards after taking benefit of the additional exemptions provided vide the SEBI Circular (hereinafter referred to as 'IFRS'). Accordingly, the Group has:

- prepared and presented the financial statements for the year ended 31 March 2011 in accordance with IFRS instead of the accounting standards specified in Section 211(3C) of the Companies Act, 1956 ('Indian GAAP');
- elected to provide the figures for the comparative period as per Indian GAAP as permitted by the SEBI Circular and not as per IFRS as required by International Financial Reporting Standard 1, 'First time adoption of International Financial Reporting Standards' and International Accounting Standard 1, 'Presentation of Financial Statements'. However, as the classification of the individual line items is not consistent and comparable between the two periods, the figures for the comparative period are not presented alongside that of the current year. Accordingly, these consolidated financial statements should be read along with the consolidated financial statements for the year ended 31 March 2010 presented in the Annual Report for the year ended 31 March 2010;
- not presented reconciliations between the equity and comprehensive income as per IFRS and Indian GAAP for the comparative period, as the Group has not prepared financial information in accordance with IFRS for the comparative period as indicated above; and
- not presented a reconciliation of significant differences between the figures as disclosed as per IFRS for the year ended 31 March 2011 and the figures as they would have been if Indian GAAP was adopted for the year ended 31 March 2011 as required by the SEBI Circular as the Group has not prepared consolidated financial statements in accordance with Indian GAAP for this period.

These are the Group's first financial statements prepared in accordance with IFRS (see Note EE for explanation of the transition to IFRS).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 OVERALL CONSIDERATIONS

The consolidated financial statements have been prepared using accounting policies specified by those IFRS that are in effect as at 31 March 2011. The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

These accounting policies have been used throughout the periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS (see Note EE for details).

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented in Note A - 6.

The consolidated financial statements have been prepared on a going concern basis.

3.2 PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007), except as indicated in Note A-2.2 above. The Group has elected to present the 'Statement of comprehensive income' in two statements: the 'Consolidated Income statement' and the 'Consolidated Statement of Other Comprehensive Income'.

In future periods, two comparative periods will be presented for the statement of financial position when the Group:

(i) applies an accounting policy retrospectively,

(ii) makes a retrospective restatement of items in its financial statements, or

(iii) reclassifies items in the financial statements.

3.3 BASIS OF CONSOLIDATION

The Group's financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the dates specified in Note B. Subsidiaries are all entities over which Glenmark Pharmaceuticals Limited has the power to control the financial and operating policies. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Glenmark Pharmaceuticals Limited obtains and exercises control through voting rights.

Unrealised gains and losses on transactions between the Company and its subsidiaries are eliminated. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment losses from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed off during the year are recognised from the effective date of acquisition, or up to the effective date of disposal as appropriate.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

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 owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.4 BUSINESS COMBINATIONS

Business combinations are accounted for using the purchase method. The purchase 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. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of consideration transferred and any non-controlling interests over the fair value of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over the consideration transferred and any non-controlling interest is recognised in income statement immediately after acquisition as a 'gain on bargain purchase'.

3.5 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in Indian Rupees ('INR'), which is also the functional currency of the parent company, Glenmark Pharmaceuticals Limited, being the currency of the primary economic environment in which it operates.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Group at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in income statement. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Foreign currency gains and losses are reported on a net basis.

Foreign operations

In the Group's consolidated financial statements, the assets, liabilities and transactions of foreign operations are translated into INR, the Group's presentation currency upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, liabilities have been translated into INR at exchange rates at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of

the foreign entity and translated into INR at the closing rate. The income and expenses of foreign operations are translated to INR at the average exchange rates prevailing during the year. Exchange differences are recognised in Other Comprehensive Income and recognised in the currency translation reserve in equity. When a foreign operation is disposed of, in part or in full, the cumulative currency translation differences recognised in equity are reclassified to income statement and recognised as part of the gain or loss on disposal.

Monetary items receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in Income Statement. In the Group's consolidated financial statements, the gains and losses on such monetary items are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

3.6 REVENUE RECOGNITION

Sale of goods

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

Sales of active pharmaceutical ingredients and intermediates in India are made directly to customers of the Group. Significant risks and rewards in respect of ownership of active pharmaceuticals ingredients are transferred by the Group upon delivery of the products to the customers.

Revenue from contract research is recognised in income statement when right to receive a non-refundable payment from out-licensing partner has been established.

Provisions for chargeback, rebates, discounts and medical aid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Group. 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.

The Group accounts for sales returns by recording a provision based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the Group's estimate of sales returns is determined primarily by its experience in these markets. In respect of established products, the Group determines an estimate of sales returns provision primarily based on its historical experience with such sales returns. Additionally, other factors that the Group considers in determining the estimate include levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products 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 sales return provision to reflect its actual experience. With respect to new products introduced by the Group, those have historically been either extensions of an existing line of product where the Group has historical experience or in therapeutic categories where established products exist and are sold either by the Group or its competitors.

The Group has not yet introduced products in a new therapeutic category where the sales returns experience of such products is not known. The amount of sales returns for the Group's newly launched products have not historically differed significantly from sales returns experience of the current products marketed by the Group or its competitors (as the Group understands based on industry publications). Accordingly, the Group does not expect sales returns for new products to be significantly different from expected sales returns of current products. The Group evaluates sales returns of all its products at the end of each reporting period and records necessary adjustments, if any.

Services

Revenue from services rendered is recognised in income statement as the underlying services are performed.

Export entitlements

Export entitlements from government authorities are recognised in income statement when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Finance and other income

Finance income consists of interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in income statement, using the effective interest rate method. Dividend income is recognised in income statement on the date that the Group's right to receive payment is established.

3.7 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures 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 different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Profits or 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 net within "other income/expense, net" in income statement.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in income statement as incurred.

Depreciation

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each date of statement of financial position and the cost of property, plant and equipment not put to use before such date are disclosed under capital work-in-progress.

3.8 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'.

Finance costs consist of interest expense on loans and borrowings and impairment losses recognised on financial assets. Borrowing costs are recognised using the effective interest rate method.

3.9 INTANGIBLE ASSETS

Goodwill

Goodwill arises upon the acquisition of subsidiaries, associates and joint ventures.

Acquisitions prior to 1 April 2010

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.

Acquisitions on or after 1 April 2010

For acquisitions on or after 1 April 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in income statement when 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, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognised in income statement as incurred.

The Group's internal drug development expenditures are capitalised only if they meet the recognition criteria as mentioned above. Where uncertainties are such that the criteria are not met, the expenditures are recognised in income statement as incurred. Where, however, the recognition criteria are met, intangible assets are capitalised and amortised on a straight-line basis over their useful economic lives from product launch. 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 indefinite 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 product launch. During the periods prior to their launch, these assets are tested for impairment on an annual basis, as their economic useful life is indefinite till then.

De-recognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use or disposal. Losses arising on such de-recognition are recorded in income statement, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the income statement.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the income statement as incurred. The capitalised costs are amortised over the estimated useful life of the software.

Amortisation

Amortisation is recognised in income statement on a straight-line basis over the estimated useful lives of intangible assets, other than for goodwill, intangible assets not available for use and intangible assets having indefinite life, from the date that they are available for use.

The estimated useful lives are as follows:

Product related intangibles	10 years
Other intangibles	5 years

3.10 IMPAIRMENT TESTING OF FINANCIAL ASSETS, GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss, in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised in Other Comprehensive Income.

Non-financial 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (as defined below) 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. 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 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.

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 income statement. 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.

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.

3.11 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through income statement, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.12 FINANCIAL ASSETS

Non-derivative financial instruments consists of investments in equity and debt securities, trade receivables, certain other assets, cash and cash equivalents, loans and borrowings, trade payables and certain other liabilities.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents

Cash and cash equivalents consist of current cash balances and time deposits with banks. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in Other Comprehensive Income. When an investment is derecognised, the cumulative gain or loss in Other Comprehensive Income is transferred to income statement.

Others

Other non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

The Group holds derivative financial instruments to hedge its foreign currency exposure. Derivatives are recognised initially at fair value; transaction costs are recognised in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in income statement.

3.13 FINANCIAL LIABILITIES

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments. Payable and borrowings are initially measured at fair value and subsequently measured at amortised cost using effective interest rate method. They are included in statement of financial position line items 'long-term liabilities' and 'trade and other payables'.

Derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in “finance cost” in the income statement.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Dividend distributions to shareholders are included in ‘other current liabilities’ when the dividends are approved by the shareholders’ meeting.

3.14 INVENTORIES

Inventories of finished goods, consumable store and spares are valued at cost or net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a weighted average cost basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group’s business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

3.15 ACCOUNTING FOR INCOME TAXES

Income tax expense consists of current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised in Other Comprehensive Income, in which case it is recognised in Other Comprehensive Income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing 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
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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 assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

3.16 LEASING ACTIVITIES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

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.

Operating leases

Other 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 income statement on a straight-line basis over the term of the lease.

3.17 EQUITY

Share capital is determined using the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of ordinary shares and stock options are recognised as a deduction from equity, net of any tax effects.

Additional paid-in capital includes any premium received on the initial issue of share capital. Any transaction costs associated with the issue of shares is deducted from additional paid-in capital, 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 income statement.

3.18 EMPLOYEE BENEFITS

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity 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 income statement when they are 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 plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. 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 calculation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in income statement. Actuarial gains and losses are recognised as an expense directly in Income statement.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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.

Compensated leave of absence

Eligible employees are entitled to accumulate compensated absences up to prescribed limits in accordance with the Group's policy and receive cash in lieu thereof. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the date of statement of financial position. Such measurement is based on actuarial valuation as at the date of statement of financial position carried out by a qualified actuary.

3.19 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when present obligations as a result of past events will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the date of statement of financial position, including the risks and uncertainties associated with the present obligation.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the consolidated statement of financial position.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provisions. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

3.20 SHARE BASED COMPENSATION

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is ultimately recognised as an expense in income statement with a corresponding credit to additional paid-in capital, net of deferred tax where applicable. 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 ultimately are 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 additional paid-in capital.

4. ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements is in conformity with IFRS and requires the application of judgement by management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Management estimates are based on historical experience and various other assumptions that are believed to be reasonable in the circumstances, the results of which form the basis for making judgements 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.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with the Glenmark's latest approved budgeted forecast, where applicable. Although these estimates are based on the best information available to management, actual results may ultimately differ from those estimates.

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 represents certain of the significant judgements and estimates made by the management.

Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in notes 3.7 and 3.9. Actual results, however, may vary due to technical obsolescence, particularly relating to Internally generated intangibles and software.

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. Details of the assumptions used are given in the notes regarding financial assets and liabilities. 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.

5. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, the following judgments have been made apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial information: Judgements are based on the information available at the date of statement of financial position.

Leases

The Group has evaluated each lease agreement for its classification between finance lease and operating lease. The Group has reached its decisions on the basis of the principles laid down in IAS 17, "Leases" for the said classification. The Group has also used IFRIC 4, "Determining whether an arrangement contains a lease" for determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and based on the assessment whether:

a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and

b) the arrangement conveys a right to use the asset.

Deferred Tax

Management judgement is required in determining provisions for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. If the final outcome of these matters differs from the amounts initially recorded, differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets are based on the same data.

Held-to-maturity investments

Management has confirmed its intention and ability to hold the bonds that are classified as held-to-maturity investments until they mature. This is based on the Group's current liquidity and capital maintenance requirements and plans.

6. STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The following new Standards and Interpretations have not been applied in Glenmark's consolidated financial statements for the year ended 31 March 2011.

Standard or Interpretation	Effective dates
IFRS 9: Financial Instruments – Recognition and Measurement	1 January 2013
IFRS 2: Group Cash Settled Share Based Transactions (Amendments to IFRS 2)	1 January 2011

IFRS 9: Financial Instruments – Recognition and Measurement

The IASB aims to replace IAS 39 Financial Instruments - Recognition and Measurement in its entirety by the end of 2011, with the replacement standard to be effective for annual periods beginning 1 January 2013. IFRS 9 is the first part of Phase 1 of this project. The main phases are:

Phase 1: Classification and Measurement

Phase 2: Impairment methodology

Phase 3: Hedge accounting

In addition, a separate project is dealing with de-recognition. Management is yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of the IAS 39 replacement have been published and they can comprehensively assess the impact of all changes.

IFRS 2: Group Cash Settled Share Based Transactions (Amendments to IFRS 2)

The Group does not currently have any cash settled transactions and the Management does not expect material impact on Glenmark's Group Financial Statements when the interpretation becomes effective.

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	Effective Group Shareholding (%)
Glenmark Pharmaceuticals Europe Ltd.	31 March 2011	United Kingdom	GHSA	100%
Glenmark Generics (Europe) Ltd.	31 March 2011	United Kingdom	GGL	100%
Glenmark Pharmaceuticals S.R.O. (GP S.R.O.)	31 March 2011	Czech Republic	GHSA	100%
Glenmark Pharmaceuticals SK, S.R.O.	31 March 2011	Slovak Republic	GP S.R.O.	100%
Glenmark Pharmaceuticals S. A.	31 March 2011	Switzerland	GHSA	100%
Glenmark Holding S. A., (GHSA)	31 March 2011	Switzerland	GPL	100%
Glenmark Generics Holding S. A. (GGHSA)	31 March 2011	Switzerland	GGFSA	100%
Glenmark Generics Finance S. A. (GGFSA)	31 March 2011	Switzerland	GGL	100%
Glenmark Pharmaceuticals S.R.L	31 March 2011	Romania	GHSA	100%
Glenmark Pharmaceuticals Eood	31 March 2011	Bulgaria	GHSA	100%
Glenmark Distributors SP z.o.o.	31 March 2011	Poland	GHSA	100%
Glenmark Pharmaceuticals SP z o.o.	31 March 2011	Poland	GHSA	100%
Glenmark Generics Inc.	31 March 2011	USA	GGHSA	100%
Glenmark Therapeutics Inc.	31 March 2011	USA	GHSA	100%
Glenmark Farmaceutica Ltda	31 March 2011	Brazil	GHSA	100%
Glenmark Generics SA	31 March 2011	Argentina	GGHSA	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	31 March 2011	Mexico	GU S.A.	100%
Glenmark Pharmaceuticals Peru SAC	31 March 2011	Peru	GU S.A.	100%
Glenmark Pharmaceuticals Colombia Ltda	31 March 2011	Colombia	GU S.A.	100%
Glenmark Uruguay S.A. (GU S.A.)	31 March 2011	Uruguay	GH S.A.	100%
Glenmark Pharmaceuticals Venezuela, C.A	31 March 2011	Venezuela	GU S.A.	100%
Glenmark Dominicana SRL	31 March 2011	Dominican Republic	GPL	100%
Glenmark Pharmaceuticals Egypt S.A.E.	31 March 2011	Egypt	GPL	100%
Glenmark Pharmaceuticals FZE	31 March 2011	United Arab Emirates	GPL	100%
Glenmark Impex L.L.C	31 March 2011	Russia	GPL	100%
Glenmark Philippines Inc.	31 March 2011	Philippines	GPL	100%
Glenmark Pharmaceuticals (Nigeria) Ltd.	31 March 2011	Nigeria	GPL	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	31 March 2011	Malaysia	GPL	100%
Glenmark Pharmaceuticals (Australia) Pty Ltd.	31 March 2011	Australia	GPL	100%
Glenmark South Africa (pty) Ltd (GSAPL)	31 March 2011	South Africa	GHSA	100%
Glenmark Pharmaceuticals South Africa (Pty) Ltd.	31 March 2011	South Africa	GSAPL	100%
Glenmark Pharmaceuticals (Thailand) Co. Ltd.	31 March 2011	Thailand	GPL	49%
Glenmark Exports Ltd.	31 March 2011	India	GPL	100%
Glenmark Generics Ltd (GGL)	31 March 2011	India	GPL	97.46%
Glenmark Generics B.V.	31 March 2011	Netherlands	GGHSA	100%
Glenmark Arzheimittel Gmbh	31 March 2011	Germany	GGHSA	100%

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	31 March 2011
Cash in hand	4.82
Balances with banks in current /cash credit accounts and deposit accounts	1,943.90
Total	**1,948.72**

NOTE D - RESTRICTED CASH

Restricted cash comprise the following:

Particulars	31 March 2011
Current	
Dividend accounts	3.66
Time deposits	5.92
Total	**9.58**
Non-current	
Time deposits	27.96
Total	**27.96**

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 Liabilities'.

Time deposits represent fixed deposits placed with banks and deposits under lien for bank guarantees and margin deposits. Most of these deposits have been placed for a one-year period, and are automatically renewed.

NOTE E - ACCOUNTS RECEIVABLE, NET

Particulars	31 March 2011
Accounts receivables	11,695.63
Provision for doubtful debts	(387.49)
Total	**11,308.14**

Trade receivables are usually due within 60-180 days. Generally and by practise most customers enjoy a credit period of approximately 180 days and are not interest bearing. All trade receivables are subject to credit risk exposure. However, Group does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Given below is ageing of accounts receivable spread by period of six months:

Particulars	31 March 2011
Outstanding for more than 6 months	3,094.39
Others	8,213.75
Total	**11,308.14**

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 indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of ₹ 152.56 has been recorded. The movement in the allowance for credit losses can be reconciled as follows:

Particulars	31 March 2011
Opening balance	234.93
Amounts written off (uncollectible)	-
Impairment loss	152.56
Impairment loss reversed	-
Closing balance	**387.49**

NOTE F - INVENTORIES

Inventories comprise the following:

Particulars	31 March 2011
Raw materials	1,837.33
Packing material	502.74
Work-in-process	1,345.01
Stores and spares	71.29
Finished goods	4,313.75
Total	**8,070.12**

No reversal of previous write-downs was recognised as a reduction of expense in the year ended 31 March 2011. Inventories at certain locations are pledged as securities for borrowings used for financing the working capital requirements.

NOTE G - OTHER CURRENT ASSETS

Other current assets comprise the following:

Particulars	31 March 2011
Input taxes receivables	822.05
Advance to vendors	406.96
Short term deposits	109.00
Other receivables	605.16
Deposits and advances receivable in cash and kind	2,029.48
Total	**3,972.65**

NOTE H - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant and Machinery	Furniture and fixture	Equipment	Vehicles	Capital work-in-progress	Total
Cost										
Balance at 1 April 2010	330.28	255.61	4,467.66	880.24	1,176.97	494.60	3,216.59	114.48	1,221.86	12,158.29
- Other acquisitions	2.58	120.89	223.49	337.54	194.14	82.45	487.53	145.44	304.63	1,898.69
- Disposals/Transfers	-	-	(187.23)	(1.25)	-	(0.32)	(2.24)	(12.72)	(69.40)	(273.16)
- Translation adjustment	(0.25)	(0.03)	37.87	39.14	9.62	5.96	61.34	8.38	(0.07)	161.96
Balance as at 31 March 2011	**332.61**	**376.47**	**4,541.79**	**1,255.67**	**1,380.73**	**582.69**	**3,763.22**	**255.58**	**1,457.02**	**13,945.78**
Accumulated Depreciation										
Balance at 1 April 2010	-	2.96	110.66	122.52	68.86	210.43	761.39	54.06	-	1,330.88
- Depreciation charge for the year	-	5.94	136.75	57.44	80.75	64.16	342.29	38.32	-	725.65
- Disposals/Transfers	-	-	(16.23)	(0.05)	-	(0.23)	(1.90)	(8.39)	-	(26.80)
- Translation adjustment	-	(0.04)	44.46	16.81	4.44	3.03	47.78	5.45	-	121.93
Balance as at 31 March 2011	**-**	**8.86**	**275.64**	**196.72**	**154.05**	**277.39**	**1,149.56**	**89.44**	**-**	**2,151.66**
Carrying value										
At 1 April 2010	330.28	252.65	4,357.00	757.72	1,108.11	284.17	2,455.20	60.42	1,221.86	10,827.41
At 31 March 2011	**332.61**	**367.61**	**4,266.15**	**1,058.95**	**1,226.68**	**305.30**	**2,613.66**	**166.14**	**1,457.02**	**11,794.12**

a) Additions include borrowing costs capitalised of ₹ 34.89. The borrowing costs have been capitalised at a rate of 5.80% to 6.30% per annum.

b) All depreciation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment'.

c) The Group's property, plant and equipment at certain locations have been pledged as security for long-term borrowings disclosed under Note L.

d) The balance of Freehold Land, Factory and other building, Plant and Machinery and Equipments as at 1 April 2010 includes assets with an aggregate value of ₹ 8,122.20, where the Group has used their fair value on the date of transition to IFRS as their deemed cost, resulting in a net increase of ₹ 1,304.78. [Refer Note EE.4(b) on effects of transition to IFRS] and as on 1 April 2010 the Group has reclassified certain assets with an aggregate value of ₹ 1,222.76 from tangible assets to intangible assets. [Refer Note EE.4(a) on effects of transition to IFRS]

NOTE I - INTANGIBLE ASSETS

Intangible assets comprise of recognised intangibles on acquisition and software licenses purchased for internal use. The carrying amounts for the reporting periods under review can be analysed as follows:

Particulars	Computer software	Product development/ Brands	Intangibles under development	Total
Cost				
Balance at 1 April 2010	306.46	7,225.28	198.66	7,730.40
- Additions	28.94	2,174.21	95.43	2,298.58
- Disposals/transfers	(14.19)	(63.80)	(1.15)	(79.14)
- Translation adjustment	17.87	740.54	31.20	789.61
Balance as at 31 March 2011	**339.08**	**10,076.23**	**324.14**	**10,739.45**
Amortisation and impairment				
Balance at 1 April 2010	125.99	610.34	-	736.33
- for the year	58.26	162.87	-	221.13
- disposals/transfers	(1.64)	-	-	(1.64)
- Translation adjustment	9.40	50.85	-	60.25
Balance as at 31 March 2011	**192.01**	**824.06**	**-**	**1,016.07**
Carrying value				
At 1 April 2010	180.47	6,614.94	198.66	6,994.07
At 31 March 2011	**147.07**	**9,252.17**	**324.14**	**9,723.38**

Additions to intangible assets during the year include ₹ 2,269.64 resulting from internal development. During the year, the Group expensed ₹ 1,380.47 as research and development costs.

All amortisation and impairment charges (or reversals, if any) are included within 'depreciation, amortisation and impairment of non-financial assets'. No intangible assets have been pledged.

On transition to IFRS, as mentioned in Note EE.4 of these consolidated financial statements, based on the Group's evaluation of product development assets and intangibles under development, certain intangible assets have been derecognised in the preparation of the opening statement of financial position with a corresponding adjustment to retained earnings.

NOTE J - GOODWILL

Goodwill appearing as on 1 April 2010 is in relation to business combinations done prior to the transition date. As mentioned in note EE.1 the Group has availed exemption under IFRS 1 in respect of such business combinations.

The net carrying amount of goodwill can be analysed as follows:

Particulars	31 March 2011
Opening balance	660.57
Acquired through business combination	-
Impairment loss recognised	-
Net exchange difference	(54.87)
Closing balance	**605.70**

For the purpose of annual impairment testing, goodwill is allocated to a single cash generating unit.

NOTE K - OTHER LIABILITIES

Other liabilities comprise the following:

Particulars	31 March 2011
Statutory dues	147.24
Employee dues	117.34
Accrued expenses	365.63
Other liabilities	286.01
Unclaimed dividend	3.66
Total	**919.88**

NOTE L - LONG-TERM BORROWINGS/SHORT-TERM BORROWINGS

Non-current portion of borrowings

Particulars	31 March 2011
Notes payable	3.24
Security deposits	31.83
Term loan from banks	6,279.12
Total Long-term liabilities	**6,314.19**
Less: Current portion of borrowings	111.70
Total	**6,202.49**

Short-term borrowings

Particulars	31 March 2011
Short-term borrowings	13,548.78
Sale of receivables	1,250.00
Notes payable	3.48
Total	**14,802.26**

Foreign Currency Convertible Bonds (FCCB)

Particulars	31 March 2011
Opening liability	1,839.02
Accrued interest	114.08
Exchange loss/(gain)	6.38
Less: Repurchase of FCCB	1,959.48
Total	-

The Group, on January 2006 issued 'Zero coupon convertible bonds due 2010' (the "Bonds") of USD 1,000 each. The bonds are convertible at any time on and after 11 August 2007 and up to the close of business on 29 November 2010 by the holders of the Bonds (the "Bondholders") into newly issued, ordinary shares of ₹ 1 each of the Group (the "Shares") at the option of the Bondholder, at an initial conversion price of ₹ 582.60 per share with a fixed rate of exchange on conversion of ₹ 44.94 to USD 1. The bonds were redeemable at the option of the Company, on or after 10 January 2010 if the closing price of the shares for each of the 25 consecutive trading days immediately prior to the date of notice of such redemption was at least 130% of the applicable Early Redemption Amount divided by the conversion ratio or compulsorily redeemable on the maturity date of 11 January 2011 at 139.729% of its principal amount.

Term loans are secured by way of exclusive charge, as the case may be, at certain locations, on Group's fixed assets both present and future.

Working Capital Facilities is secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-process, receivables and equitable mortgage on fixed assets of certain locations.

Maturity profile of long-term borrowings

Year ending 31 March,	Amount
2012	111.70
2013	4,494.81
2014	1,676.45
2015	-
And thereafter	31.23
Total	**6,314.19**

The fair value of long-term debt is estimated by the management to be approximate to their carrying value, since the average interest rate on such debt is within the range of current interest rates prevailing in the market.

NOTE M - EMPLOYEE OBLIGATIONS

Employee obligations comprise the following:

Particulars	31 March 2011
Provision for compensated absences	45.14
Provision for gratuity benefit plan	86.27
Others	9.61
Total	**141.02**

NOTE N - TAXES

Taxes for the year comprise the following:

Particulars	31 March 2011
Current income tax expense	504.92
Deferred income tax benefit	(267.72)
Total	**237.20**

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

Particulars	31 March 2011
Effective tax rate	33.99%
Expected tax expense at prevailing tax rate	**1,599.61**
Tax adjustment for tax-exempt income	
- Income exempt from tax	(1,320.66)
Other tax adjustments	
- Additional deduction for R & D Expenditure	(95.60)
- Unrecognised tax benefit on losses of subsidiaries	285.54
- Disallowance under income tax	98.56
- Disallowed expenditure on share based payments	16.94
- Taxes for previous periods	(140.58)
- Impact on account of rate change on deferred tax for future years	(40.80)
- Impact of tax rate difference in subsidiaries	(165.52)
- Others	(0.29)
Actual tax expense net	**237.20**

No temporary differences resulting from investments in subsidiaries or associates qualified for recognition as deferred tax assets or liabilities.

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	31 March 2011
Deferred income tax assets - Non-current	
Provision for credit losses	72.59
Unused tax losses	1,358.05
Minimum Alternative Tax credit entitlement	1,057.19
Other financial assets	58.41
Employee Benefits	11.42
Total	**2,557.66**

Particulars	31 March 2011
Deferred income tax liabilities - Non-current	
Other current assets	25.14
Difference in depreciation on Property, plant and equipment	1,451.16
	1,476.30
Net deferred income tax asset	**1,081.36**

In assessing the reliability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

NOTE O - EQUITY AND RESERVES

a) Ordinary shares

The Company presently has only one class of ordinary shares. For all matters submitted to vote in the shareholders meeting, every holder of ordinary shares, as reflected in the records of the Company on the date of the shareholders' meeting, has one vote in respect of each share held. All shares are equally eligible to receive dividends and the repayment of capital in the event of liquidation of the Company.

The Company has an authorised share capital of 350,000,000 equity shares of ₹ 1 each.

b) Dividends

Indian statutes mandate that dividends be declared out of distributable profits only after the transfer of up to 10 percent of net income computed in accordance with regulations to a general reserve. 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.

The Company had declared dividend payout of ₹ 0.40 per share.

c) Reserves

Additional paid-in capital – The amount received by the Company over and above the par value of shares issued (share premium) is shown under this head.

Statutory reserves – The Capital redemption reserve has been created as per the requirement of Section 80 of The 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 the date of statement of financial position. Revenue and expenses are translated into INR by averaging the exchange rates prevailing during the period. The exchange difference arising out of the year-end translation is being debited or credited to Currency translation reserve account.

Accumulated earnings – Accumulated earnings include all current and prior period results as disclosed in the income statement.

Stock compensation reserve – Stock compensation reserve consists of employee compensation cost allocated over the vesting period of options granted to employees. Such cost is recognised in income statement and is credited to the reserve. Upon exercise of options, such reserves are reclassified to other components of equity.

NOTE P - OPERATING REVENUE

Operating revenue comprises the following:

Particulars	Year ended 31 March 2011
Sale of goods and out licensing of intangible assets	29,473.98
Income from services	16.72
Total	**29,490.70**

NOTE Q - OTHER INCOME

Other income comprises the following:

Particulars	Year ended 31 March 2011
Profit on sale of property, plant and equipment	3.52
Exchange gain, others	1,300.47
Lease rent	2.20
Others	98.99
Total	**1,405.18**

NOTE R - MATERIALS CONSUMED

Materials consumed for the year comprise the following:

Particulars	Year ended 31 March 2011
Consumption of raw material and packing material	7,680.29
Consumption of stores and spares	407.59
Purchase of finished goods	2,387.70
(Increase)/Decrease in stock of finished goods	(557.26)
Total	**9,918.32**

NOTE S - EMPLOYEE COSTS

Employee costs comprise the following:

Particulars	Year ended 31 March 2011
Salaries, wages and bonus	4,664.93
Retirement benefits	73.34
Contribution to provident and other funds	255.01
Welfare expenses	109.75
Total	**5,103.03**

NOTE T - EMPLOYEE POST-RETIREMENT BENEFITS

The following are the employee benefit plans applicable to the employees of the Group.

a) 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 following table sets out the funded status of the Gratuity Plan and the amounts recognised in the Group's consolidated financial statements:

Particulars	31 March 2011
Change in Benefit Obligation	
Present Benefit Obligation ('PBO') at the beginning of the year	291.53
Interest cost	13.99
Service cost	51.30
Benefits paid	(8.33)
Actuarial (gain)/loss on obligations	(12.27)
Translation adjustment	7.47
PBO at the end of the year	**343.69**
Change in Fair Value of Assets	
Opening fair value of plan assets	224.79
Expected return on plan assets	11.69
Actuarial gain/(loss)	(4.62)
Contributions by employer	33.89
Benefits paid	(8.33)
Closing fair value of plan assets	**257.42**
Actual Return on Plan Assets	
Expected return on plan assets	11.69
Actuarial gain/(loss) on Plan Assets	(4.62)
Actual Return on Plan Assets	**7.07**
Liability recognised	
Present value of obligation	343.69
Fair value of plan assets	(257.42)
Liability recognised in statement of financial position	**86.27**

Net gratuity cost for the year ended includes the following components:

Particulars	31 March 2011
Current service cost	51.30
Interest cost	13.99
Expected return on plan assets	(11.69)
Net actuarial (gain)/loss recognised in the year	(7.65)
Expenses recognised in the income statement	**45.95**

The movement of the net liability can be reconciled as follows:

Particulars	31 March 2011
Movements in the liability recognised	
Opening net liability	66.74
Expense as above	45.95
Contribution paid	(33.89)
Translation adjustment	7.47
Closing net liability	**86.27**

For determination of the liability, the following actuarial assumptions were used:

Particulars	31 March 2011
Discount rate	3.75% - 8.30%
Expected return on Plan Assets	2.50% - 9.00%

Current service cost and interest cost are included in employee costs. The Group has availed the exemption under IFRS 1 for not presenting the experience adjustment on retirement benefits.

b) 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 ₹ 103.52 to the provident fund plan during the year ended 31 March 2011.

c) Compensated absence plan (defined benefit plan)

The Group permits encashment of leave accumulated by their employees on retirement and separation. The liability for encashment of privilege leave is determined and provided on the basis of actuarial valuation performed by an independent actuary at date of statement of financial position.

The following table sets out the status of the Compensated absence plan of Group and the corresponding amounts recognised in the Group's consolidated financial statements:

Particulars	31 March 2011
Change in Benefit Obligation	
Present Benefit Obligation ('PBO') at the beginning of the year	87.61
Interest cost	5.16
Service cost	20.96
Benefits paid	(21.36)
Actuarial (gain)/loss on obligations	5.35
Translation adjustment	-
PBO at the end of the year	**97.72**
Change in Fair Value of Assets	
Opening fair value of plan assets	43.52
Expected return on plan assets	3.25
Actuarial gain/(loss)	0.84
Contributions by employer	26.33
Benefits paid	(21.36)
Closing fair value of plan assets	**52.58**
Actual Return on Plan Assets	
Expected return on plan assets	3.25
Actuarial gain/(loss) on Plan Assets	0.84
Actual Return on Plan Assets	**4.09**
Liability recognised	
Present value of obligation	97.72
Fair value of plan assets	(52.58)
Liability recognised in statement of financial position	**45.14**

Net compensated absence cost for the year ended included the following components:

Particulars	31 March 2011
Current service cost	20.96
Interest cost	5.16
Expected return on plan assets	(3.25)
Net actuarial (gain)/loss recognised in the year	4.52
Expenses recognised in the income statement	**27.39**

The movement of the net liability can be reconciled as follows:

Particulars	31 March 2011
Movements in the liability recognised	
Opening net liability	44.08
Expense as above	27.39
Contribution paid	(26.33)
Closing net liability	**45.14**

The actuarial assumptions used in accounting for the Compensated absence plan were as follows:

Particulars	31 March 2011
Discount rate	8.00% - 8.30%
Expected return on Plan Assets	8.00% - 9.00%

Current service cost and interest cost are included in employee costs.

NOTE U - SHARE BASED EMPLOYEE REMUNERATION

ESOP 2003

The Group has formulated an Employee Stock Option Plan ('ESOP') scheme namely ESOP 2003 under which it has made grants on various dates from time to time. Each grant has a vesting period which varies from 1-2 years and up to 4-6 years from the date of grant depending on the terms of the grant. The grants are made at the market price of the equity shares of the Group on either the date or the closing price of the date prior to day of the grant.

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

	Number*	Price*(₹)
Outstanding at 1 April 2010	2,633,500	34.06 - 356.15
Granted	227,000	275.90 - 281.30
Forfeited/cancelled	(488,300)	131.28 - 356.15
Exercised	(434,500)	34.06 - 356.15
Outstanding as at 31 March 2011	1,937,700	112.05 - 356.15

* All figures have been accordingly adjusted for

- Split of face value from ₹ 10 to ₹ 2 in October 2003

- 1:1 bonus issue in April 2005 and Split of face value from ₹ 2 to ₹ 1 in September 2007.

All share based employee remuneration would be settled in equity. The group has no legal or constructive obligation to repurchase or settle the options.

The fair values of options granted are determined using the Black-Scholes valuation model. Significant inputs into the calculation are:

Weighted average share price (₹)*	34.06 - 356.15
Exercise price (₹)*	34.06 - 356.15
Weighted average volatility rate	40% - 60%
Dividend pay outs	40%
Risk free rate	5.15% - 8.78%
Average remaining life	1 - 60 months

* All figures have been accordingly adjusted for

- Split of face value from ₹ 10 to ₹ 2 in October 2003

- 1:1 bonus issue in April 2005 and Split of face value from ₹ 2 to ₹ 1 in September 2007.

The underlying expected volatility was determined by reference to historical data, adjusted for unusual share price movements. No special features inherent to the options granted were incorporated into measurement of fair value.

As explained in Note EE.3 of the consolidated financial statements, on transition to IFRS, the Group has recognised an expense of ₹ 133.91 in the opening statement of financial position with a corresponding adjustment to retained earnings.

In total, ₹ 82.71 of employee remuneration expense has been included in the consolidated income statement for 31 March 2011. The stock compensation reserve has been credited by an equivalent amount and reduced by ₹ 16.28 for ESOPs converted to shares. This amount has been transferred to 'Additional paid-in capital'. No liabilities were recognised due to share-based payment transactions as at the end of the year.

NOTE V - RELATED PARTY TRANSACTIONS

Related parties with whom the Group has transacted during the year

Key Management Personnel

Mr. Gracias Saldanha

Mrs. B. E. Saldanha

Mr. Glenn Saldanha

Mrs. Cheryl Pinto

Mr. A. S. Mohanty

Enterprises over which significant influence exercised by key management personnel/directors

Glenmark Foundation India

Summary of transactions with related parties during the year

Nature of Transaction	Year ended 31 March 2011
Transactions with key management personnel	
Remuneration	54.43
Amount payable at the year end	-
Share based payments	-
Transactions with enterprises over which significant influence exercised by key management personnel/directors	
Advances given and outstanding	0.04

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 W - EARNINGS PER SHARE (EPS)

The basic earnings per share for the year ended 31 March 2011 has been calculated using the net results attributable to shareholders of Glenmark as the numerator.

Calculation of basic and diluted EPS is as follows:

Particulars	31 March 2011
Profit attributable to shareholders of Glenmark, for basic and dilutive	4,532.08
Weighted average number of shares outstanding during the year for Basic EPS	270,041,025
Effect of dilutive potential ordinary shares: Employee stock Options	417,789
Weighted average number of shares outstanding during the year for Dilutive EPS	270,458,814
Basic EPS, in ₹	**16.78**
Diluted EPS, in ₹	**16.76**

NOTE X - COMMITMENTS AND CONTINGENCIES

A summary of the contingencies existing as at year ended is as follows:

Particulars	31 March 2011
Bank Guarantees	68.62
Letters of Credit issued by Bankers	323.08
Guarantees given to third party for Office rentals	8.59
Indemnity Bond	260.25
Corporate Guarantees	1,206.36
Disputed Income tax/Excise duty/Sales tax	47.06
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	295.98
Others	0.15

NOTE Y - SEGMENT REPORTING

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segments. The Group's reportable segments are as follows:

1. **India**
2. **United States**
3. **Latin America**
4. **Europe**
5. **Rest of the World**

The CODM reviews revenue as the performance indicator, and does not review the total assets and liabilities for each reportable segment.

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements.

Information about reportable segments

Segmental Revenue	Year ended 31 March 2011
India	9,931.68
USA	8,779.16
Latin America	2,490.04
Europe	3,719.86
Rest of the world (ROW)	4,569.96
Total	**29,490.70**

Analysis of revenue by Category

Specialty: This segment includes manufacture and distribution of branded products of the Group. The Specialty business in focused on several therapeutic segments such as Dermatology, Internal medicine, Respiratory, Pediatrics, Diabetes, Gynecology, Oncology etc.

Generics: This segment consists of finished pharmaceutical products ready for consumption by the patient, marketed under as generic finished dosages with therapeutic equivalence to branded formulations (generics).

Out-licensing: This segment involves the discovery of new chemical entities for subsequent commercialisation and out-licensing. This segment also includes contract research services in accordance with the specific customer requirements.

Revenues	Gross	Less Inter Segment	Net
Specialty	16,030.49	67.44	15,963.05
Generics	12,864.48	231.93	12,632.55
Out-licensing	895.10	-	895.10
Total	**29,790.07**	**299.37**	**29,490.70**

Analysis of assets by reportable segments

	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	10,181.67	34.42	1,080.33	468.91	28.79	11,794.12
Intangible Assets	1,698.84	740.39	2,772.67	4,450.35	61.13	9,723.38
Total						**21,517.50**

NOTE Z - OTHER FINANCIAL ASSETS

Trade receivables comprise amounts receivable from the sale of goods and services. Other current assets include prepayments, input taxes, advances to vendors, accrued interest and deposits and advances receivable in cash and kind.

The management consider that the carrying amount of trade and other receivables approximates their fair value.

Bank balances and cash comprise cash and short-term deposits held by the group treasury function. The carrying amount of these assets approximates their fair value.

Available - for - sale investments – Non-current represent investments in preferred stock of other pharmaceutical companies which present the Group with opportunity for return through dividend income and security deposits for operating leases and other services.

The Investment in equity shares amounting to ₹ 2.68 been stated at cost less impairment charges as these are unlisted and therefore the fair value of the Group's equity investment in this entity cannot be reliably measured.

Given below is the summary of financial assets as categorised in IAS 39:

Particulars	31 March 2011
Non-current assets	
Available - for - sale	2.68
Held - to - maturity	278.58
	281.26
Current assets	
Available - for - sale	-
Loans and receivables (including Cash and cash equivalents)	17,229.51

NOTE AA - OTHER FINANCIAL LIABILITIES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The management consider that the carrying amount of trade payables approximates to their fair value.

Given below is the summary of financial liabilities as categorised in IAS 39:

Particulars	31 March 2011
Non-current liabilities	
Borrowings:	
Financial liabilities at amortised cost	6,202.49
Current liabilities	
Borrowings:	
Financial liabilities at amortised cost	14,913.96
Trade and other payables:	
Financial liabilities at amortised cost	7,493.94

NOTE BB - FAIR VALUE HIERARCHY

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The financial assets and liabilities measured at fair value in the Consolidated statement of financial position are grouped into the fair value hierarchy as follows:

Particulars	Level 1	Level 2	Level 3	Total
Assets				
Available - for - sale financial assets – Investment in unlisted securities	-	-	2.64	2.64
Liabilities	-	-	-	-

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged from the previous year.

Investments in unlisted securities

The fair value of the investment cannot be determined as there are no quoted market prices at the reporting date for unlisted securities and hence they have been valued at cost. Such investments have been categorised in Level 3.

NOTE CC - 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 co-ordinated 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, 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 Group's cash equivalents and deposits are invested with banks.

The Group's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

The Group's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

Foreign Currency sensitivity

The overseas entities of the Group operate in different countries. The functional currency of such entities is the currency being used in that particular country. The bulk of contributions to the Group's assets, liabilities, income and expenses in foreign currency are denominated in US Dollar and EURO. Apart from US Dollar, foreign currency transactions are entered into by entities in GBP, Swiss Francs and 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 ₹ 44.74 at the beginning of the year and scaled to a high of ₹ 47.51 and to low of ₹ 44.05. The closing rate is ₹ 44.68. Considering the volatility in direction of strengthening dollar upto 5%, the sensitivity analysis has been disclosed at 5% 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:

Nominal amounts	31 March 2011	
	USD	INR
Short-term exposure		
Financial assets	39.08	1,745.87
Financial liabilities	236.69	10,575.15
Short-term exposure	**275.77**	**12,321.02**
Long-term exposure		
Financial assets	-	-
Financial liabilities	116.45	5,202.96
Long-term exposure	**116.45**	**5,202.96**

If the INR had strengthened against the US Dollar by 5% then this would have had the following impact:

	31 March 2011	
	USD	INR
Net results for the year	15.70	701.60
Equity	-	-

If the INR had weakened against the US Dollar by 5% then this would have had the following impact:

	31 March 2011	
	USD	INR
Net results for the year	(15.70)	(701.60)
Equity	-	-

EUR conversion rate was ₹ 60.37 at the beginning of the year and scaled to a high of ₹ 63.98 and to low of ₹ 55.99. The closing rate is ₹ 63.22. Considering the volatility in direction of strengthening EUR upto 5%, the sensitivity analysis has been disclosed at 5% 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:

Nominal amounts	31 March 2011	
	EUR	INR
Short-term exposure		
Financial assets	1.63	103.25
Financial liabilities	9.79	619.22
Short-term exposure	**11.42**	**722.47**
Long-term exposure		
Financial assets	-	-
Financial liabilities	8.93	564.46
Long-term exposure	**8.93**	**564.46**

If the INR had strengthened against the EUR by 5% then this would have had the following impact:

	31 March 2011	
	EUR	INR
Net results for the year	0.85	54.02
Equity	-	-

If the INR had weakened against the EUR by 5% then this would have had the following impact:

	31 March 2011	
	EUR	INR
Net results for the year	(0.85)	(54.02)
Equity	-	-

Interest rate sensitivity

The Group's policy is to minimise interest rate cash flow risk exposures on long-term borrowing. The Group has taken several short-term borrowings on fixed rate of interest. Since, there is no interest rate cash outflow associated with such fixed rate loans; an interest rate sensitivity analysis has not been performed.

The Company has also borrowed USD 165 million and EUR 18 million. In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

	31 March 2011
Net results for the year	(21.29)
Equity	-

In case of LIBOR/Benchmark prime lending rate (BPLR) decreases by 25 basis points then such decrease shall have the following impact on:

	31 March 2011
Net results for the year	21.29
Equity	-

The bank deposits are placed on fixed rate of interest of approximately 7% to 9%. 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 at the date of statement of financial position, as summarised below:

	31 March 2011
Cash and cash equivalents	1,948.72
Restricted Cash	37.54
Accounts receivable, net	11,308.14
Other financial assets	3,972.65
Long-term financial assets	281.26
Total	**17,548.31**

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group's exposure to any significant credit risk exposure 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 2011, the Group's liabilities have contractual maturities which are summarised below:

	Current		Non-Current	
	Within 6 months	6 to 12 months	1 to 5 years	More than 5 years
Trade payable	6,574.06	-	-	-
Other short-term liabilities	919.88	-	-	-
Employee benefit obligations	-	-	-	141.02
Provisions	-	44.24	-	-

The above contractual maturities reflect the gross cash out flows, not discounted at the current values thereby these values will differ to the carrying values of the liabilities at the date of statement of financial position.

NOTE DD - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity plus its subordinated loan, less cash and cash equivalents as presented on the face of the statement of financial position. Capital for the reporting periods under review is summarised as follows:

The Group's goal in capital management is to maintain a capital-to-overall financing structure ratio as low as possible.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities other than its subordinated loan. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	31 March 2011
Total equity	20,639.38
Add: Subordinated loan	-
Less: Cash and cash equivalents	1,948.72
Capital	**18,690.66**
Total equity	20,639.38
Add: Borrowings	21,116.45
Overall financing	**41,755.83**
Capital to overall financing ratio	0.45

NOTE EE - TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The transition from Indian GAAP to IFRS has been made in accordance with the principles laid down in IFRS 1, First-time Adoption of International Financial Reporting Standards. As elaborated in Note A-2.2, the Group has voluntarily elected to use IFRS as permitted by the SEBI Circular along with the additional exemptions provided therein. Accordingly, the Group has transitioned to IFRS with 1 April 2010 being the date of transition.

1. First-time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Group has applied the mandatory exceptions and certain optional exemptions, as set out below.

Mandatory exceptions adopted by the Group

i. Financial assets and liabilities that had been de-recognised before 1 April 2010 under Indian GAAP have not been recognised under IFRS.

ii. The Group has used estimates under IFRS that are consistent with those applied under Indian GAAP (with adjustment for accounting policy differences) unless there is objective evidence those estimates were in error.

Optional exemptions applied by the Group

i. The Group has elected not to apply IFRS 3R Business Combinations retrospectively to business combinations that occurred before the date of transition 1 April 2010.

ii. The Group has elected to use fair value as deemed cost at the date of transition for some items of property, plant and equipment (see Note H).

iii. The Group has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease. No such assessment was done under Indian GAAP.

iv. The Group has elected to designate some financial assets as available-for sale at the date of transition. The Group has not taken the exemption to designate some financial instruments at fair value through profit or loss.

v. The Group has elected to recognise all cumulative actuarial gains and losses for its defined benefit plans at the date of transition. Further, the Group has elected to use the exemption not to disclose defined benefit plan surplus/deficit and experience adjustment before the date of transition.

The following reconciliations and explanatory notes thereto describe the effects of the transition on the IFRS opening statement of financial position as at 1 April 2010. All explanations should be read in conjunction with the IFRS accounting policies of Glenmark Group as disclosed in Note A-3.

The reconciliation of the Group's equity reported under Indian GAAP to its equity under IFRS as at 1 April 2010 may be summarised as follows:

	Note	Amount
Shareholders' Equity as per Indian GAAP		**23,552.34**
Adjustments to additional paid-in capital		
Recognition of finance costs on foreign currency convertible bonds	EE.2	485.58
Adjustments to Stock compensation reserve		
Recognition of share based compensation costs	EE.3	133.91
Adjustment to Non-controlling interest		
Non-controlling interest	EE.5	264.24
Adjustments to Retained Earnings		
Recognition of costs on foreign currency convertible bonds	EE.2	(526.60)
Recognition of share based compensation costs	EE.3	(133.91)
Net adjustment to Fixed assets (including intangibles assets)	EE.4	(5,919.86)
Adjustments to non-controlling interest	EE.5	(134.16)
Reversal of proposed dividend	EE.6	125.86
Deferred tax adjustments relating to above adjustments	EE.7	(325.71)
Total Adjustment		**(6,030.65)**
Shareholders' Equity as per IFRS		**17,521.69**

Notes to the reconciliation

2. Foreign currency convertible bonds (FCCBs)

The Company had outstanding 'zero coupon' FCCBs as on 1 April 2010. Under Indian GAAP, the Company had chosen to adjust these premium payable on redemption to the additional paid-in capital. As per IAS 32, FCCBs issued by the Company are treated as a liability with an embedded derivative for the call option for conversion to equity shares. Finance costs for the period and the related liability has been computed using the effective interest rate method. The liability is re-measured at amortised cost at each reporting period. Further, the embedded derivative is fair valued at the date of transition. Accordingly, the adjustments have been made to retained earnings.

3. Share based compensation

According to IFRS 2 – Share Based Payments, the Group has recognised share based payments on fair value and has made an adjustment in the opening statement of financial position by charging such cost to retained earnings.

Under Indian GAAP the Group had an option to account for these options at intrinsic value and therefore no such cost was required to be recognised in the Income statement.

4. Fixed Assets (Including Intangible assets)

a) Intangible assets

Derecognition of intangible assets

On transition to IFRS, the Group undertook a detailed evaluation of its portfolio of product development assets and intangibles under development, which were previously classified as intangibles and capital work-in-progress under Indian GAAP. Based on such evaluation, the Group determined that certain products/projects had been de-prioritised and that no future economic benefits were expected to flow to the Group from these products or products being developed under such projects. Accordingly such products/projects did not qualify to be carried forward as intangible assets and accordingly have been derecognised. The Group also determined that the de-prioritisation and the conditions considered for this evaluation existed prior to the date of opening statement of financial position and accordingly, these intangible assets have been derecognised in the preparation of the opening statement of financial position with a corresponding adjustment to retained earnings as this adjustment relates to earlier periods. (Also refer note I on Intangible Assets).

Reclassification of intangible assets

On transition to IFRS, the Group has reclassified certain assets into intangible assets. These assets were previously classified as fixed tangible assets and their classification has been rectified on preparation of the opening statement of financial position. (Also refer Note H on 'Property, Plant and Equipment')

b) Property, plant and equipment

Election to use of fair value as deemed cost

At the date of transition, the Group elected to measure some items of assets within property, plant and equipment at fair value as deemed cost. The items of assets fair valued include freehold land, factory and other buildings, plant and machinery and equipments. Depreciation under IFRS is based on this deemed cost (Also refer Note H on 'Property, Plant and Equipment').

Depreciation

Further, depreciation under Indian GAAP was computed by assigning a life to each item of property, plant and equipment. However, under IFRS, the Group has identified the cost/deemed cost of each significant part item of property, plant and equipment and assigned an estimate of useful life to each such significant part. Accordingly, the depreciation has been recomputed.

5. Non-controlling interest

Under Indian GAAP, financial statements are prepared as per the requirements of Schedule VI of The Companies Act, 1956. Under Schedule VI, non-controlling interest is not included in the total stockholders' equity and is disclosed separately on the face of the statement of financial position.

On transition to IFRS, the Group has included the non-controlling interest in the statement of equity under the total stockholders' equity. Further, the non-controlling interest under IFRS has been calculated using the minority's share of the net assets of the subsidiary.

6. Proposed dividend

In preparation of the financial statements in accordance with Indian GAAP, the Company provided for proposed dividend and tax thereon to comply with the schedule VI requirements of the Companies Act, 1956. On transition to IFRS, proposed dividend is recognised based on the recognition principles of IAS 37- 'Provisions, Contingent Liabilities and Contingent Assets'. Considering that the dividend has been proposed after the date of statement of financial position and becomes payable only after approval by the shareholders, there is no present obligation to pay this dividend as at the date of statement of financial position. Accordingly, the liability for proposed dividend and tax thereon has been reversed.

7. Deferred tax

Deferred tax assets and liabilities under Indian GAAP were recorded only on timing differences. However, on transition to IFRS, deferred tax assets and liabilities are recorded on temporary differences. Further, on transition to IFRS, the carrying values of assets and liabilities have undergone a change as a result of the adjustments indicated above, and accordingly, the deferred tax position has been recomputed after considering the new carrying amounts.

8. Presentation differences

In the preparation of these IFRS financial statements, the Group has made several presentation differences between Indian GAAP and IFRS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under IFRS at the date of transition. Further, in these financial statements, some line items are described differently (renamed) under IFRS compared to Indian GAAP, although the assets and liabilities included in these line items are unaffected.

NOTE FF - POST-REPORTING EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

NOTE GG - AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financially statements for the year ended 31 March 2011 were approved by the Board of Directors on 10 May 2011.

Notes

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