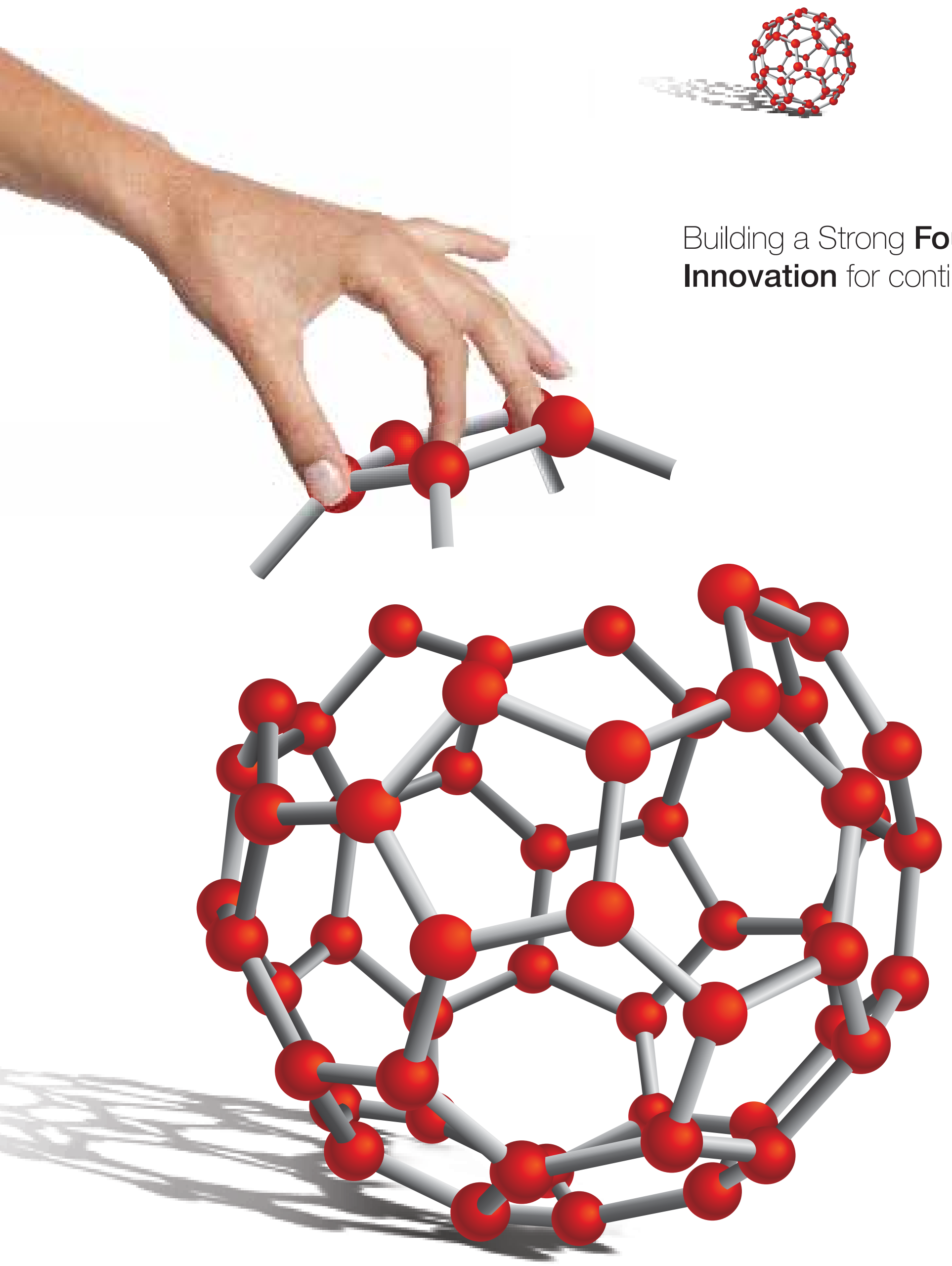
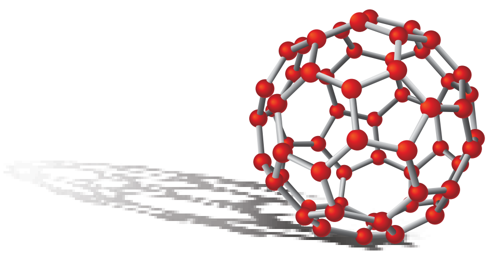
Glenmark

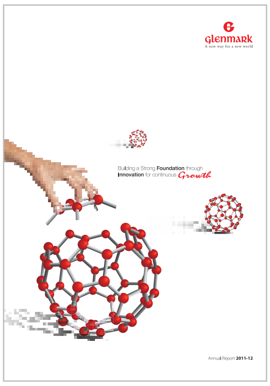
A new way for a new world

Building a Strong **Foundation** through **Innovation** for continuous *Growth*





Annual Report **2011-12**



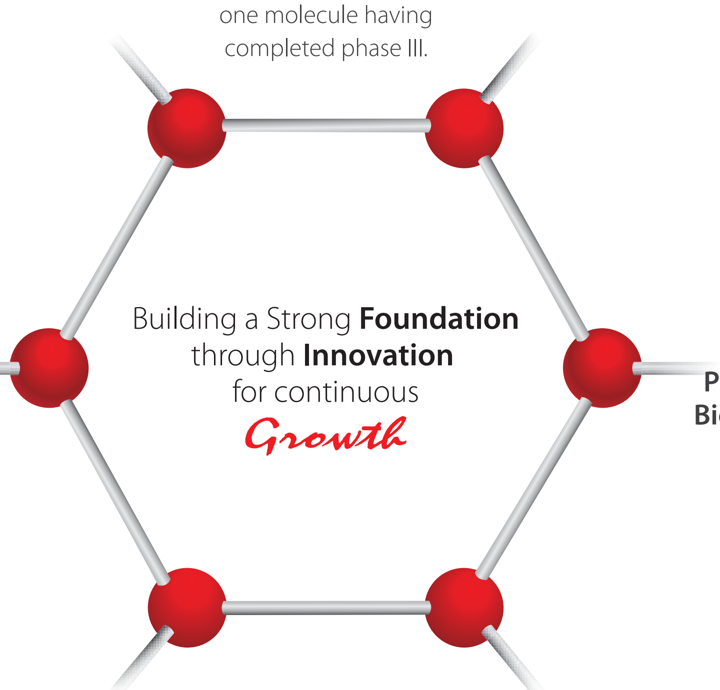
The image on the cover page represents the creation of a Buckyball (Buckministerfullerine) molecule in progress. Buckyball, a spherical fullerene molecule made fully of carbon, is one of the strongest, roundest and most symmetrical large molecules known to man and even today continues to astonish with one amazing property after another.

The ability to withstand high speed collisions – like slamming into a stainless steel plate at 15000 mph and merely bouncing back unharmed; and on compression upto 70%, gaining twice the hardness of a diamond are just two of such amazing properties. Being the only molecule composed of a single element to form a hollow spheroid which provides the potential for filling it up, Buckyball also finds use in novel drug delivery systems.

The 'creation in progress' visual of the Buckyball molecule is a representation of **Glenmark's efforts to build a strong Foundation through Innovation for continuous Growth.**

7 novel molecules
in the research pipeline most of which are first-in-class, with 2 molecules out-licensed and one molecule having completed phase III.

Significant and sizeable presence in key markets like **India, US, Brazil and Russia** which together contribute to **75% of the business revenue**



Now among the **Top 100 Pharmaceutical and Biotech companies in the world***

Building therapeutic centres of excellence in Dermatology, Respiratory and Oncology across the entire chain from **Innovation to Branded Formulations to Pure Generics**

3 Innovation R&D centres, 3 Generics R&D centres and 14 Manufacturing facilities spread across the globe

*As per SCRIP 100 – the annual listing of world's leading companies as per pharma sales

Corporate Information

Registered Office

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

Corporate Office

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

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 Computershare Pvt. Ltd., Plot No. 17 to 24, Near Image Hospital, Vittal Rao Nagar, Madhapur, Hyderabad – 500081
  Tel.: 040 – 23420815; 23420818 – 828
  Fax: 040 – 23420814

Banker

- Bank of India

Company Secretary

- Mr. Marshall Mendonza

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
- Unit - I, Vill Kishanpura, Baddi-Nalagarh Road, Teh Baddi, Dist. - Solan HP, Pin - 174101
- Unit - II, Vill Bhattanwala, PO Rajpura, Teh Nalagarh, Dist. - Solan HP, Pin - 174101
- Unit - III, Vill Kishanpura, Baddi-Nalagarh Road, Dist. - Solan HP, Pin - 174101
- 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, OX4 2JZ, UK

Contents

Chairman's Letter

"With two molecules out-licensed and pending milestones to be received in excess of USD 800 million; in addition to one molecule completing phase III; another two programs in phase II - it is indeed one of the most exciting times for Glenmark in the innovation space"

Glenn Saldanha,
Chairman & MD

Dear Shareholder,

The year under review has been a good year for Glenmark despite the prevailing turmoil in the global economic environment and a lackluster year for the global pharmaceutical industry.
We registered significant sales growth and also achieved some major milestones on other fronts. With revenue crossing ₹ 40 billion and an exciting pipeline of novel molecules, we can now say that your organization has a strong foundation which is being driven by innovation for consistent and continuous growth.

Our growth story and strategy is now seeing a growing validation by big and small pharmaceutical companies across the globe. When we started out to be a diversified pharmaceutical company with a presence in innovation and generics, there weren't many others in the same space. We have been striving hard for twelve long years to build a sustainable and sizeable base which consists of branded formulations and generics business along with an exciting innovation pipeline. Because we were among the first few organizations to have built our business around this philosophy, we are beginning to reap the fruits of our early efforts.

FY 12 Review

For the year under review, we recorded sales growth of 36% which helped us cross ₹ 40 billion.Your organization has more than doubled its revenue in last five years. This is an important milestone as we can now say that we have a significant base business. Most importantly our growth during the year under review came from all geographies i.e. India, US, ROW (Rest of World) and Latin America – the growth was not skewed to a particular region.

"We have been striving hard for twelve long years to build a sustainable and sizeable base which consists of branded formulations and generics business along with an exciting innovation pipeline"

In addition to improved performance on the sales front, we also concluded the largest out-licensing deal in our history when we out-licensed our novel monoclonal antibody to Sanofi for USD 613 million receiving USD 50 million as an upfront payment. This is another validation of the work that we are doing on innovation front and once again puts us at the fore-front of cutting edge pharmaceuticals companies. With this deal, we have validated our capabilities in NCEs (New Chemical Entities) and NBEs (New Biologics Entities). This is our sixth out-licensing deal and the first in NBEs. Moreover we now have the strongest pipeline than ever before. With two molecules out-licensed and pending milestones to be received in excess of USD 800 million; in addition to one molecule completing phase III; another two programs in phase II and another two in Phase I – it is indeed one of the most exciting times for Glenmark in the innovation space.

On the other molecules, we are excited about Revamilast which is currently undergoing two phase II studies for Asthma and Rheumatoid Arthritis(RA). Besides Revamilast, GRC 17536 is another molecule that is progressing well in the clinics having successfully completed Phase I studies in Netherlands and will begin Phase II study in Neuropathic pain in this year. On Crofelemer, the pivotal study in Adult Acute Diarrhea including cholera has begun recruiting patients and the study is progressing well. We continue to remain excited about innovation as we feel that innovation is the only way to truly transform the organization into a global pharmaceutical organization.

Specialty business

The specialty business recorded strong revenue growth of 30% for the year under review. Once again, the India business outperformed industry growth rate with business growth at 19%. In the last two years, we have renewed our focus on the India business and during the year we have realigned our portfolio by understanding what our focus brands are and invested resources behind these brands. Also, in the early part of the year under review, we completed our addition of medical representatives for the Indian market. This addition of nearly 500 medical representatives along with the focus brand strategy will pay dividends for the organization in the coming financial year too. The India business is on a strong base and we are confident that this business has the ability to outpace industry growth in future. The only detriment for this growth will be how the government's pricing policy will play out.

The ROW region registered 46% revenue growth due to the strong performance of all three regions - Asia, Africa and CIS. In CIS, the Russian subsidiary still contributes nearly half of the ROW business and the subsidiary recorded in excess of 25% growth. The Russian pharma market is going through a number of regulatory changes and this we feel will impact industry growth in the next couple of financial years. Russia remains a focus market for your organization and we are poised to do well in this financial year due to four derma product approvals received during the year. We see huge potential for your organization in this market as we now have a sizeable business in Russia. The other markets of Asia and Africa performed exceedingly well. Our power brands strategy in these markets and focus on few markets in each of the regions is paying huge dividend. The Asia region recorded strong growth rates and the secondary growth rates are still high. The Africa region also recorded astounding growth despite the difficult political and economic environment. The ROW region as a whole should continue to register strong growth and remain a very profitable region for us in the future.

The Latin American region is another region in focus for the organization. The region grew in revenue by 50% in the year. The key markets for us are Brazil, Mexico and Venezuela. Presently Brazil contributes nearly 70% of revenue for the region and is expected to grow strongly in the next year too. The Brazil market is one of the largest branded formulations markets in the world. We have been operating in this market for the last seven years. Initially we patched a business together, acquired a small company, in-licensed few products, got the manufacturing facility up and running. And now our business has reached a decent size and scale. I am confident that our patience and perseverance will pay us well in the coming years with the Brazilian subsidiary expected to record good growth rates backed by our own product approvals. We are now beginning to get product approvals that we registered few years ago and these products mostly have limited competition. The other focus market is Mexico where we have also been operating for the last 5-6 years and is the second largest generic market after Brazil in the region. While we have filed for approvals of various products in the dermatology and the respiratory area, we will benefit from the restrictions that have just been lifted in Mexico and the assurance by the regulator to hasten the product approvals process.

"With limited capital expenditure expected and no acquisition plans as of now for next couple of years, the business will continuously generate free cash"

The Latin American region will remain a major growth driver for the business with Brazil, Mexico and Venezuela remaining main focus markets. We have now developed a strong pipeline for the entire Latin American region focusing on three therapeutic areas viz. Oncology, Dermatology and Respiratory. The focus has been to formulate differentiated products with limited competition. With a good pipeline, we are confident that the Latin American region will consistently record good growth in the next couple of years.

The Central Eastern European region grew moderately in this financial year. The economic environment has been very tough in all operating markets viz. Romania and Poland. The strategy for this region would be to remain close to break-even and focus our filings on differentiated products. We expect the current tough economic environment to continue. However we don't see this region impacting the overall numbers significantly.

Generics Business

In the pure generics space, the US business did extraordinarily well, crossing revenue of USD 250 million registering growth in excess of 45%. What is important is that most of the revenue now constitutes the base business. Even the Para IV exclusivity of Malarone will continue in this financial year.

This is another significant achievement as we have been in this market just around seven years and now this business is larger than the India business. Most importantly the product approvals received in last 18 months have mostly seen limited competition. I would like to mention that our strategy of focusing on limited competition and niche segments is paying off. We now have ten oral contraceptives approved for the US market and five OCs (of combined market opportunity of USD 350 million) will get launched in this financial year. Also in dermatology we have 19 products which we have indigenously developed and easily have one of the largest derma portfolio in the US. Our focus on a differentiated/niche portfolio is beginning to pay dividends and we feel confident that the US business will show good growth in this year.

The Western Europe business has also recorded strong growth in this financial year. This is another business model which is built on limited infrastructure cost. While manufacturing is currently being done from USFDA approved plants, we have limited investments in people across the region. Even at this base of USD 20 million in revenue, the business is profitable and the profitability will only get better with increased sales.

The API business continues to increase its presence in regulated markets and this strategy of focussing on regulated markets will remain for the business. Even for developing markets, the API business will focus on difficult to manufacture molecules and thus maintain profitability of the business.

In this year, we also managed to significantly improve our financial position. Our working capital position has been a cause for concern in the last couple of years. We have consciously been working on this area of our working capital and in a matter of three years we have managed to bring this down substantially. This reduction in working capital has been achieved on the back of high sales growth and a business model which is spread across many geographies.

"At Glenmark, we believe that R&D is our edge whether it is for formulating products for the branded generics markets or the pure generics markets. We are building centres of excellence around three therapeutic areas i.e. oncology, dermatology and respiratory. We have built capabilities across the spectrum in these areas from innovation to branded generics to pure generics. Because of our unique capabilities we will be able to launch any product in these segments in any of the operating markets"

The free cash for your organization has also significantly increased in this year and as a result we increased dividend payout. With limited capital expenditure expected and no acquisition plans as of now for the next couple of years, the business will continuously generate free cash which will go primarily towards reducing debt.

I would like to sum by saying that your organization is in a unique position and well placed for sustainable growth. For long we have focussed on building capabilities and a strong pipeline and we have now most importantly reached a certain scale in our business which is a solid foundation for growth. At Glenmark, we believe that R&D is our edge whether it is for formulating products for the branded generics markets or the pure generics market. We are building centres of excellence around three therapeutic areas i.e. Oncology, Dermatology and Respiratory. We have built capabilities across the spectrum in these areas from innovation to branded generics to pure generics. Because of our unique capabilities, we will be able to launch any product in these segments in any of the operating markets.

Another factor is that we have scale in all major markets like the US, India, Russia, and Brazil. These four markets now account for over 75% of our overall business revenue and these businesses are poised for consistent growth rate in the next few years. We have been working hard to reach this size and scale and this entire build-out has been achieved by organic growth.

The road ahead...

In the coming year, we are confident of building on the foundation that we have to grow at an even faster rate. We will continue to focus on accelerating sales growth by maximising our diverse product portfolio, bringing more innovative products to market and continuing to expand our presence in operating geographies. We will also look for innovative ways to grow our generics business and ensure that we get better and better products by investing in R&D.

As we move forward, I would like to thank our shareholders for standing by Glenmark as we grew from strength to strength, despite the many challenges that came our way.
I would also like to reaffirm our commitment to making Glenmark one of the leading global innovation led pharmaceutical organizations and with your support I look forward to another successful year.

Regards,

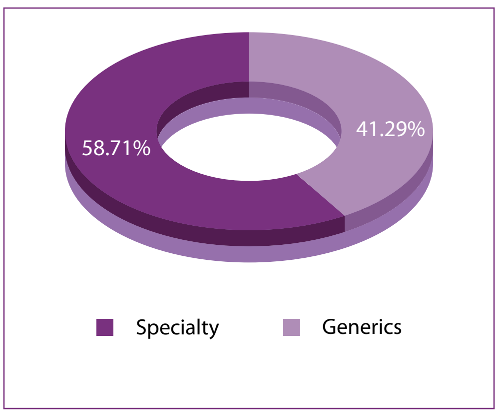
Glenn Saldanha
Chairman & MD

Key Financials

Consolidated Financial Highlights (In INR Mn, unless otherwise stated)	2011-12	2010-11	2009-10	2008-09	2007-08
Total Revenue	40,299.04	30,895.88	25,496.10	22,900.45	20,550.21
Earning before Depreciation, Finance cost, and Tax expenses [EBDIT]	7,236.24	7,327.89	6,685.29	6,289.95	8,463.46
Depreciation and Amortisation	978.78	946.78	1,206.10	1,026.83	716.80
Profit for the year	4,643.07	4,578.33	3,310.32	1,934.73	6,321.12
Equity dividend%	200%	40%	40%	40%	70%
Equity Share Capital	270.53	270.27	269.84	250.52	248.73
Reserve and Surplus	23,745.77	20,102.10	23,282.49	15,731.04	14,930.00
Net Worth	24,016.30	20,372.37	23,552.33	15,981.56	15,178.73
Total Debt	22,445.01	21,084.62	18,693.91	20,943.47	9,909.39
Gross Fixed Assets	28,384.24	24,685.23	27,763.12	23,839.86	14,613.30
Net Fixed Assets	24,247.59	21,517.50	23,880.78	21,116.52	12,557.43
Total Assets	58,834.27	50,977.77	43,651.32	37,525.84	26,048.43
Market Capitalisation	83,230.25	76,649.15	71,844.25	39,532.02	122,049.73
Closing market price as on 31 March	307.65	283.60	266.25	157.80	490.70
Key Indicators					
Earning Per Share (₹)	17.03	16.78	12.40	7.70	25.84
Debt : Equity ratio	0.93	1.03	0.79	1.31	0.65
Return on Equity [PAT / Net Worth]	19.33%	22.47%	14.06%	12.11%	41.64%

Note: It must be noted that the financial information for FY 11 and FY 12 has been prepared under International Financial Reporting Standards (IFRS), where as prior years' financial information have been prepared under Indian Generally Accepted Accounting Principles (I-GAAP); accordingly FY 11 and FY 12 information is not strictly comparable with prior years' information.

Revenue Split



Board of Directors

Mr. Gracias Saldanha
Founder & Chairman Emeritus

Mr. Glenn Saldanha
Chairman & Managing Director

Mrs. Cherylann Pinto
Executive Director

Mr. Rajesh V. Desai
Executive Director & CFO

Mrs. B. E. Saldanha
Non-Executive Director

Mr. D. R. Mehta
Non-Executive Director

Ex Deputy Governor, Reserve Bank of India and Ex Chairman, Securities and Exchange Board of India, he has over 4 decades of rich experience in civil services.

Mr. Bernard Munos
Non-Executive Director

The Founder, InnoThink Center for Research in Biomedical Innovation served Eli Lilly and Company, USA as Advisor - Corporate Strategy. He has presented his findings at numerous meetings sponsored by academies, foundations, universities in the US and Europe.

Dr. Brian W Tempest
Non-Executive Director

A CSCI, CCHEM, FRSC, BSC, PHD, he has worked in the Pharmaceutical Industry for the last 40 years and managed healthcare businesses across numerous regions; He is a Fellow of the Royal Society of Chemistry and a Fellow of the Royal Society of Medicine. He worked at Ranbaxy Laboratories assuming positions of Chief Executive Officer and Vice-Chairman.

Mr. Julio F. Ribeiro
Non-Executive Director

A retired Government officer, he has served the country under various assignments like Ex-Commissioner of Police, Mumbai and Former Special Secretary to Government of India, Ministry of Home Affairs.

Mr. Hocine Sidi Said
Non-Executive Director

Founder & Director, Bio-nAbler - an investment company, he has over two decades of experience in global pharma industry having been associated with companies like Pfizer and UCB.

Mr. Sridhar Gorthi
Non-Executive Director

Presently a partner at Trilegal, he has been involved in legal advisory services to various multinational and domestic corporations on restructuring, debt finance, joint ventures, acquisition/mergers etc.

Mr. N. B. Desai
Non-Executive Director

Founder of Equitorial Bank PLC, UK, he has rich experience of over four decades in the Banking sector globally, having assumed leadership positions like Ex Chairman, Bank of Baroda Uganda Ltd.

Highlights

Strengthening our businesses, expanding our presence through an innovation led portfolio

> **Out-licensed GBR 500 – a monoclonal antibody to Sanofi in a landmark deal worth USD 613 Mln**

Specialty Business

Research & Development

- Signed an outlicensing agreement with Sanofi for GBR 500, its novel monoclonal antibody for Crohn's disease and other anti inflammatory diseases for a landmark deal size of USD 613 million receiving USD 50 million as upfront payment .
- Crofelemer, a first-in-class anti-diarrheal drug, entered Pivotal trials for Adult Acute Diarrhea including Cholera. Glenmark has exclusive Crofelemer rights for diarrhea indications in nearly 140 countries including India and is the sole API supplier globally for Crofelemer (ex-China).

> **Among the top 20 fastest growing pharma companies in Russia and among the top 25 pharma companies in India**

- Initiated Phase IIb studies for Revamilast, our PDE4 inhibitor in Asthma and Rheumatoid Arthritis in multiple countries for each indication. The Phase IIb study for Asthma will report in this financial year.
- Successfully completed Phase I trials for its novel molecule 'GRC 17536' a potentially first in class molecule targeting TRPA1 receptor for pain and respiratory conditions in Netherlands. We have also obtained approval for Phase II proof of concept study in pain indication in the UK (MHRA) and awaiting approval in Germany (BfArM).
- Completed Phase I trial for GRC 15300 – a TRPV3 Inhibitor for treatment of pain in the UK. This is the first TRPV3 inhibitor which entered clinical trials. This molecule is outlicensed to Sanofi.

Formulations Business

- The Indian Formulations business recorded one of the highest growth among the top 25 companies in the country as per IMS.
- Launched in India, over 20 key products viz. in its core therapeutic areas of Oncology, Dermatology, Respiratory and Cardiovascular.
- Glenmark entered into an exclusive licensing agreement with IDC, a leading Canadian company for a range of high end Dermatology products and launched the Cosmocare division in India to strengthen its Dermatology / Cosmetology franchise of Glenmark.
- 'Respicare' – Glenmark's Respiratory Division launched to consolidate Glenmark's presence in the acute care segment.
- Registered ten products in the Asia region during the year which will drive the growth in FY 2013
- Despite challenges in the business environment; Glenmark's Africa & Middle East operations recorded strong secondary sales growth of over 40% backed by its power brands strategy.
- Glenmark Russia is now among the top 20 pharma companies in Dermatology in the country and one of the fastest growing pharmaceutical company in Russia.

> **SCRIP – one of the world's leading pharmaceutical magazines awarded Glenmark as the 'Best Pharma Company in an Emerging Market' and the 'Best Overall Pipeline' at SCRIP Awards 2011**

- In Central Eastern Europe, Glenmark launched 6 products in Czech / Slovak; Entered the Dermatology segment in Poland, CNS segment in Romania and Cardiovascular segment in Hungary
- In Latam, Brazil, the largest subsidiary contributing over 70% of sales from LatAm region, grew by over 30%.
- Glenmark Venezuela gained 21 ranks in the IMS ranking and is now ranked 74 in the country.

Generics Business

- Glenmark Generics Inc., U.S.A. registered an increase of 45% in revenue from sale of finished dosage formulations over the corresponding previous year.

- In the FY 12, Glenmark was granted approval of 14 Abbreviated New Drug Applications (ANDA), which comprised of 12 final and 2 tentative approvals in the US.

"Glenmark Europe launched over 15 products across European markets, including the United Kingdom"

- In the US, Glenmark successfully launched 12 products during fiscal year 2012 consisting of a mix of semi-solid preparations, oral-contraceptives, extended release, and immediate release items. It also includes the exclusive launch of Atovaquone Proguanil tablets 250mg/100mg, their generic version of Malarone® tablets, under a royalty-bearing license from GSK. In March 2012, the Company initiated the exclusive launch of Fluticasone Propionate lotion, their generic version of Nycomed's Cutivate® lotion.
- Glenmark has one of the largest Dermatology (19 approvals) and Oral Contraceptives (10 approvals) product portfolios in the US.
- Glenmark Europe launched over 15 products across European markets, including the United Kingdom.
- Glenmark successfully signed 10 deals for licensing out and supply of products in EU markets.
- The API business launched Telmisartan in Europe and Canada through two global generic players. The business continued its leadership position for Lercanidipine, Topiramate and Amiodarone, combined with launches of new products during the year viz. Atovaquone, Ropinirole, Riluzole and Terbinafine.
- The API business registered its first sale in the Japan market and also submitted JDMF of Milnacipran HCL in the country.
- The Oncology business based out of Argentina filed 41 product dossiers for various countries.

"GGI, US launches a portfolio of 12 products (semi solid preparations, oral contraceptives, extended release and immediate release items)"

In Pursuit of Excellence

SCRIP Awards, 2011:
Best Pharma Company in an Emerging Market

SCRIP Awards, 2011:
Best Overall Pipeline

Glenmark, in recognition of its world class R&D Capabilities and Business Performance, was awarded the 'Best Pharma Company in an Emerging Market' and 'Best Overall Pipeline' at SCRIP Awards 2011, London.

*SCRIP is one of the leading pharmaceutical magazines in the world

Innovation

Pioneering innovation that sets global benchmarks

> "Glenmark's R&D centers are well equipped to deliver innovation by combining cutting edge technology, state-of-the-art infrastructure and the brightest minds in the business"

We, at Glenmark, have always believed that innovation is the only way to build a truly global organization that delivers outstanding results.

In line with this belief, Glenmark's ground-breaking drug discovery effort is focused in the therapeutic areas of Inflammation, Pain and Oncology. Today, Glenmark has a pipeline of six molecules in clinical development - both Novel Chemical Entities and Monoclonal Antibodies and most being first-in-class globally. Glenmark has followed the strategy of developing and out-licensing of its own molecules in various stages of clinical development to large global multinationals. The six out-licensing deals concluded till date, earning more than USD 200 mn is a testimony to Glenmark's efforts and capabilities in this area. This has helped build Glenmark's reputation as an innovation driven organization worldwide.

Glenmark's R&D centers are well equipped to deliver innovation by combining cutting edge technology, state-of-the-art infrastructure, and the brightest minds in the business. The R&D Team of several scientists spread across five R&D facilities operate in an integrated manner to provide the creative strength and energy to our business. They are the key to achieving our strategic research and development objectives in today's rapidly changing environment. Glenmark's research efforts are focussed on both Innovation R&D and Generics R&D.

Innovation R&D

Glenmark has three dedicated R&D centres for drug discovery and development.

NCE R&D Centre, India

Glenmark R&D centre situated on the outskirts of Mumbai is spread over 1,25,000 sq feet with a number of scientists working on multiple targets in broad therapeutic areas of pain and inflammation

The research facility is equipped with modern infrastructure and the expertise required to carry out NCE (Novel Chemical Entity) Discovery and Development activities ranging from target selection to clinical development and other research activities like medicinal chemistry, process & analytical chemistry, in-vitro & in-vivo studies and project management. This centre has been responsible for taking several molecules to clinics and is credited for five out of the six outlicensing deals concluded by Glenmark.

Biopharmaceutical R&D Centre, Switzerland is dedicated to the development of Biopharmaceuticals with a special focus on developing novel Monoclonal Antibodies. The key capabilities of the centre include Antibody Screening, Antibody Engineering, Cell Line Development and Biological assay development process supported by a state-of-the-art Quality Control & Analytics Department.

Clinical R&D Centre, UK focuses on both New Biological Entities (NBEs) and New Chemical Entities (NCEs) and serves as the global centre for Clinical Development for Glenmark. In addition to this, it also hosts leadership teams for toxicology, regulatory affairs and pharmacovigilance.

Generics R&D

Glenmark is committed to the cause of developing special and differentiated formulations for global markets through its R&D centres for generic formulations.

Sinnar, India

This facility focuses on developing Specialty / Branded Formulations for the global market with the capability of developing all kinds of dosage forms, including niche ones like nano particles, pMDIs, DPIs and nasal sprays.

Taloja, India

This state-of-the-art integrated R&D Centre spanning 1,70,000 sq. ft. is dedicated to developing APIs and Formulated products for GGL. This centre is capable of developing all types of Finished Forms ranging from conventional Oral Solid Dosages to Suspensions to Liquid Injectables and Technology driven Extended Release products.

Turbhe, India

The Clinical Research Unit conducts human volunteer bioavailability / bioequivalence studies as part of its regulatory submissions to countries including the United States, Brazil and the European Union. This Clinical Research unit has been approved by global regulatory authorities which include the DCGI (India), FDA (US), ANVISA (Brazil) and MHRA (UK).

NBE R&D Centre, Switzerland

NCE R&D Centre, India

Innovation Research Pipeline

Creating a world of possibilities

* In-licensed from Napo Pharamaceuticals

Highlights of Program	Disease Incidence / Market	Potential Peak Sales
• First-in-class, First-in-disease molecule for HIV related diarrhea • Fast track status granted by the US-FDA; FDA's decision on NDA in Sep '12	10 Mn patients globally	USD 80 Mn in ROW countries
• Pivotal study in over 700 patients; Dosing in patients commenced • Study expected to be completed in early FY 2013 – 14	Diarrheal disease incidence in Emerging Markets is estimated at 3870.20 Mn	To Be Estimated
• Initiated a global phase IIb trial in 4 countries in Europe and in India • Revamilast is a non-steroidal oral drug with good safety profile; therapy presently dominated by inhaled formulations	300 Mn patients globally Market: USD 15 Bn	> USD 2 Bn worldwide
• Initiated global phase II b trials in 5 countries in Europe and Asia • Phase IIb studies are expected to be completed in Q4, FY 2012-13	> 20 Mn patients globally Market: USD 13 Bn	> USD 1 Bn worldwide
• Successful completion of phase I study in Europe; Molecule shows good safety and pharmacokinetic profile • Completed regulatory submissions for phase II with MHRA- UK, BFARM – Germany for Diabetic Peripheral Neuropathic Pain	> 40 Mn patients worldwide Market: USD 2 Bn	> USD 2 Bn worldwide
• To be tested via the inhaled route for respiratory condition • Phase I enabling toxicity studies via inhalation route nearing completion • Plans to initiate human inhalation studies by Q2, FY 2013	300 Mn patients globally Market: USD 15 Bn	> USD 2 Bn worldwide
• Potential First-in-class opportunity • Globally the only reported TRPV3 antagonist molecule to complete phase I • A phase IIa Proof of Concept study in Neuropathic pain will be initiated in Q1, FY 2012 -13	> 40 Mn patients worldwide Market: USD 5 Bn	> USD 2 Bn worldwide
• Novel mechanism with broad anti-inflammatory potential • First in class opportunity: No other monoclonal antibody (mAb) against same target • An application will be filed by Sanofi in Q1, FY 2013 to initiate a PoC trial in Ulcerative Colitis in US and other countries	> 1.5 Mn patients globally with about 750,000 in the US alone Market: USD 3 Bn	> USD 2 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.	> 100 Mn Chronic Pain patients globally Pain Market: > USD 25 Bn	> USD 1 Bn worldwide

Corporate Social Responsibility

A strong foundation encompassing a healthier community

Glenmark's CSR function is led by the vision to enrich lives to create a healthy and a happier world. Committed to being a socially responsible organization, Glenmark Foundation (the CSR arm of the Glenmark Group) engages in strategizing, implementing and creating social impact through various community based programmes.

Glenmark's key areas defined for delivering an impact are.

1. Child Health
2. Sustainable livelihood for the marginalized and vulnerable sections of society

Child Health

Glenmark identified child health as a major national and international issue over three years ago particularly the age group of 0 – 5 years which are the foundation years for a healthy life. This flagship program titled "Healthier Children Healthier World" focuses on children of this age group and addresses the issue through interventions which target malnutrition, immunization and sanitation. As Infant and Child Mortality are important indicators of child health we began focussing on states where the IMR and CMR is higher than the national average.

Glenmark has initiated three major child health programs in this financial year in the states of Madhya Pradesh, Rajasthan and in the city of Mumbai. These interventions are focused on encouraging a positive health seeking behaviour of the target population which includes pregnant mothers, mothers with infants and caregivers such as ASHA workers and Aanganwadi workers towards right nutrition, good hygiene practices and complete immunization for children between the age group 0-5 years. In order to deliver maximum impact, the foundation follows the strategy of complementing the Government's Integrated Child Development Scheme (ICDS) by conducting health education sessions for mothers and caregivers, developing Information, Education and Communication (IEC) material in local language, conducting street plays and puppet shows. It also uses a service delivery component to make maximum impact in the targeted population. Some of the service delivery mechanisms includes the provision of ambulatory care, doctor counselling sessions, interaction with nutritionists, health camps in far flung areas with accessibility issues and addressing anaemia in mothers. The Child Health programme enables Glenmark to reach out to a population of 300,000 in 100 villages in Khandwa, MP; 150 villages in Sanganer, Rajasthan; and 2000 households in Andheri slums in Mumbai.

Sustainable Livelihood

Creating Sustainable livelihoods is the other CSR initiative identified by Glenmark. Presently Glenmark runs three initiatives in this area where one initiative focuses on providing vocation training for school dropouts, another focuses on enabling the physically challenged to become productive and the last initiative focuses on sustainable livelihoods for Below-The-Poverty line families.

Nashik, Maharashtra: The project is focussed on the skill development of school and college dropouts. Last year, over 650 youth were trained in various trades viz. computer basics, auto repair, mobile repairing, nursing etc. By providing them relevant vocational training, these students will be able to acquire a sustainable livelihood so that they can take care of their families.

Jaipur, Rajasthan: Glenmark believes in inclusive development of the whole society with each member having an equal opportunity to lead a productive life. Through our association with Jaipur Foot, in this financial year we have been able to rehabilitate 3250 individuals who were able to walk once again and lead a productive life.

Rayagada, Odisha: Through capacity building, improvement in crop yields and helping them generate more sources of income, this project in Odisha focuses on below-the-poverty line tribal families covering 2000 households.

Employee Volunteering

Each year, Glenmark sensitizes its employees to various social causes by providing them an opportunity to interact with the less priviledged sections of the society through an NGO. This year, over 750 employees across the globe came forward and spent time on employee volunteering on various different child health projects.

Other Initiatives

Through our other CSR initiatives, we have been providing medical aid by donating medicines to the poor, needy and disaster hit on a regular basis. Americares, Navjeet Bandra Community Health Centre, Sri Satya Sai, Ram Krishna Mission and Prison Ministry of India are few of the many NGOs and civil society groups we partner with to conduct health camps and donate medicines.




Management Discussion & Analysis

Global Economic Outlook

The world economy has entered a very difficult phase characterized by significant downside risks and fragility. The financial turmoil generated by the intensification of the fiscal crisis in Europe has spread to both developing and high-income countries, and is generating significant headwinds. Capital flows to developing countries have declined by almost half as compared to last year, Europe appears to have entered recession, and growth in several major developing countries (Brazil, India, and to a lesser extent Russia, South Africa and Turkey) has slowed partly in reaction to domestic policy tightening. As a result, and despite relatively strong activity in the United States and Japan, global growth and world trade have slowed sharply.

IMF in its recent report has projected lower growth in 2012 for the world economy. It forecasts a global economic growth of 3.5% in 2012 against an estimated growth of 3.9% in 2011. The U.S and Euro economies are projected to grow at 2.1% and - 0.3% respectively. The negative growth forecast for the Euro area is concerning. Moreover, growth in emerging economies is also expected to come down marginally as compared to 2011. The outlook for global economic growth dipping below 2011 levels does not augur well and is reflective of the challenges being faced.

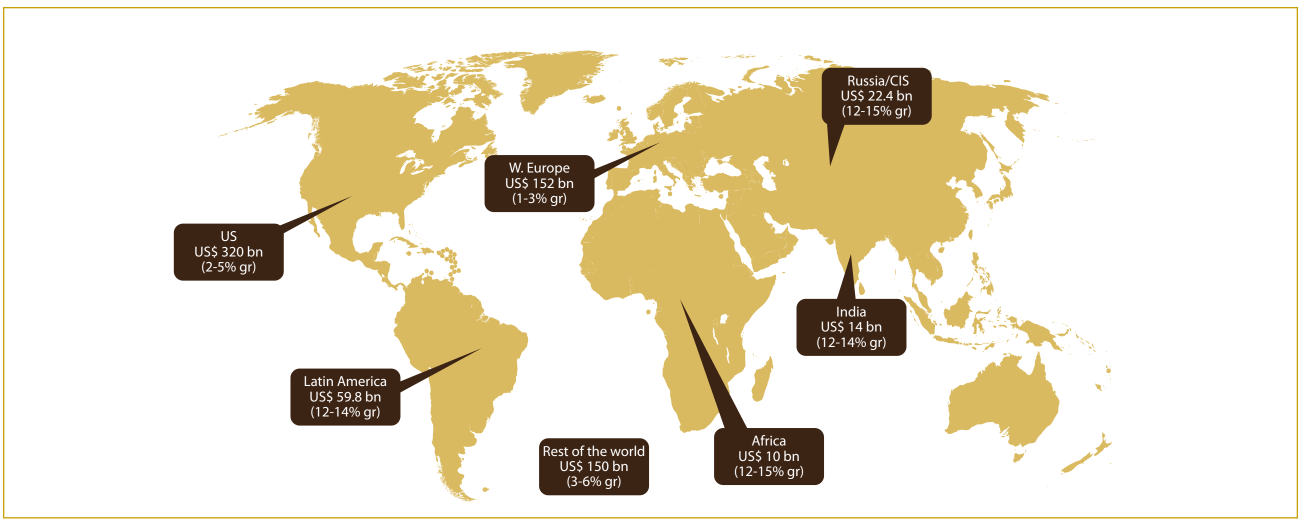
The prospects for the global economy in 2012 remain uncertain despite positive signals in North America. This is especially due to doubts about the outcome of the euro crisis, which are likely to dampen investment activity. The high levels of private and public debt in many countries will probably also have a negative impact on demand. A significant increase in the oil price during the year would further weaken the economy. In contrast, the highly expansionary monetary policy is expected to continue supporting growth.

Global Pharma Scenario

The global pharmaceutical market has grown at a 7% CAGR over the past six years to reach a size of US$ 880 bn, according to data from IMS Health. Within this, the generics market has been the key driver of growth, having grown at a much faster pace of 13.8% CAGR over the period, driven by large-scale patent expiries and global demand for lower-cost drugs. IMS Health forecasts the global pharma market to grow at a 5% CAGR over the next four years to reach a size of over US$ 1 trillion by 2015E (see table). Within this, the generics subsector is expected to grow at 12%-15% CAGR, helped by continuing patent expiries in the US and the faster growth in the pharmerging markets (including Brazil, Russia, India, Mexico and Turkey).

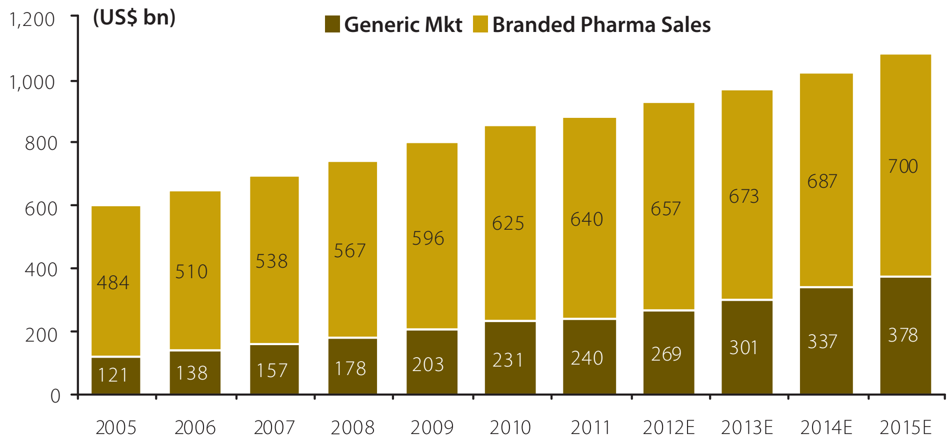
A look into the prospects of some of the key markets for Glenmark:

Figure: Key Global Pharma Markets & Industry Revenue Growth Rates, over 2011-15E



Source: IMS Health

Figure: Global pharma and global generics sales



Global pharma market grew at a 7% CAGR in 2005-11 vs. generics at a 13.8% CAGR

IMS Health forecasts global generics sales to grow at a 12-15% CAGR to 2015E

Source: IMS Health

US Generics: Significant generics opportunity until 2015

2012 may see the biggest patent expires, but significant generics opportunity at least until 2015 will sustain momentum of growth in the US.

We believe that the growth momentum will be sustained in the US market owing to:

1. Continuing patent expiries and Para-IV challenges over 2012-15, providing fresh launch opportunities.
2. Ability to garner greater market share in the US generics market.
3. Focus on limited-competition therapeutic areas like dermatology, oral contraceptives and oncology.

The last two factors, in our view, should continue to sustain growth even beyond the patent cliff period of 2015 (which is when the number of generic launch opportunities is likely to reduce as the patent expiries begin to recede).

Domestic Indian Market to sustain the growth momentum

We believe that the growth rate for the domestic Indian pharma market is set to rise over the medium term due to factors like continued new product launches by Indian firms and measured by them on improving effectiveness of field force additions. Although, the pricing environment hitherto, a favourable one, may pose some challenges with issues like Draft National Pharmaceutical Pricing Policy (NPPP) 2011 coming to the fore.

The domestic pharma market has grown at a 14% CAGR over the past 18 years. However, drug consumption per capita in India is still among the lowest globally. Even adjusting for India having the lowest prices in the world, the per capita consumption volumes are estimated to be 8 -12x lower than in the US and Japan. Hence, there is tremendous room for growth for the Indian industry.

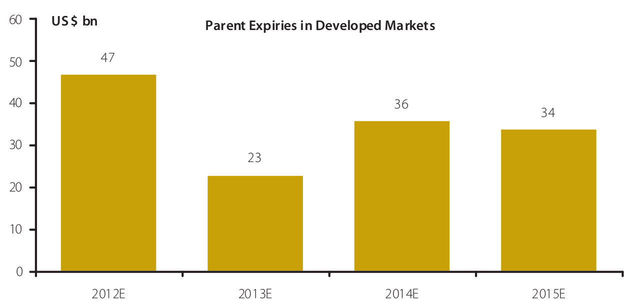
ROW Markets: Significant opportunities for Growth

Since growth from the US market may begin to taper from 2015, possessing critical mass in the ROW market by 2015 may become a prerequisite to maintain the current growth trajectory for global pharma companies. Most of the "pharmerging" markets like Brazil, Mexico, Russia and other CIS countries, have a predominantly branded generics market. This, in our view, will be beneficial to companies like Glenmark as we have a deep understanding of the branded generics model and the profitable nature of the branded generics markets may also mean that profitability or cash returns may not be hit from exposure to these markets.

Innovation: a critical success factor

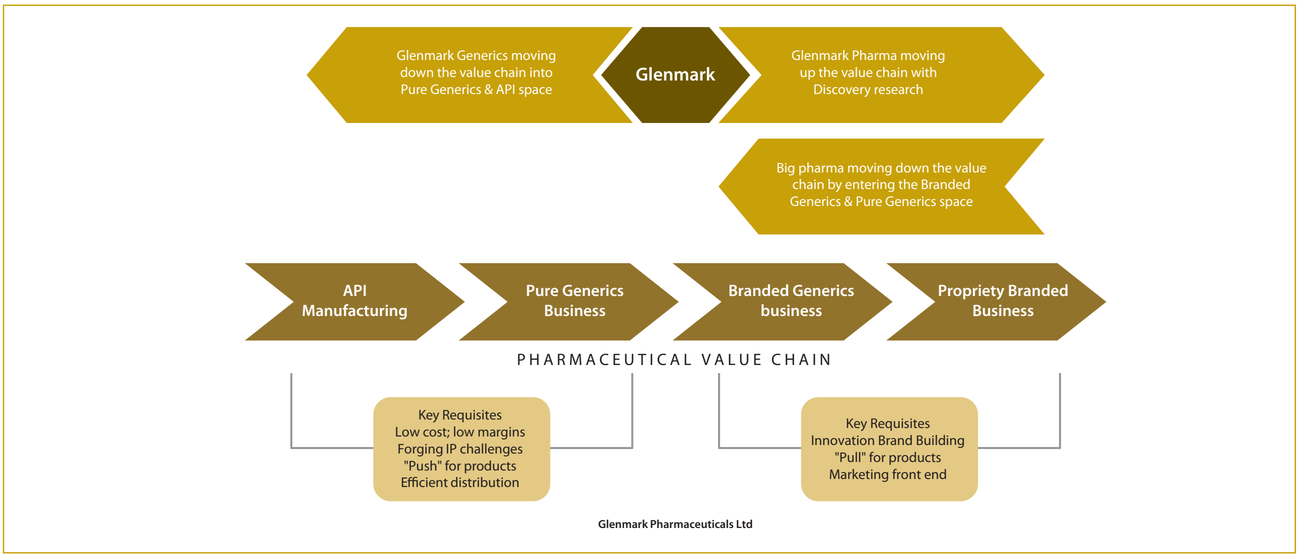
Innovation leading to new drugs is critical to meeting unmet medical need. Existing drugs will continue to be important in meeting the growing demand for healthcare, particularly with the increasing use of generic medication. At the same time, advances in disease understanding and the application of new technologies will be required to ensure the delivery of new medicines. Such approaches include personalized healthcare and predictive science as well as new types of therapy. The challenges of Improving R&D productivity is a critical challenge for the pharmaceutical industry.

Figure: 2012 may see the biggest patent expiries, but significant generics opportunity, at least until 2015, will sustain momentum of growth in the US



Source: IMS Health forecasts

Glenmark Value Proposition



Financial Summary

Material Consumed and Purchase of traded goods:

Cost of Material consumed including Finished goods purchased were at ₹ 13453.97 mn as against ₹ 9918.32 mn in the previous year and as a percentage to sale was at 36% as against 35% of previous year. The marginal increase in consumption including finished goods purchased was attributable to change in the sales mix and product mix during the year.

Employee Cost:

Employee Cost was at ₹ 6288.95 mn as against ₹ 5101.65 mn an increase of 23% mainly attributed to increase in head count due to expansion of business and inflationary trends prevailing in the markets in which the Company operates.

Research & Development Expenditure:

The total R & D expenditure in the P & L was ₹ 2916.25 mn in FY 11-12 as compared to ₹ 1380.47 mn in FY 2010 -11.
In FY 11-12, approximately 60% of total R&D expenditure was spent towards innovation R&D and balance 40% was incurred on overall Generics R&D. Total R&D expenditure as a percentage to revenue for the company was 7.25% for FY 11-12

Other Expenses:

Other Expense includes Manufacturing Overheads, Selling and Marketing Expenses, Administrative and General Expenses, R&D Expenses, foreign exchange losses and payment to Paul Capital Royalty Fund to purchase the right to receive royalty on certain derma product portfolio as per the terms of the agreement with them.

The Expenditure increased to ₹ 13319.88 mn as against ₹ 8548.19 mn an increase of 55.82%. The increase in expenditure was mainly attributed to payment of ₹ 1316.80 mn to Paul Capital, increase in selling & marketing expenditure to support growth, R&D expenditure to provide strong Product Portfolio and exchange losses due to global recessionary trends and weakness of Rupee as against the US Dollar.

Depreciation:

Depreciation increased marginally to ₹ 978.78 mn as against ₹ 946.78 mn during the year.

Finance Costs:

Interest Expenses showed a decline of 8.66% at ₹ 1465.67 mn as against ₹ 1604.55 mn. The decline in interest cost is attributed to re-shuffling of debt portfolio from short term domestic loans to long term foreign currency loans.

Profit after tax:

There was marginal increase in Profit after tax. Profit after tax for the year was at ₹ 4643.07 mn as against ₹ 4578.33 mn in the previous year.

Dividend:

The Board of Directors have recommended a final dividend of 200% (₹ 2 per equity share of ₹ 1 each) on the equity share capital as at 31 March 2012 subject to the approval of shareholders.

Equity Capital:

The equity capital has increased from ₹ 270.27 mn in FY 11 to ₹ 270.53 mn due to allotment of equity on conversion 263450 stock options.

Accounts Payable:

Accounts Payable increased to ₹ 7888.29 mn (PY ₹ 6574.06 mn) on account of the increase in the consumption of Materials and purchase of Finished Goods.

Current Tax Liabilities:

Current Tax Liabilities increased to ₹ 256.63 mn (PY ₹ 66.44 mn).

Short Term Borrowings:

Short Term Borrowings decreased to ₹ 6874.57 mn (PY ₹ 14802.26 mn) on account of reshuffling of debt portfolio from Short Term domestic Loan to Long Term Foreign Currency Loans.

Current portion of Long Term Liabilities:

Re-classification of Long Term Debts due for payments during next year has been considered under current portion of long term liabilities resulting in increase in current portion of Long Term debts to ₹ 2445.74 mn (PY ₹ 111.70 mn)

Other Current Liabilities:

Other Current Liabilities includes Statutory dues of ₹ 179.02 mn (PY ₹ 147.24 mn); Employee dues of ₹ 130.64 mn (PY ₹ 117.34 mn); Accrued expenses of ₹ 509.10 mn (PY ₹ 365.63 mn); Other liabilities of ₹ 623.49 mn (PY ₹ 286.01 mn) and Unclaimed dividend of ₹ 3.68 mn (PY ₹ 3.66 mn) resulting increase to ₹ 1445.93 mn in FY 12 compared with ₹ 919.88 mn in FY 11.

Provisions:

Provisions decreased to ₹ 106.26 mn (PY ₹ 116.24 mn).

Long Term Liability (excluding Current portion of borrowings):

Long Term Liability includes Notes payable of ₹ 1.70 mn (PY ₹ 3.24 mn) and Term loan from Banks of ₹ 13123.00 mn (PY ₹ 6167.42 mn)

Other Non-Current Liabilities:

Other Non-Current Liabilities includes Income received in advance of ₹ 743.89 mn (PY ₹ Nil) and Security deposit of ₹ 35.93 mn (PY ₹ 31.83 mn), resulting in overall increase to ₹ 779.82 mn (PY ₹ 31.83 mn).

Employee Obligations:

Employee Obligations includes Provisions for gratuity benefit plan of ₹ 132.63 mn (PY ₹ 59.41 mn) and Others of ₹ 13.14 mn (PY ₹ 9.61 mn), resulting in overall increase to ₹ 145.77 mn (PY ₹ 69.02 mn).

Cash and Bank Balance:

Cash and bank balance increased to ₹ 3253.46 mn (PY ₹ 1986.26 mn).

Account Receivables (Net):

Accounts Receivables increased to ₹ 12436.07 mn (PY ₹ 11308.14 mn) was mainly attributable to the increased revenue in the various overseas markets.

Inventory:

Materials inventory increased to ₹ 2544.07 mn (PY ₹ 2340.07 mn) mainly to support the increase in sale of formulation and API business. Finished goods and work-in-process inventory decrease to ₹ 5332.63 mn (PY ₹ 5730.05 mn).

Other Current Assets:

Other Current Assets includes input taxes receivables ₹ 661.83 mn (PY ₹ 822.05 mn); Advances to vendors ₹ 1266.48 mn (PY ₹ 406.96 mn); Short Term Deposits ₹ 109.13 mn (PY ₹ 109.00 mn); Other receivables ₹ 88.69 mn (PY ₹ 605.16 mn); Deposits and Advances receivable in cash & kind ₹ 3245.35 mn (PY ₹ 2029.48 mn).

Property, Plant & Equipment:

The gross block increased to ₹ 15974.93 mn (PY ₹ 13945.78 mn) on account of addition to the tune of ₹ 1812.38 mn and translation adjustment of ₹ 216.77 mn.

Intangible Assets:

The value of Intangible Assets increased to ₹ 12409.31 mn (PY ₹ 10739.45 mn) on account of addition to tune of ₹ 638.03 mn & translation adjustment of ₹ 1031.83 mn.

Products in-licensed in FY 11-12

Molecule Names	Countries
Imatinib, Zoledronic acid, Temozolamide, Memantine, Rivastigmine patches, Capecitabine	Czech Republic, Slovak Republic, Poland, Romania
(IDC Range of Cosmeceutical Products) 9 products	India and 7 other countries
Bezafibrate, Acitretin	Brazil
Clopidogrel, Danazol, Lactulose , Montelukast	Kenya
Ciprofloxacin	Nigeria
Itraconazole, Levofloxacin	UK

Business Review

Specialty Business

Glenmark's branded formulations business is currently organized around four regions – India, Latin America, Central Eastern Europe and Semi Regulated Markets of Africa/Asia/CIS.

For the year ended 31 March 2012; Specialty formulations business revenue was at ₹ 23327.66 mn (USD 483.66 mn) as against ₹ 16858.15 (USD 367.28 mn) for the corresponding previous period, registering growth of 38%.

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

- **People Development:** Enhancing the productivity of our most critical resource - people through training and development initiatives and ushering in better performance of people across the value chain.
- **Product Pipeline Management:** Continuing with our therapeutic focus strategy, we have strived to enhance the portfolio in focus segments like Dermatology, Oncology and Respiratory, across markets.
- **Operational Efficiency:** With a focus on improving operational efficiency 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. All these efforts have resulted in solid secondary sales growth, higher profitability and better cash flows.

India

Glenmark's India formulations business surged ahead gaining 3 ranks in FY 12 as per IMS. The company continued to gain market share in key segments like dermatology, respiratory and cardiology. While top brands like Telma, Candid and Ascoril continued to excel, the company launched over 20 products in focus therapeutic segments to build the foundation of future growth.

Sales for the formulations business in India increased to ₹ 10,021.30 mn (USD 206.50 mn) for the financial year as compared to ₹ 8,446.88 mn (USD 184.03 mn), in the previous corresponding year, recording a growth of 19% in ₹ term.

The company registered value growth of 26.4% vis-a-vis the industry growth of 15% and gained ranks to be at 22nd from 25th rank with 1.71% market share as per MAT Mar 2012. On cumulative basis, the company is the 2nd fastest growing company among top 20 companies in IPM with significant growth of 33.5%. The growth is driven by significant gains in market share and rankings of top brands as per IMS (MAT Mar 2012) data.

- Telma (Telmisartan) gained 15 ranks to be at 80th
- Telma-H (Telmisartan, Hydrochlorothiazide) has gained 52 ranks to be at 106th
- Candid B (Clotrimazole + Beclomethasone) has gained 27 ranks to be at 116th and crossed ₹ 500 mn milestone
- Candid (Clotrimazole) has gained 39 ranks to be at 231st
- Ascoril (Expectorant + Mucolytic) stood at 92nd rank

The company strengthened its presence in following therapeutic segments with significant growth in market share as per IMS Mat Mar 11' v/s Mat Mar 12' respectively. Derma from Market Share (MS) 8.23% to 8.69%, Cardiac from MS 2.34% to 2.86%, Respiratory – MS 2.65% to 2.84%, Anti-infective – MS from 1.31% to 1.44%, Gynecology – MS from 1.26% to 1.43%; Pain/Analgesic - MS from 1.0% to 1.08%, and Anti-diabetic registered MS of 1.45%

The company has further strengthened its presence in IPM across its core therapeutic area i.e Dermatalogy through launch of Cosmocare division. The launch of this division will consolidate our presence in Dermato-cosmoceuticals segment. We also launched a new Respicare division to consolidate our presence in Acute care prioritizing brand promotion and launch of Zoltan Care division to strengthen our presence in Cardiovascular segment through focus approach.

Glenmark's top brands continued to gain rankings in the Indian market as per IMS (MAT Mar 2012)

Table 1: Key Product Launches: India

Brand	Brand Proposition	Division
Azifine C (Cefixime + Azithromycin)	Majesta strengthening Antibiotic portfolio	Majesta
Vorth TP Plus (Tapentadol + Paracetamol)	Consolidating presence in Pain Management from severe pain to moderate Pain	Integrace
Vorth TP (Tapentadol)		
Kefpod O (Ofloxacin+Cefpodoxime Proxetil)	Management of Typhoid	Integrace
Alex Cold (Paracetamol+Caffeine+ Phenylephrine+Chlorphenamine)	Respicare initiative to focus on Cough & Cold Preparation	Respicare
Glevopod (Levofloxacin + Cefpodoxime)	Unique combination for Upper Respiratory Tract Infection	
Airtec FB DPI (Formoterol + Budesonide)	Asthma/COPD Inhalation Drug	Respiratory
Airtec FF (Formoterol-Fluticasone)	Asthma Inhalation Drug	
Airtio (Tiotropium Bromide)	COPD Inhalation Drug	
Airtio F (Formoterol-Tiotropium)	COPD Inhalation Drug	
Airlevo (Levosalbutamol)	Acute Asthma Inhalation Drug	
Dosetil (Desonide)	Management of Atopic and Seborrheic dermatitis	Glenmark
Elovera IMF (Dl-Lactic Acid+Allantoin+ Gluconic Acid+Vitamin E+Aloe Barbadensis)	Strengthens Gracewell's equity in Dermatology by launching unique combination in management of Plaque and Palmoplantar Psoraisis	Gracewell
Deriva BPO (Benzoyl Peroxide+Adapalene)	In the Management of Comedonal Acne	
Milical O (Folic Acid+Cyanocobalamin+ Calcium Orotate +Zinc)	Calcium Supplement in Pregnancy & Lactation	G&G
Dermato-Cosmoceutical Product Range	Cosmoceuticals in the Management Anti-Wrinkle, Firming, Complexion Lightener, Sunscreen	Cosmo
Telma AMH (Hydrochlorothiazide+ Amlodipine+Telmisartan)	Enhancing Zoltan's equity in management of hypertension	Zoltan
Olmax 3D (Hydrochlorothiazide+ Amlodipine+Olmesartan Medoxomil)	Strengthens hypertension portfolio of Healtheon	Healtheon
Doriglen (Doripenem)	Strengthens Critical Care product basket by introducing the products in the management of Serious Gram Negative Infection	Critica
Casfung (Caspofungin)	Management of Systemic Fungal Infections	

Highlighting Initiatives:

- Launch of MIDAS (Medical Information & Dissemination And Service) to resolve product specific and other medical queries encountered by customers
- Pharmacovigilance initiatives to report adverse events encountered
- Webinars to disseminate product benefits and to address the disease management through top KOLs
- Launch of Glenmark first product website Vwash, (www.vwash.com) is dedicated to women's intimate health & hygiene, empowering women with knowledge, stating do's / don'ts regarding woman's hygiene
- Introduction of Toll free number to bring about awareness among patient on Eczema and Psorasis, the activity strengthen organization perception to be a scientific oriented company among Doctors and end users

ROW Markets

Glenmark's Rest of the World (ROW) operations delivered a stellar performance across markets clocking growth of 46% in FY 11-12 over the previous financial year. The Russian subsidiary continued to gain ranks. It continued to improve its rankings and emerged among top 20 pharma companies in the dermatology segment and among the fastest growing companies in Russia.

In the year under review, Glenmark's revenues from its ROW operations increased to ₹ 5925.52 mn (USD 122.10 mn) from ₹ 4069.66 mn (USD 88.66 mn) in FY 10-11; registering a growth of 46% in ₹ terms.

Russia / CIS

During the financial year, the Russian subsidiary registered strong growth in secondary sales. Acording to Pharmexpert MAT March 2012 data,the subsidiary registered value growth of 17.8% vis-a-vis that of the industry 17.4% (on a MAT basis). Glenmark is one of the fastest growing Indian pharma companies in Russia and the company now ranks 59th in the market, gaining 3 ranks vis-a-vis March 2011.

A more focused approach has been adopted with the creation of two separate business units for respiratory and dermatology segments.

The secondary sales growth for dermatology products was over 50% in the financial year. The company launched two Dermatology products Supirocin and Supirocin B in the third quarter which paved the way for the establishment of 'Glenmark Institute of Healthy Skin'. The company's market share in the dermatology segment in Russia increased to 1.75 from 1.56%% vis-à-vis the previous financial year. On the regulatory front, new packaging design for the products of dermatology portfolio has been approved and registered. Furthermore, registration was completed for the cosmetics range of products, which are planned to be launched in FY 13.

In other CIS markets of Ukraine, Kazakhstan and Uzbekistan; the positive trend of growth in secondary sales continued. In Ukraine, which is the largest market in the CIS region after Russia, Glenmark has recorded over 83% growth in secondary sales in the year, driven primarily by its focus brands strategy.

During the year, the company conducted several training programmes (both online and offline) to improve the effectiveness of its sales force across CIS markets. It also participated in several seminars to reach out to Doctors and Key Opinion Leaders (KOL)

Glenmark's Russian subsidiary : Making a mark through it's powerful brands in dermatology and respiratory segments

Members of Glenmark's Russia team

Africa & Middle East

Despite challenges in the business environment; Glenmark's Africa & Middle East operations recorded impressive growth in overall sales. The business recorded strong secondary sales growth of over 40% backed by its power brands strategy.

The units of South Africa, Kenya, Tanzania, Egypt and UAE capitalized on the various new products launched in the first half of the year to record impressive sales growth. While Supiroban (Mupirocin) continued its robust secondary growth in South Africa, Flexilor (Lornoxicam) registered good sales numbers in Kenya. In the year under review, the UAE subsidiary entered the metabolic disease segment by launching Glimulin(Glimepiride) in the fourth quarter of FY 11-12.

In the year under review, Glenmark celebrated the completion of 20 years of operations in the Republic of Kenya

Asia

In the year under review, the Asian region continued to perform well registering an increase of 30% in secondary off take over the corresponding previous year. The power and focus brands strategy continued to yield rich dividends for the company and presently contribute nearly 70% to the total sales from the region. Our Malaysia, Vietnam and Myanmar units grew by around 50%; while the Philippines subsidiary recorded a growth of 25% in FY 12.

The focus in the year was on building competencies of field staff employees in the region. With this end in mind, regional training programmes for Area Managers and Medical Representatives were conducted in all operating countries of the region.

Key product launches included Giemont (Monteleukast) in Malaysia and Dervia MS/Klenzit MS (Adapalene in microsphere technology) in Malaysia, Vietnam, Philippines and Sri Lanka. In the fourth quarter our Malaysian and Philippines subsidiaries received approval for Levocetrizine dihydrochloride tablets. In all ten products were registered in the Asia region during the year and these products are expected to drive growth for the company in FY 2013.

Latin America

Glenmark's strong revenue growth from its LatAm and Caribbean operations over last year was powered by strong performances from its Brazil and Venezuela subsidiaries. With a strong product pipeline and continued emphasis on enhancing field force productivity, the company has built a strong foundation for driving future growth in the LatAm region.

In the year under review; Glenmark's revenue from its Latin America and Caribbean operations was at ₹ 2869.13 mn (USD 59.12 mn) as against ₹ 1918.86 mn (USD 41.81 mn); a growth of 50% over previous corresponding year.

All subsidiaries in the region viz Brazil, Venezuela, Mexico, Caribbean and Peru continued to record good secondary sales growth. Brazil, the largest subsidiary contributing over 70% of sales from LatAm region grew by over 30%.

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-a-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 by a mix of in-house developments and in-licensing deals. The region sourced most of its oncology products from GGL's Argentina plant, the company's hub for manufacturing and distributing oncology products.

Central Eastern Europe

Braving odds of a challenging business environment, Glenmark's Central Eastern Europe (CEE) operations posted healthy growth led by its subsidiaries in Czech Republic, Slovak Republic and Romania.

Glenmark Europe's operations revenue for the entire financial year was ₹ 1976.47 mn (USD 40.73 mn) as compared to ₹ 1527.65 mn (USD 33.28 mn) for the previous corresponding financial year, an increase of 29%.

Despite the testing environment, Glenmark CEE had a successful year on all parameters. Overall, the company posted a growth in revenue of 14%, while secondary sales grew by 22% while the overall market recorded a -2% de-growth. The key markets of Czech Republic, Slovak Republic and Romania posted secondary sales growth above 25%. The company reached its highest ever market ranking of No. 36 in the Czech market. In Slovakia too, the company reached its best ranking of No. 59 in March 2012 propelled by a 28% increase in secondary sales.

The company entered into the new market of Hungary through marketing partners and also initiated business in Baltics. Through the year, Glenmark CEE launched several new products. In Romania, the company had a successful foray into the Central Nervous System (CNS) therapy area, wherein it launched several new products successfully. Glenmark Poland entered the new therapy area of Dermatology and is looking to fortify its portfolio in this therapy area in the coming months. Overall, the company also opened a new front with the oncology and hospital portfolio and is steadily adding products according to the local strategic requirements.

Glenmark Generics' corporate office in Mahwah, NJ – USA

US Formulations

Glenmark' US formulations business registered a significant growth on the back of its robust product portfolio focused on niche and high entry barriers segments like Dermatology, Hormones, Controlled Substances and Modified Release categories. With over 80 products authorized for distribution in the US market, including 19 dermatology and 10 oral contraceptives products, the US business is all set to scale newer heights.

Glenmark Generics Inc., U.S.A. registered revenue from sale of finished dosage fomulations of ₹ 12136.93 mn (USD 250.09 mn) for FY 12 against revenue of ₹ 8351.56 mn (USD 181.95 mn), an increase of 45% in ₹ term over the corresponding previous year.

In the fiscal year 2012, Glenmark was granted approval of 14 Abbreviated New Drug Applications (ANDA), comprised of 12 final and 2 tentative approvals. Glenmark completed successful launch of 12 products during fiscal year 2012 consisting of a mix of semi-solid preparations, oral-contraceptives, extended release, and immediate release items.

In March 2012, the Company initiated the exclusive launch of fluticasone propionate lotion, their generic version of Nycomed's Cutivate® lotion. Under the terms of the Settlement Agreement, Glenmark will market and distribute its Fluticasone propionate lotion under a royalty-bearing license from Nycomed US, for which they are entitled to 180 days exclusivity.

In September 2011, Glenmark Generics also completed royalty payment to Paul Capital Partners' Royalty Fund for developing dermatological products for the US market with the final tranche of USD 28.8 mn. With the exercise of the purchase option election, the company has no further obligation to pay royalties to Paul Capital.

The company launched Atovaquone & Proguanil HCl (Malarone) in September 2011 and Fluticasone lotion (Cutivate) in March 2012. The company expects Malarone's exclusivity to run throughout FY 13, while Cutivate will have 6 months exclusivity in FY 13. Another success for the US business has been in the area of female hormonal products. Glenmark currently has 10 Oral Contraceptives (OCs) authorized for distribution by the U.S. FDA. Glenmark's OC pipeline includes around 6 filings pending with the USFDA. In dermatology space, the company now has a portfolio of 19 products.

Glenmark's marketing portfolio as on 31 March 2012 consisted of 77 generic products authorized for distribution in the U.S. market. The Company currently has 39 applications pending in various stages of the approval process with the US FDA, of which 17 are Paragraph IV applications.

Table 3: Glenmark's Para IV Filings with Sole Exclusivity

Product	Brand Name	Plaintiff	Sales* (MAT Apr 2012)	Launch Timeline
Ezetimibe	Zetia	Schering Plough	USD 1.3 bn	Dec 2016
Hydrocotisone Butyrate Cream	Locoid Lipocream	Triax and Astellas	USD 38 mn	Dec 2013
Fluticasone Lotion 0.005%	Cutivate	Nycomed	USD 39 mn	Launched in Mar 2012
Atovaquone & Proguanil HCl	Malarone	Glaxosmith kline	USD 64 mn	Launched Sep'11

*All above mentioned Para IV litigations settled. GGL has visibility in terms of sales for Para IV opportunities

Table 4: Niche Area Focus in ANDA Filings

Niche / Focus Area	Pending Approval	Authorized to Distribute	Total Filings	Market Size ($mn)
Immediate Release	11	39	50	7387
Hormones	4	11	15	996
Modified Release	4	7	11	939
Derm Products	3	19	22	716
Para IV Filings	17	0	17	10246
Controlled Substances	0	3	3	266
Total	**39**	**79**	**118**	**20550**

As on March, 2012

Glenmark Generics Inc., USA driving growth through focused presence in niche segments

Glenmark has a dedicated hormone facility in Goa, India which manufactures oral contraceptives and other hormone products for the US market

Western Europe Formulations

The European generics business continued to grow at a fast pace aided by its strategy of Product Sales, Licensing Revenues and expanding its presence through Distribution Partners in several European countries.

Revenues from Glenmark's European business increased to ₹ 1031.36 mn (USD 21.25 mn) as against a revenue of ₹ 543.61 mn (USD 11.84 mn) in the previous financial year; an increase of 90% in ₹ term.

The European business comprises of Glenmark Generics (Europe) Ltd (GGEL) which is headquartered in UK and two new entities: Glenmark Generics B.V (GGBV) based in the Netherlands and Glenmark Arzneimittel GmbH (GAG) which is incorporated in Germany.

The European business steadily expanded through product sales and licensing income and by increasing its presence through Distribution Partners in several EU countries. The UK entity built on its business through addition of new accounts. It also entered the Republic of Ireland market for the first time in FY 11-12 with a targeted portfolio of products. The Netherlands business continued supplying products to Pharmacies through health insurance contracts; while the German operation commenced sales from October 2011.

GGEL entered into 10 new out-licensing deals during 2011-12. The company also in-licensed 6 new products and won three tenders in Germany and five tenders in Netherlands. The company obtained several marketing authorizations for different markets and also filed couple of MA application for products across several EU markets through the decentralised procedure (DCP) route.

Oncology

Glenmark's oncology business continued to file dossiers at a healthy rate

Based out of Buenos Aires – Argentina, Glenmark's oncology business serves as the hub for manufacturing and distribution of oncology products across Glenmark markets. The facility provides dossiers to various Glenmark geographies helping them initiate and strengthen their oncology portfolio. In the year, a total of 41 oncology dossiers were provided to various countries – Argentina, Brazil, Mexico, Peru, Middle East and Caribbean nations.

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

Mr. Jyotiraditya Scindia, Hon. Minister of State for Commerce & Industry, Government of India (3rd from right) and Ms. Debora Giorgi (2nd from right), Hon. Minister of Industry - Argentina inaugurating Glenmark' oncology manufacturing facility near Buenos Aires in April 2011

Also seen in the picture : *Mr. Jalaj Sharma – Director & President Operations, Glenmark Generics (2nd from left)*

Active Pharmaceutical Ingredients (API)

Glenmark's API business continued to transition from ROW markets to regulated markets. The business recorded sales in Japan for the first time in FY 12

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.

During FY 12, the API business launched Telmisartan in Europe and Canada through two global generic players. First sale for the business was registered in the regulated market of Japan. During the year, the business witnessed successful inspections from USFDA / EU agencies. The business continues its leadership position for Lercanidipine, Topiramate and Amiodarone, combined with launches of 4 new products during the year viz. Atovaquone, Ropinirole, Riluzole and Terbinafine. During the year, two US DMFs were filed.

Revenue from sale of API to regulated and semi-regulated markets globally was ₹ 3094.44 mn (USD 63.76 mn) in FY 12 against ₹ 2767.05 mn (USD 60.28 mn) in FY 11, recording an increase of 12% in ₹ term.

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 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.

Team members of the recently launched 'Respicare' Division of the India formulations business

Risk Management

The ever changing business environment necessitates continuous monitoring, evaluation & 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:

Description of Risk

Although the Company has defined business objectives based on strategy for each of the businesses, it may or may not be able to achieve the expected results due to numerous internal and external variables, leading to probable strategic risks.

Mitigating factor

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 generics and generics business. The company also has API business interest in regulated and semi-regulated markets. Being a fully integrated Company operating globally helps it to de-risk its strategic moves.

Business Portfolio Risk Management:

Description of Risk

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 existing products as well as introduction of new products. Single sourcing for certain components, bulk active materials and finished products does expose the Company to multiple probable risks.

Mitigating factor

To counter these, Glenmark has adopted harmonized quality system 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. The Company also develops a second source for its important API, Bulk Active materials. Continuous monitoring is done of the changes in the pricing regulations in the various markets in which the company operates in order to minimize the adverse impact on the revenue and profitability of the company.

Research Risk Management:

Description of Risk

Developing new products is investment intensive, having a longer gestation period with uncertain outcome. A new product candidate can fail at any stage of the development process or could fail to receive regulatory approval.

Mitigating factor

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:

Description of Risk

Glenmark operates in many markets, facing stiff competition from local and MNC companies on both branded and generics business.

Mitigating factor

As a research-led, fully integrated global pharmaceutical company based out of India and having a rich human resource pool of technically qualified graduates, high skills and expertise in product development at a relatively lower cost, gives it an edge over players from other markets.

Economic & Political Risk Management:

Description of Risk

Given the scale and international exposure of the Company, our business is constantly at risk owing to any unforeseen, political and economic changes i.e. Intra-Company transfer pricing is an inherent tax risk, changes in tax laws or in their application may affect the financial results, Credit risk arising on account of failure to meet the contractual obligations by a customer, Liquidity risk may arise on account of the company not being able to meet its financial obligations as and when they fall due, Political changes in the country may change the regulatory and business policies.

Mitigating factor

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 reviews the economic and political stability of a market to respond to any situations that may impact business. The Company takes adequate steps to assess the customers based on proactive market information. The Company's taxation policy is reviewed continuously in order to understand the impact of changes in tax regulations and minimize the risks in tax planning.

Litigation Risk:

Description of 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. As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, prior conduct may be called into question. Also, notwithstanding the efforts the Company makes to determine the safety of its products through regulated clinical trials, unanticipated side effects may become evident only when the drugs are introduced into the marketplace.

Mitigating factor

The Company has adequate framework to review on a regular basis all the applicable rules and regulations applicable which have been identified with the help of external and internal expertise and also there is a continuous review of the various changes in the rules, regulations and policies impacting the industry.

Environment Risk Management:

Description of Risk

The manufacture of APIs and pharmaceutical formulations and disposal of wastes poses certain risks to environment.

Mitigating factor

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

Description of Risk

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.

Mitigating factor

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

Information Technology

Description of Risk

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

Mitigating factor

The Company takes steps to have proper back ups so as to avoid loss of data.

Foreign Exchange Risk

Description of Risk

The Significant portion of the Company's overseas revenue is coming from the products manufactured in India and therefore exposed to currency rate fluctuation. This fluctuation in currency may impact top-line as well as profitability of the Company.
The Company has raised foreign currency debts which may impact the company's profitability.

Mitigating factor

The Company has adopted a conservative hedge strategy to reduce the net exposure to foreign currency assets and liabilities.

Profiles of Directors

Mr. Gracias Saldanha (Founder and Chairman Emeritus)

Mr. Gracias Saldanha is the founder of the Company. He has over 40 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 is a B.Pharm 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 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. Cherylann Pinto (Director - Corporate Affairs)

Mrs. Cherylann Pinto is a graduate in Pharmacy from the University of Bombay. She has over 24 years experience in the pharmaceuticals business.

Mr. Rajesh V. Desai (Executive Director & CFO)

Mr. Rajesh V. Desai is the Executive Director & CFO of the Company and has been with the Company for close to three decades. A Science graduate from Bombay University and a Chartered Accountant from Institute of Chartered Accountants of India, he is responsible for the Finance, Legal and IT function of the entire organization. A member of the leadership team for over a decade, he has been responsible for charting the Company's growth in the domestic and overseas markets.

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

Mr. N. B. Desai is a retired General Manager of Bank of Baroda. He has over 48 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. J. F. Ribeiro (Non-Executive Director)

Mr. J. F. Ribeiro 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.

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

Mr D. R. Mehta 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, USA. He has over 42 years of 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.

Mr. Hocine Sidi Said (Non-Executive Director)

Mr. Hocine Sidi Said 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 22 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 is a B.A., L.L.B. (Hons.) from the National Law School of India University. He 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.

Dr. Brian W. Tempest (Non-Executive Director)

Dr. Brian W. Tempest is a CSCI, CCHEM, FRSC, BSC, PHD. He has worked in the pharmaceutical industry for the last 40 years and has managed Healthcare Businesses in North America, South America, Europe, Africa, Middle East, Australasia, China, Japan and India.

He worked for Ranbaxy Laboratories from 1995 – 2008 where he last held the position of Vice Chairman and retired as the Non-Executive Director in 2008. He has also worked for Glaxo as Regional Director-Far East and Regional Director-Middle East & Africa from 1985 to 1992.

A PhD in Chemistry from Lancaster University and Chairman of the Advisory Board for the Lancaster University Management School, he is a Fellow of the Royal Society of Chemistry and a Fellow of the Royal Society of Medicine.

Mr. Bernard Munos (Non-Executive Director)

Mr. Bernard Munos is the founder of the InnoThink Center for Research in Biomedical Innovation. Prior to that, he was Advisor for corporate strategy at Eli Lilly and Company, a multi-billion dollar global pharmaceutical company. His research, which has been published in Nature and Science Journal and was recently profiled by Forbes Magazine, has helped stimulate a broad rethinking of the pharmaceutical business model worldwide.

He has presented his findings at numerous meetings sponsored by the National Academies, the Institute of Medicine, the President's Cancer Panel, the NIH Leadership Forum, the World Health Organization, the OECD, the Kauffman Foundation, the US Patent and Trademark Office, as well as leading universities and think-tanks in the US and Europe.

An MBA from Stanford University, and holds other graduate degrees in economics and animal science from the University of California at Davis, and the Paris Institute of Technology for Life, Food and Environmental Sciences in France.

Directors' Report

Your Directors have pleasure in presenting their 34th Annual Report and Audited Accounts of the Company for the year ended 31 March 2012.

FINANCIAL RESULTS

₹ (Millions)

2011-2012	2010-2011	Particulars	2011-2012	2010-2011
Standalone			Consolidated	
Indian GAAP	Indian GAAP		IFRS	IFRS
3,660.79	3,575.31	Profit before Finance Costs, Depreciation & Taxes	7,236.24	7,327.72
608.69	857.50	Less: Finance Costs	1,376.55	1,565.58
211.13	209.88	Less: Depreciation	978.78	946.78
187.98	386.15	Less: Tax(Current Year & Deferred Tax)	237.84	237.03
2,652.99	2,121.78	Profit after Tax	4,643.07	4,578.33

DIVIDEND

Your Directors recommend a Dividend of 200% (₹ 2/- per equity share of ₹ 1/- each) to be appropriated from the profits of the year 2011-2012 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 ₹ 628.85 millions (including dividend tax).

CONSOLIDATED ACCOUNTS

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries for the year ended 31 March 2012 prepared in accordance with International Financial Reporting Standards as permitted by SEBI forms a part of the Annual Report.

RESULTS OF OPERATIONS

On Standalone basis your Company achieved a gross revenue of ₹ 15,646.65 millions and the Standalone operating profit before finance costs, depreciation and tax was ₹ 3,660.79 millions as compared to ₹ 3,575.31 millions in the previous year.

On Consolidated basis your Company achieved a gross revenue of ₹ 40,206.43 millions and the Consolidated operating profit before finance costs, depreciation and tax was ₹ 7,236.24 millions as compared to ₹ 7,327.72 millions in the previous year.

CHANGES IN CAPITAL STRUCTURE

Issue of shares on exercise of Employees' Stock Options:

During the year, your Company allotted 2,63,450 Equity Shares of ₹ 1/- each (on pari-passu basis) on the exercise of stock options by the eligible employees of the Company and its subsidiaries under the 2003 Employee Stock Option Scheme. As a result of this, the outstanding issued, subscribed and paid up equity shares increased from 270,272,053 to 270,535,503 shares as at 31 March 2012.

Employee Stock Option Scheme

The information in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999, as amended are set out in the Annexure-B to this Report.

During the year, Stock Options have been issued to the employees of your Company. On exercising the convertible options so granted, the paid-up equity share capital of the Company will increase by a like number of shares.

No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

LISTING AT STOCK EXCHANGES

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

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs has vide its General Circular No. 2/2011 dated 8 February 2011 and 3/2011 dated 21 February 2011 granted a general exemption from the provisions of 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 Statement of Profit and Loss and the annexures thereto. The Board of Directors at their meeting, consented for not attaching the Balance Sheet, Statement of Profit and Loss and annexures thereto of the Subsidiaries. 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 am to 1 pm.

DIRECTORS

Director's Re-appointment

Mr. Gracias Saldanha, Mr. N. B. Desai and Mr. Hocine Sidi Said, retire by rotation and being eligible offer themselves for re-appointment at this Annual General Meeting. The Board of Directors have recommended their re-appointment for consideration of the Shareholders.

Director's Appointment

Mr. Rajesh V. Desai was appointed as an Additional Director of the Company with effect from 9 November 2011, Dr. Brian W. Tempest and Mr. Bernard Munos were appointed as Additional Directors of the Company with effect from 30 January 2012 in accordance with Section 260 of the Companies Act, 1956.

Mr. Rajesh V. Desai, Dr. Brian W. Tempest and Mr. Bernard Munos hold office up to the date of the ensuing Annual General Meeting of the Company scheduled to be held on 3 August 2012. The requisite notices together with necessary deposits have been received from members pursuant to Section 257 of the Companies Act, 1956, proposing the election of Mr. Rajesh V. Desai, Dr. Brian W. Tempest and Mr. Bernard Munos as Directors of the Company.

COST AUDITORS

M/s. Sevekari Khare & Associates are the Cost Auditors of the Company. They have been re-appointed as cost auditors for the Financial Year 2012-2013. Due date for filing of Cost Audit Report by the Cost Auditor for the Financial Year 2011-2012 is 30 September 2012.

CORPORATE GOVERNANCE

Your Company believes Corporate Governance is at the core of stakeholder satisfaction. Your Company's governance practices are described separately in this Annual Report. Your Company has obtained a certification from S. S. Rauthan & Associates, Company Secretaries on your Company's compliance with Clause 49 of the Listing Agreement with Indian Stock Exchanges. This certificate is attached to 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

The auditors, M/s. Walker, Chandiok & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The proposal for their re-appointment is included in the notice for Annual General Meeting sent herewith.

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 this 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 2012 and of the profit of the Company for the year ended 31 March 2012;

(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.

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

Your Company appeals to you, its shareholders who are yet to register your e-mail addresses that they take necessary steps for registering the same so that you 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 & sustained 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

Place: Mumbai
Date: 08 May 2012.

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

I. Power and Fuel Consumption	2011-12	2010-11
1. Electricity		
(i) Purchased		
Unit (in '000 Kwhrs)	11,030.92	11,010.20
Total Amount (₹ in '000's)	58,136.77	52,398.82
Rate/Unit (₹)	5.27	4.76
(ii) Own Generation		
(a) Through Diesel Generator		
Unit (in '000 Kwhrs)	560.00	1,686.72
Units per Ltr. of Diesel Oil	3.18	3.35
Cost/Unit (₹)	12.93	11.07
(b) Through Steam Turbine/Generator	NIL	NIL
2. Coal	NIL	NIL
Qty.		
Total Cost		
Average Rate		
3. Furnace Oil/Light Diesel Oil		
Qty. (K. Ltr.)	397.96	714.58
Total Amount (₹ in '000's)	15,975.35	26,252.47
Average Rate (₹/K. Ltr.)	40.87	38.19
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

II. 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. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D activities were carried out by the Company are:

Pharmaceutical Development

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

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

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

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.

Analytical Research Activities for NCE Research:

New analytical test procedures are developed to establish the structure and evaluate the quality of NCE prior to initial biological screening. Physicochemical properties of new chemical entity; are established and characterization studies are conducted. CMC related Dossiers, study protocols and study reports were prepared to support various pre-clinical studies and clinical trial applications with Regulatory Agencies. We perform polymorphic evaluation and salt selection studies on various NCEs drug substance and drug products. Reference standards of NCE were generated and supplied to CROs and manufacturing sites.

2. **Benefits derived as a result of the R&D**

Glenmark has always made continuous investment in R&D. Because of these investments in R&D, the organisation was able to receive a number of product approvals across many countries. During the year under review, Glenmark received from the USFDA approvals for the products Norgestimate and Ethinyl Estradiol Tablets USP, 0.25 mg/0.035 mg, Desogestrel & Ethinyl Estradiol Tablets, Imiquimod Cream, Ciclopirox Gel 0.77%, Levonorgestrel & Ethinyl Estradiol Tablets USP, 0.15 mg/0.03 mg, Norethindrone and Ethinyl Estradiol (AlyacenTM1/35) Tablets USP & Norethindrone and Ethinyl Estradiol (AlyacenTM 7/7/7) Tablets USP, Verapamil extended-release tablets, Ursodiol Tablets, Norgestimate and Ethinyl Estradiol tablets, USP 0.18 mg/0.035 mg, 0.215 mg/0.035 mg and 0.25/0.035 mg, Mupirocin ointment, Fluticasone propionate 0.05% lotion.

The India business was able to launch key products like Azifine C, Vorth TP, Vorth TP Plus, Kefpod O, Alex Cold, Glevopod, Airtec FB DPI, Airtec FF, Airtio, Airlevo, Dosetil, Elovera IMF, Deriva BPO, Milical O, Dermato-Cosmoceutical Product Range, Telma AMH, Olmax 3D and Doriglen Casfung.

The Latin American region, because of focused investment in R&D, was able to launch the following products in the following countries; In Ecuador we launched Relcer Gel/Tabs and Mumfer Tabs/Drops; in Mexico we launched Tabitral (Halobetasol) and Bonneteril (Ciclopirox); in Venezuela we launched Glenlipid; Adapne-Clin; Beltas (Orlistat) and Onabet (Sertoconazole); in the Carribean región we launched: Supirocin; in Peru we launched: Sunderm 30; Demelan; Ureativ 10%; Fisioativ Lotion; Tazret; and in Brazil we launched Deriva Micro; Adacne-Sec.

3. **Future plan of action**

Commercialisation of new products for which the products are under trials at development stage.

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

4. **Expenditure on R&D:**

(Standalone) (₹ In Millions)

S. No.	Particulars	2011-2012	2010-2011
1.	Capital Expenditure	36.90	89.98
2.	Revenue Expenditure	759.57	569.20
3.	Total	796.47	659.18
4.	R & D Expenditure as a percentage of total turnover	4.9%	5.3%

5. **Technology Absorption, Adoption and Innovation**

5.1 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.

5.2 Benefits derived are new introduction of products, improvement in the yield and quality, safety, & 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.

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

2. Total foreign exchange earned was ₹ 5,661.87 millions and outflow was ₹ 2,016.54 millions.

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Place: Mumbai
Date: 08 May 2012

ANNEXURE - B

Disclosure in the Directors' Report as per SEBI Guidelines for the year 2011-12:

S. No	Particulars		
a	Options granted	10,386,900	
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**	7,777,500	
d	Options Exercised**	2,950,150	
e	Total no. of shares arising as result of exercise of Options	2,950,150	
f	Options lapsed*	6,017,450	
g	Variation in terms of Options	None	
h	Money realised by exerise of Options (in ₹ Millions)	182.31	
i	Total number of options in force**	1,419,300	
	* Lapsed Options includes options cancelled/ lapsed.		
	** The number of options have been reported as on 31.03.2012		
j	Employee wise details of options granted to:		
	- Senior Management	Name of the employee	No of options granted
		Sandeep Gupta	25,000
	- 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	Proforma Adjusted Net Income and Earning Per Share		
	Particulars	₹ In Millions	
	Net Income (As Reported)	2,652.99	
	Add: Intrinsic Value Compensation Cost	NIL	
	Less: Fair Value Compensation Cost	0.25	
	Adjusted Proforma Net Income	2,652.74	
	Earning Per Share: Basic		
	As Reported:	9.81	
	Adjusted Proforma	9.80	
	Earning Per Share: Diluted		
	As Reported:	9.80	
	Adjusted Proforma	9.80	
m	Weighted average exercise price of Options granted during the year whose		
i.	Exercise price equals market price	319.25	
ii.	Exercise price is greater than market price	NA	
iii.	Exercise price is less than market price	NA	

	Weighted average fair value of options granted during the year whose	
i.	Exercise price equals market price	187.91
ii.	Exercise price is greater than market price	NA
iii.	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	311.80
	Volatility	53.79%
	Risk free Rate	8.54%
	Exercise Price	319.25
	Time To Maturity	6.00
	Dividend yield	0.17%
		187.91

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:

- **Composition**:

The Board comprises of Twelve Directors, of whom, three are Executive, and nine are Non-Executive Directors. The Chairman of the Board is an Executive Director.

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

a) Details of the Board 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
Mr. Gracias Saldanha –Founder & Chairman Emeritus	Non-Executive Promoter Group	Father of Mr. Glenn Saldanha and Mrs. Cherylann Pinto and husband of Mrs. B. E. Saldanha	2	1	-	-
Mrs. B. E. Saldanha	Non-Executive Promoter Group	Mother of Mr. Glenn Saldanha and Mrs. Cherylann Pinto and wife of Mr. Gracias Saldanha	3	1	-	-
Mr. Glenn Saldanha Chairman & Managing Director	Executive Promoter Group	Son of Mr. Gracias Saldanha and Mrs. B. E. Saldanha and brother of Mrs. Cherylann Pinto	4	2	-	1
Mrs. Cherylann Pinto	Executive Promoter Group	Daughter of Mr. Gracias Saldanha and Mrs. B. E. Saldanha and sister of Mr. Glenn Saldanha	4	-	-	1
Mr. J. F. Ribeiro	Non-Executive Independent	None	4	2	3	1
Mr. N. B. Desai	Non-Executive Independent	None	4	1	1	2
Mr. Sridhar Gorthi	Non-Executive Independent	None	4	3	-	3
Mr. D. R. Mehta	Non-Executive Independent	None	4	6	-	-
Mr. Hocine Sidi Said	Non-Executive Independent	None	3	-	-	1
Mr. Rajesh V. Desai*	Executive	None	2	1	-	1
Dr. Brian W. Tempest**	Non-Executive Independent	None	1	3	1	-
Mr. Bernard Munos**	Non-Executive Independent	None	-	-	-	-

\# 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.

* Appointed as Director w.e.f. 09 November 2011.

** Appointed as Director w.e.f. 30 January 2012.

b) During the Financial Year ended 31 March 2012; four board meetings were held on the following dates:

- 10 May 2011
- 26 July 2011
- 09 November 2011
- 30 January 2012

- 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.
- Mr. Glenn Saldanha, Mrs. Cherylann Pinto and Mr. J. F. Ribeiro attended the last Annual General Meeting of the Company held on 11 August 2011.
- **Information flow to the Board Members**

  We present our Operating plans of our businesses to the Board for their review, inputs and 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.

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

As per Listing Agreement, the Board has formed three committees: Audit Committee, Compensation Committee and Shareholders'/Investors' Grievance Committee.

1. AUDIT COMMITTEE:

- Your Company has a qualified and independent Audit Committee. The primary objective of the committee is to monitor and provide effective supervision of the Management's financial reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditor, and notes the processes and the safeguards employed by each. The committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor in accordance with the law. All possible measures must be taken by the committee to ensure the objectivity and independence of the independent auditor.
- Terms of Reference:

  a) Approving and implementing the audit procedures and techniques.

  b) Reviewing audit reports of both statutory and internal auditors with auditors and management.

  c) Reviewing financial reporting systems, internal control systems and control procedures.

  d) Ensuring compliance with regulatory guidelines.

  e) Reviewing the quarterly, half-yearly and annual financial results of the Company before submission to the Board.
- During the Financial Year ended 31 March 2012, the committee met four times on 09 May 2011; 25 July 2011; 08 November 2011 and 30 January 2012.
- **Audit Committee Attendance during the fiscal 2012**

Name	No. of meetings		Remarks
	Held	Attended	
Mr. N. B. Desai*	4	4	Chairman
Mr. J. F. Ribeiro**	4	4	Member
Mr. Sridhar Gorthi	4	3	Member
Mr. Hocine Sidi Said#	4	1	Member

* Appointed as Chairman w.e.f 30 January 2012.

** Ceased to be Chairman w.e.f 30 January 2012.

\# Appointed as Member w.e.f 30 January 2012.

- Mr. Glenn Saldanha, Chairman & Managing Director; Mr. Rajesh V. Desai, Executive Director & CFO and Mr. Prakash Sevekari, Cost Auditor are permanent invitees to all Audit Committee Meetings. The statutory auditors of the Company are present in the Audit Committee meetings during the year. The Company Secretary officiates as the secretary of 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.

2. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE:

- The committee has the mandate to review and redress shareholder grievances. The committee reviews shareholders' complaints and resolution thereof. The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system.
- Four investor grievance committee meetings were held during the year - 09 May 2011; 24 July 2011; 08 November 2011 and 30 January 2012.
- **Shareholders'/Investors' Grievances Committee Attendance during the fiscal 2012**

Name	No. of meetings		Remarks
	Held	Attended	
Mr. J. F. Ribeiro	4	4	Chairman
Mr. Glenn Saldanha	4	4	Member
Mr. N. B. Desai	4	4	Member
Mrs. Cherylann Pinto	4	4	Member

- The Details of complaints resolved during the year ended 31 March 2012 are as follows.

No. of complaints	2011-2012	2010-2011
Received	39	39
Resolved	39	39
Pending	NIL	NIL

- Name & Designation of Compliance Officer:

  Mr. Sanjay Chowdhary, Jt. Company Secretary & Compliance Officer.
- 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.

3. COMPENSATION COMMITTEE:

- The purpose of the committee of the Board of Directors ('the Board') shall be to discharge the Board's responsibilities related to compensation of the Company's executive directors. The committee has the overall responsibility of approving and evaluating the compensation plans, policies and programs for executive directors.
- Broad terms of reference of the Compensation Committee:

  i. To recommend and review remuneration package of Executive / Non-Executive Directors.

  ii. To approve issue of stock options to the employees.

  Three Compensation Committee meetings were held during the year - 09 November 2011, 07 December 2011 and 30 December 2011.
- **Compensation Committee Attendance during the fiscal 2012**

Name	No. of meetings		Remarks
	Held	Attended	
Mr. J. F. Ribeiro	3	3	Chairman
Mr. Glenn Saldanha	3	3	Member
Mr. N. B. Desai	3	3	Member
Mr. Sridhar Gorthi	3	3	Member

- Compensation Policy:

  The Company follows a market linked remuneration policy, which is aimed at enabling the Company to attract and retain the best talent. Compensation is also linked to individual and team performance as they support the achievement of Corporate Goals. The Company has formulated an Employee Stock Option Scheme for rewarding and retaining performers.

4. Remuneration of Directors:

- The compensation committee determines and recommends to the Board the compensation payable to the directors. All Board-level compensation is approved by the shareholders and separately disclosed in the financial statements. Remuneration of the executive directors consists of a fixed component and a performance incentive. The annual compensation of the executive directors is approved by the compensation committee, within the parameters set by the shareholders at the shareholders' meetings.

- The Remuneration Committee also functions as the Compensation Committee as per SEBI guidelines on the Employees' Stock Option Scheme.
- 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.
- Given below are the details of remuneration/fees/commission paid to Directors during the financial year ended 31 March 2012:

S. No.	Name of Director	Salaries	Retirement benefits/other reimbursements	Commission	Sitting Fees	Total
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
1	Mr. Gracias Saldanha	-	-	-	40,000	40,000
2	Mrs. B. E. Saldanha	-	-	-	60,000	60,000
3	Mr. Glenn Saldanha	45,349,145	10,098,346	2,679,000	-	58,126,491
4	Mrs. Cherylann Pinto	11,551,270	1,649,955	1,969,653	-	15,170,878
5	Mr. Rajesh V. Desai	9,511,988	1,142,818	1,091,232	-	11,746,038
6	Mr. J. F. Ribeiro	-	-	-	160,000	160,000
7	Mr. N. B. Desai	-	-	-	160,000	160,000
8	Mr. Sridhar Gorthi	-	-	-	140,000	140,000
9	Mr. D. R. Mehta	-	-	-	80,000	80,000
10	Mr. Hocine Sidi Said	-	-	-	80,000	80,000
11	Dr. Brian W. Tempest	-	-	-	20,000	20,000
12	Mr. Bernard Munos	-	-	-	-	-
TOTAL		**66,412,403**	**12,891,119**	**5,739,885**	**740,000**	**85,783,407**

Notes:

1. Mr. Glenn Saldanha, Chairman & Managing Director and Mrs. Cherylann Pinto, Director – Corporate Affairs hold office as Executive Directors upto 15 May 2012 and have been reappointed subject to the approval of the shareholders at the Annual General Meeting for the term of five years w.e.f. 16 May 2012. The service contract can be terminated with a notice of six months.
2. Mr. Rajesh V. Desai was appointed as Executive Director w.e.f 09 November 2011 for a term of five years. The service contract can be terminated with a notice of six months.
3. Sitting fees of ₹ 140,000 of Mr. Sridhar Gorthi was paid to Trilegal on his behalf.

Shareholding of the Non-executive/ Independent directors in the Company as on 31 March 2012:

Director	Equity Shares (Nos.)
Mr. Gracias Saldanha	262,660
Mrs. B. E. Saldanha	221,306
Mr. J. F. Ribeiro	45,800
Mr. N. B. Desai	30,000
Mr. Sridhar Gorthi	559
Mr. D. R. Mehta	NIL
Mr. Hocine Sidi Said	NIL
Mr. Bernard Munos	NIL
Dr. Brian W. Tempest	NIL

5. **Disclosures by Management** :

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

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

c) There was no non-compliance during the last three years by the Company on any matter 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.

6. Disclosures regarding the appointment or re-appointment of directors:

According to the Articles of Association, one-third of the directors retire by rotation and, if eligible, seek re-appointment at the Annual General Meeting of shareholders. Mr. Gracias Saldanha; Mr. N. B. Desai and Mr. Hocine Sidi Said will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring directors. The Board also decided to re-appoint Mr. Glenn Saldanha as Chairman and Managing Director and Mrs. Cherylann Pinto as Wholetime Director designated as Director – Corporate Affairs. These re-appointments are effective from 16 May 2012. The Board appointed Mr. Rajesh V Desai as Wholetime Director designated as Executive Director & CFO with effect from 09 November 2011. Dr. Brian W. Tempest and Mr. Bernard Munos were appointed as Additional Directors with effect from 30 January 2012 and hold office upto the date of ensuing Annual General Meeting. The detailed profiles of all these directors are provided in the Notice convening the Annual General Meeting.

7. General Body Meetings:

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

Financial Year Ended	Date and Time	Venue	Special Resolution Passed
31 March 2009	25 September 2009 at 11 am	Sunville Banquet & Conference Hall 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	None
31 March 2010	27 September 2010 at 11 am	Sunville Banquet & Conference Hall 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	None
31 March 2011	11 August 2011 at 11 am	Sunville Banquet & Conference Hall 3rd floor, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	None

- 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.
- No special resolutions were passed last year through postal ballot.
- There are no special resolutions proposed for the ensuing Annual General Meeting which need to be passed by Postal Ballot.

8. Shareholders information:

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.

Dematerialisation of shares and Liquidity:

As of 31 March 2012; 99.10% 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.

Shareholding Pattern as at 31 March 2012:

Description	No. of Shareholders	Shares held	% to Equity
Company Promoters	14	130,589,649	48.27
Foreign Institutional Investor	198	94,455,776	34.92
Resident Individuals	61,186	25,109,109	9.28
Indian Financial Institutions	21	9,055,129	3.35
Bodies Corporates	927	4,772,811	1.76

Description	No. of Shareholders	Shares held	% to Equity
Mutual Funds	17	3,038,658	1.12
Non-Resident Indians	1,807	1,508,157	0.56
H U F	1,205	566,460	0.21
Employees	83	535,940	0.20
Banks	13	337,217	0.12
Directors	6	213,909	0.08
Clearing Members	164	194,926	0.07
Foreign Nationals	10	147,108	0.06
Trusts	11	10,654	0.00
TOTAL	**65,662**	**270,535,503**	**100.00**

Distribution Schedule as on 31 March 2012

S. No.	Category From - To	No. of Shareholders	% of Shares	No. of Shares	% of Total Equity
1	1 - 5000	64,370	98.03	22,682,452	8.38
2	5001 - 10000	540	0.82	3,940,328	1.46
3	10001 - 20000	300	0.46	4,375,020	1.62
4	20001 - 30000	85	0.13	2,108,970	0.78
5	30001 - 40000	52	0.08	1,863,066	0.69
6	40001 - 50000	28	0.04	1,320,606	0.49
7	50001 - 100000	60	0.09	4,254,984	1.57
8	100001 and Above	227	0.35	229,990,077	85.01
	TOTAL	**65,662**	**100.00**	**270,535,503**	**100.00%**

Date, Time and Venue of the Ensuing Annual General Meeting:

Annual General Meeting shall be held on Friday, 03 August 2012 at 11.00 a.m. at Mayfair Banquets, South Hall, 254-C, Dr. Annie Besant Road, Worli, Mumbai - 400 030.

Record Date/ Book Closure:

Our Register of members and Share Transfer Books will remain closed from Monday, 23 July 2012 to Friday, 03 August 2012 (both days inclusive).

Date of declaration of dividend:

A dividend of ₹ 2 per share has been recommended by the Board of Directors on 08 May 2012 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Financial Calendar (Tentative and Subject to change):

Quarter ending	Release of Results
Financial reporting for the first quarter ending 30 June 2012.	July 2012
Financial reporting for the second quarter ending 30 September 2012.	October 2012
Financial reporting for the third quarter ending 31 December 2012.	January 2013
Financial results for the year ending 31 March 2013.	May 2013

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

Members may kindly note that consequent to split in the face value of equity shares of the Company from ₹10/- to ₹ 2/- and subsequently from ₹ 2/- to ₹ 1/-, the share certificates 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/-.

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
31.03.2005	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
31.03.2011	11.08.2011	11.09.2011	10.09.2018	09.10.2018

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.

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.

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.

9. **Means of Communication:**

- Quarterly/Half-yearly/Annual results –

  The quarterly/half-yearly results of the Company are published in the newspapers and posted on the website of the Company.

  As a part of the Green initiative, the Annual Reports are sent by e-mail to Shareholders whose e-mail ids are registered with the Depositories/Registrar and Share Transfer Agents of the Company. Quarterly/ Half Yearly and Annual Financial Results of the Company are published in the Financial Express and Punyanagri newspapers.

- Management Discussion & Analysis Report –

  The Management Discussion & Analysis Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

- Company's Corporate Website –

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

- Presentation to Institutional Investors or to analysts –

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

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

10. **Company's Scrip Information:**

- Listing on stock exchanges:

  The shares of the Company are listed on Bombay Stock Exchange Ltd. & the National Stock Exchange of India Ltd.

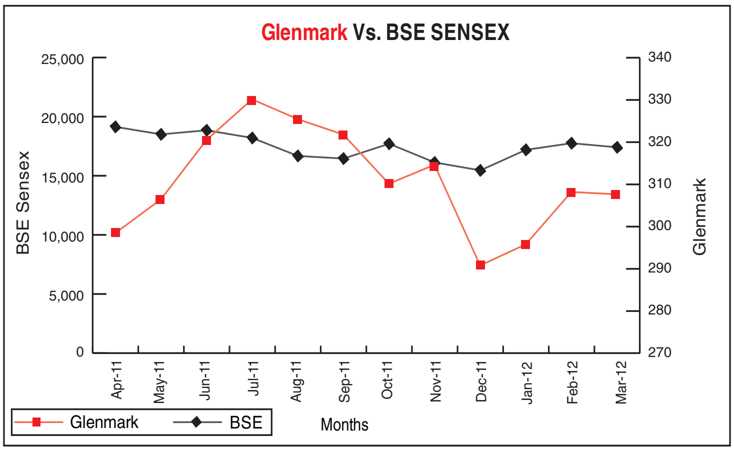
Stock Exchange	Stock Codes / Symbols	ISIN
Bombay Stock Exchange	532296 / GLENMARK PHA	INE935A01035
National Stock Exchange	GLENMARK	INE935A01035

- Listing fees for the year 2012-2013 have been paid to the Stock Exchanges.
- Market Information:

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

Month	Bombay Stock Exchange			National Stock Exchange		
	High Price (₹)	Low Price (₹)	Volume (No. of Shares)	High Price (₹)	Low Price (₹)	Volume (No. of Shares)
Apr-11	308.80	283.05	847,714	308.70	284.50	4,852,657
May-11	327.80	262.70	5,242,262	327.80	262.00	24,117,638
Jun-11	324.80	290.00	1,559,314	332.05	290.55	9,725,497
Jul-11	351.20	303.00	3,038,146	351.45	302.70	14,980,318
Aug-11	344.00	301.20	1,936,112	344.35	301.55	12,182,802
Sep-11	337.00	313.00	906,547	337.45	315.00	6,839,188
Oct-11	317.45	285.00	1,106,207	318.50	285.40	10,792,675
Nov-11	341.20	295.10	1,140,258	342.95	295.10	16,519,886
Dec-11	323.40	265.00	879,656	324.00	264.75	9,189,813
Jan-12	324.90	285.10	1,090,370	325.00	285.00	6,806,326
Feb-12	319.00	291.50	2,117,367	319.65	290.05	11,820,876
Mar-12	313.90	286.15	839,033	313.50	285.30	10,191,118

Performance in comparison to broad based indices namely BSE Sensex.



11. 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.

12. Plant Locations:

The Company's plants are located at:

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

ii. Unit I - Village: Kishanpura, Baddi Nalagarh Road, Tehsil: Baddi, Dist.: Solan 174 101, Himachal Pradesh.

iii. Unit II - Village: Bhattanwala, PO Rajpura, Tehsil: Nalagarh, Dist. Solan, Himachal Pradesh.

iv. Unit III - Village: Kishanpura, Baddi Nalagarh Road, Tehsil: Baddi, Dist.: Solan 174 101, Himachal Pradesh.

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

- The Company had issued 25,000 new options under Employees Stock Option Scheme viz. ESOS' 2003. During the Financial Year 2011-2012, 2,79,950 options were cancelled and 2,63,450 options were exercised. As of 31 March 2012; 14,19,300 options were outstanding and are due for exercise on the following dates:

ESOS' 2003	
Date	**Number of Options**
26 April 2012	60,000
09 July 2012	34,200
14 July 2012	28,550

ESOS' 2003	
Date	**Number of Options**
24 September 2013	22,200
09 October 2013	35,400
07 December 2013	2,500

ESOS' 2003	
Date	**Number of Options**
13 August 2012	43,200
22 August 2012	114,400
24 September 2012	11,100
09 October 2012	51,600
11 October 2012	1,200
09 December 2012	162,000
09 January 2013	196,500
05 February 2013	207,600
25 February 2013	4,500
20 March 2013	102,500
30 March 2013	11,600
09 July 2013	22,800
14 July 2013	31,650

ESOS' 2003	
Date	**Number of Options**
05 February 2014	17,600
25 February 2014	4,500
30 March 2014	23,200
14 July 2014	43,100
24 September 2014	33,300
07 December 2014	5,000
25 February 2015	6,000
30 March 2015	34,800
24 September 2015	44,400
07 December 2015	7,500
30 March 2016	46,400
07 December 2016	10,000

- 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.

14. National ECS facility (NECS):

As per RBI notification, w.e.f from 01 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), along with 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 hassle free 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.

15. 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.

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

	Corporate Office	Registrars & Transfer Agents
Persons to contact	Mr. Sanjay Chowdhary	Mr. V. Rajendra Prasad
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, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
Telephone	(022) 40189999	(040) 23420818 - 828
Fax No.	(022) 40189986	(040) 23420814
E-mail	webmaster@glenmarkpharma.com	vrajendra@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 2012.

Place: Mumbai
Date: 08 May 2012

Glenn Saldanha
Chairman & Managing Director

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

We, Mr. Glenn Saldanha, Chairman & Managing Director and Mr. Rajesh V. Desai, Executive Director & 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 to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

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

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

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

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

Glenn Saldanha
Chairman & Managing Director

Rajesh V. Desai
Executive Director & CFO

Place: Mumbai
Date: 08 May 2012

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 2012, 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: 08 May 2012

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 2012, and also the Statement of Profit and Loss 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 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 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 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 2012;

        ii) the Statement of Profit and Loss, 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: 08 May 2012

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 2012.

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 program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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) The management has conducted physical verification of inventory (except stocks lying with third parties, confirmations for which have been obtained and stocks in transit) at reasonable intervals during the year.

(b) 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) The Company has granted unsecured loans to four parties/companies covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year is ₹ 14,485.10 millions and the year-end balance is ₹ 8,805.94 millions.

(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 overdue amount in respect of loans granted to such companies, firms or other parties.

(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. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(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 register maintained under section 301 of the Act during the year aggregating to ₹ 5 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 for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the 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, though there has been a slight delay in a few cases. 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 (₹ millions)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	128.24	A.Y 2009-10	Commissioner Income Tax Appeals
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	Central Sales Tax	1.86	FY 2004-05	Deputy Commissioner (CT) Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	1.57	FY 2006-07	Deputy Commissioner (CT) Appeals
The Central Sales Tax Act, 1956	Central Sales Tax	2.89	FY 2007-08	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) During the year, 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) No fraud on or by the company has been noticed or reported during the period covered by our audit.

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

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

Place: Mumbai
Date: 08 May 2012

Balance Sheet

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

	Note No.	As at 31 March 2012	As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	1	270.53	270.27
(b) Reserve and surplus	2	21,586.55	19,527.14
		21,857.08	19,797.41
Non-current liabilities			
(a) Long-term borrowings	3	2,543.50	2,745.70
(b) Deferred tax liabilities (net)	4	238.01	229.30
(c) Other Long-term liabilities	5	778.42	31.23
		3,559.93	3,006.23
Current liabilities			
(a) Short-term borrowings	6	2,220.89	7,973.83
(b) Trade payables	7	2,704.99	1,758.61
(c) Other current liabilities	8	644.14	1,007.99
(d) Short-term provisions	9	703.58	198.00
		6,273.60	10,938.43
	TOTAL	31,690.61	33,742.07
ASSETS			
Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		2,162.68	2,160.20
(ii) Intangible assets		74.90	77.59
(iii) Capital work-in-progress		655.71	312.53
(iv) Intangible assets under development		33.70	23.40
		2,926.99	2,573.72
(b) Non-current investments	11	10,832.69	10,412.47
(c) Long-term loans and advances	12	9,552.03	15,401.46
(d) Other non-current assets	13	1,018.31	530.61
		24,330.02	28,918.26
Current assets			
(a) Inventories	14	1,759.27	1,570.07
(b) Trade receivables	15	3,587.43	1,893.44
(c) Cash and Bank Balances	16	475.14	309.49
(d) Short term loans and advances	17	670.45	236.94
(e) Other Current assets	18	868.30	813.87
		7,360.59	4,823.81
	TOTAL	31,690.61	33,742.07
Notes referred to above 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

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Place: Mumbai
Date: 08 May 2012

Statement of Profit and Loss

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

	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
INCOME			
Revenue from operations	19	15,646.65	11,629.39
Other income	20	551.04	717.52
Total Revenue		16,197.69	12,346.91
EXPENDITURE			
Cost of materials consumed	21	3,376.69	2,404.91
Purchases of Stock-in-trade	22	1,049.47	871.58
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	23	(128.63)	139.89
Employee benefit expenses	24	2,468.09	1,741.57
Finance costs	25	608.69	857.50
Depreciation and amortisation expenses	26	211.13	209.88
Other expenses	27	5,771.28	3,613.65
Total expenses		13,356.72	9,838.98
Profit before tax		2,840.97	2,507.93
Tax expense:			
(i) Current tax		554.00	673.98
(ii) MAT Credit (entitlement)/utilisation		(374.73)	(286.15)
(iii) Deferred tax		8.71	(1.68)
		187.98	386.15
Profit for the period		2,652.99	2,121.78
Earnings per equity share of face value of ₹ 1 each.	30		
Basic (in ₹)		9.81	7.86
Diluted (in ₹)		9.80	7.85
Notes referred to above form an integral part of the Statement of Profit and Loss			

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

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Cash Flow Statement

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

	Year ended 31 March 2012	Year ended 31 March 2011
A. Cash flow from operating activities		
Net profit before tax	2,840.97	2,507.93
Adjustments for:		
Depreciation/Amortisation	211.13	209.88
Interest expense	608.69	857.50
Interest income	(431.37)	(496.68)
Income from investments - dividends	(0.07)	-
Loss on sale of fixed assets	4.72	0.37
Provision for doubtful debts	-	15.00
Provision for gratuity and leave encashment	73.99	42.17
Unrealised foreign exchange gain	(319.06)	(275.88)
Operating profit before working capital changes	2,989.00	2,860.29
Adjustments for changes in working capital:		
- (Increase)/Decrease in trade receivables	(1,590.67)	1,435.40
- (Increase)/Decrease in other receivables	(701.00)	(149.05)
-(Increase)/Decrease in inventories	(189.19)	(66.10)
- Increase/(Decrease) in trade and other payables	1,898.47	606.95
Cash generated from operations	2,406.61	4,687.49
- Taxes paid (net of tax deducted at source)	(460.08)	(476.87)
Net cash generated from operating activities	1,946.53	4,210.62
B. Cash flow from investing activities		
Purchase of fixed assets (including Capital work-in-progress)	(576.77)	(536.28)
Proceeds from sale of fixed assets	17.66	15.77
Investments in subsidiaries	(420.22)	(483.27)
Loans and advances to subsidiaries/enterprise	6,705.65	(6,338.42)
(Increase)/decrease in restricted Cash	(1.08)	(1.30)
Share application money paid	(123.12)	-
Interest received	413.09	796.28
Dividend received	0.07	-
Net cash from/(used in) investing activities	6,015.28	(6,547.22)

Cash Flow Statement

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

	Year ended 31 March 2012	Year ended 31 March 2011
C. Cash flow from financing activities		
Proceeds from fresh issue of		
- Share capital including securities premium (net of issue expenses)	35.56	40.86
Repayment of long-term borrowings	(1,108.28)	(1,242.87)
Proceeds/(repayment) of short-term borrowings	(5,599.88)	5,491.49
Proceeds/(repayment) from working capital facilities	(388.93)	1,250.63
Redemption of FCCB (including premium and tax)	-	(1,959.48)
Interest paid	(609.64)	(860.79)
Dividend paid (including dividend distribution tax)	(126.08)	(125.82)
Net cash from/(used in) financing activities	(7,797.25)	2,594.02
Net increase in cash and cash equivalents	164.56	257.42
Opening balance of cash and cash equivalents	290.34	32.92
Closing balance of cash and cash equivalents	454.90	290.34
Cash and cash equivalents comprise:		
Cash	2.38	1.90
Deposits with banks	340.00	-
Balance with banks	112.52	288.44
	454.90	290.34

Notes:

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 ₹ 3.68 (2011 - ₹. 3.66) which are not available for use by the Company.
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: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Notes to the Financial Statements

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

	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	Amount	No. of Shares	Amount
1. Share capital				
Authorised				
Equity Shares of ₹ 1 each	350,000,000	350.00	350,000,000	350.00
Cumulative Redeemable non convertible preference shares of ₹ 100 each	4,000,000	400.00	4,000,000	400.00
Issued, Subscribed and fully Paid-up Equity Shares of ₹ 1 each				
At the beginning of the year	270,272,053	270.27	269,837,553	269.84
Add: Issued during the year				
- Under the Employee Stock Option Scheme, 2003	263,450	0.26	434,500	0.43
At the end of the year	270,535,503	270.53	270,272,053	270.27
	As at 31 March 2012		As at 31 March 2011	
List of Shareholders holding more than 5% shares	% of Holding	No. of Shares	% of Holding	No. of Shares
Saldanha Family Trust	47.40	128,241,936	47.45	128,241,936
HSBC Global Investment Funds Mauritius Limited	5.38	14,557,222	-	-

As at 31 March 2012, 1,419,300 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 equivalent number of shares.

The Company 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 Company on either the date or the closing price of the date prior to day of the grant.

	As at 31 March 2012	As at 31 March 2011
2. Reserves and Surplus		
Capital Reserve		
At the beginning of the year	1.00	1.00
Add: Current year transfer	-	-
Less: Written back in current year	-	-
At the end of the year	1.00	1.00
Capital Redemption Reserve		
At the beginning of the year	200.00	200.00
Add: Current year transfer	-	-
Less: Written back in current year	-	-
At the end of the year	200.00	200.00
Securities Premium Account		
At the beginning of the year	7,262.12	7,158.30
Add: Premium on issue of shares pursuant to conversion of ESOS	35.30	51.07
Less: Issue expenses on issue of shares to QIBs	-	10.64
Less: Redemption premium of FCC Bonds (FCCB)	-	96.33
Less: Tax deducted at source on FCCB redemption premium	-	59.94
Add: Tax impact on FCCB redemption premium	-	219.66
At the end of the year	7,297.42	7,262.12
General Reserve		
At the beginning of the year	1,769.88	1,557.69
Add: Transferred from Statement of Profit and Loss	265.30	212.19
At the end of the year	2,035.18	1,769.88
Surplus in Statement of Profit and Loss		
At the beginning of the year	10,294.14	8,511.12
Add: Profit for the year	2,652.99	2,121.78
Net Profit available for appropriation	12,947.13	10,632.90
Less: Allocations and appropriations		
- Proposed dividend on equity shares	541.07	108.11
- Tax on proposed dividend on equity shares	87.78	17.96
- Residual dividend and dividend tax	0.03	0.50
- Transfer to general reserve	265.30	212.19
At the end of the year	12,052.95	10,294.14
Balance carried to Balance Sheet	21,586.55	19,527.14

Notes to the Financial Statements

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

		Note	As at 31 March 2012	As at 31 March 2011
3.	**Long-term borrowings**	Note		
	Secured Loans			
	Term Loans			
	- From Bank	(i)	-	111.70
	Unsecured Loans			
	Other Loans			
	- From Banks		2,543.50	2,634.00
		TOTAL	2,543.50	2,745.70

Note:

(i) 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.

			As at 31 March 2012	As at 31 March 2011
4.	**Deferred tax liability (net)**			
	Deferred tax liability relating to			
	Depreciation on tangible and intangible assets		336.09	330.57
			336.09	330.57
	Deferred tax assets relating to			
	Provision for doubtful debts and advances		69.80	69.79
	Others		28.28	31.48
			98.08	101.27
	Deferred tax liability (net)	TOTAL	238.01	229.30
5.	**Other Long-term liabilities**			
	Security deposits		34.53	31.23
	Income received in advance		743.89	-
		TOTAL	778.42	31.23
6.	**Short-term borrowings**	Note		
	Secured loans			
	Working capital facilities from banks	(i)	1,149.60	1,377.92
	Unsecured loans			
	Short-term loan from banks		1,071.29	6,595.91
		TOTAL	2,220.89	7,973.83

Note:

(i) Working capital facilities are secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-progress, 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.

		Note	As at 31 March 2012	As at 31 March 2011
7.	**Trade payables**	Note		
	Acceptances		1,224.56	412.70
	Sundry creditors			
	- Total outstanding dues to Micro enterprises and small enterprises	(i)	-	-
	- Total outstanding dues to creditors other than Micro enterprises and small enterprises		1,375.47	1,319.17
	Payable to subsidiaries		104.96	26.74
		TOTAL	2,704.99	1,758.61

Note:

(i) Refer Note 33 on outstanding dues to micro, small and medium scale business enterprises.

Notes to the Financial Statements

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

		Note	As at 31 March 2012	As at 31 March 2011
8.	**Other current liabilities**	Note		
	Current maturities of long-term borrowings			
	- Term loan (Secured)	(i)	127.18	111.70
	- Unsecured loans from bank		-	600.00
	Sundry creditors for capital goods		34.00	24.85
	Interest accrued but not due on borrowings		1.65	2.60
	Investor Education and Protection Fund shall be credited by			
	- unclaimed dividend	(ii)	3.68	3.66
	Advance from customers		114.32	48.39
	Other payables			
	- Foreign currency payable on account of forward contract		34.96	-
	- Others		328.35	216.79
		TOTAL	644.14	1,007.99

Notes:

(i) 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. Term loan is repayable in two installments due in June 2012 and December 2012.

(ii) There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

			As at 31 March 2012	As at 31 March 2011
9.	**Short-term provisions**			
	Proposed dividend		541.07	108.11
	Tax payable on proposed dividend		87.78	17.96
	Provision for wealth tax		0.31	0.28
	Provision for income tax		-	20.53
	Provision for gratuity and compensated absences			
	- Gratuity		20.54	18.36
	- Compensated absences		53.88	32.76
		TOTAL	703.58	198.00

10. Fixed Assets

(i) Tangible Assets

	Freehold land	Leasehold land	Factory Building	Other Building	Plant and Equipment	Furniture and fixture	Office Equipment	Vehicles	Total
Cost									
Balance at 1 April 2011	51.05	84.59	557.43	206.82	1,681.22	339.75	150.95	33.92	3,105.73
- Additions	0.41		10.36	0.40	128.20	33.02	10.89	10.23	193.51
- Disposals/Transfers	-	-	-	-	(3.03)	(7.13)	(14.98)	(7.83)	(32.97)
Balance as at 31 March 2012	**51.46**	**84.59**	**567.79**	**207.22**	**1,806.39**	**365.64**	**146.86**	**36.32**	**3,266.27**
Accumulated Depreciation									
Balance at 1 April 2011	-	2.89	88.91	30.97	462.71	195.07	144.15	20.83	945.53
- Depreciation charge for the year	-	0.88	19.83	3.37	114.54	31.87	4.15	5.05	179.69
- Disposals/Transfers	-	-	-	-	0.29	(1.94)	(14.94)	(5.04)	(21.63)
Balance as at 31 March 2012	**-**	**3.77**	**108.74**	**34.34**	**577.54**	**225.00**	**133.36**	**20.84**	**1,103.59**
Carrying value									
At 1 April 2011	51.05	81.70	468.52	175.85	1,218.51	144.68	6.80	13.09	2,160.20
At 31 March 2012	**51.46**	**80.82**	**459.05**	**172.88**	**1,228.85**	**140.64**	**13.50**	**15.48**	**2,162.68**

(ii) Capital work-in-progress

Capital Work-in-progress includes:

	31 March 2012	31 March 2011
Building,Plant and machinery	655.71	312.53

Borrowing costs capitalised related to Sikkim plant and Aurangabad plant during the year ₹16.98 (2011 - ₹ 10.96)

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

(iii) Intangible Assets

	Computer software	Brands	Products Marketing Rights	Total
Cost				
Balance at 1 April 2011	88.49	350.07	82.65	521.21
- Additions	38.92	-	-	38.92
- Disposals/Transfers	(4.18)	-	-	(4.18)
Balance as at 31 March 2012	**123.23**	**350.07**	**82.65**	**555.95**
Accumulated Amortisation				
Balance at 1 April 2011	52.37	350.07	41.18	443.62
- Amortisation charge for the year	14.91	-	16.53	31.44
- Disposals/Transfers	5.99	-	-	5.99
Balance as at 31 March 2012	**73.27**	**350.07**	**57.71**	**481.05**
Carrying value				
At 1 April 2011	36.12	-	41.47	77.59
At 31 March 2012	**49.96**	**-**	**24.94**	**74.90**

(iv) Intangible assets under Development

	31 March 2012	31 March 2011
Marketing rights and Software	33.70	23.40

	As at 31 March 2012	As at 31 March 2011
11. Non-current Investment		
Long-Term Investments - At Cost - (Fully Paid except otherwise stated)		
Trade Investment		
Unquoted		
(i) Equity shares		
(a) Investments in Subsidiary Companies		
a) Glenmark Access Limited, India (formerly known as Glenmark Exports Ltd.) [1,850,020 (2011 - 1,850,020) Equity Shares of ₹ 10 each]	18.50	18.50
b) Glenmark Impex LLC, Russia [577,767,277 (2011 - 577,767,277) shares of RUR 1 each]	901.95	901.95
c) Glenmark Philippines Inc., Philippines [640,490 (2011- 640,490) shares of Pesos 200 each]	116.70	116.70
d) Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria [502,833,724 (2011 - 365,003,963) shares of Naira 1 each]	159.56	116.06
e) Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia [2,110,342 (2011 - 2,110,342) shares of RM 1 each]	28.32	28.32
f) Glenmark Generics Ltd., India [145,438,997 (2011 - 144,348,393) shares of ₹ 10 each]	8,427.24	8,100.25
g) Glenmark Holding S. A., Switzerland [22,520,000 (2011 - 22,520,000) shares of CHF 1 each]	797.11	797.11
h) Glenmark Pharmaceuticals (Australia) Pty. Ltd., Australia. [1,992,002 (2011 - 1,992,002) shares of AUD 1 each]	65.77	65.77
i) Glenmark Pharmaceuticals Egypt S.A.E., Egypt [14,723,837 (2011 - 8,457,443) shares of EGP 1 each]	119.55	71.10
j) Glenmark Pharmaceuticals FZE (U.A.E) [1 (2011 - 1) share of AED 1,000,000 each]	12.92	12.92
k) Glenmark Dominicana, SRL, Dominican Republic [210 (2011 - 100) shares of RD 1,000 each]	0.13	0.06
(b) Investment in Joint Venture		
26,215 Ordinary shares [2011 - 9,800 Ordinary shares of THB 100 each and 16,415 Ordinary Shares of THB 100 each (paid up THB 50)] of Glenmark Pharmaceuticals (Thailand) Co. Ltd. of THB 100 each.	3.72	2.51
(c) Other Investment		
1 (2011 - 1) Equity Share of Esquados 340,000 of Glenmark Pharmaceutica Limitada, Lisbon (Portugal)	0.05	0.05
213,032 (2011 - 213,032) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of ₹ 10 each	2.13	2.13

Notes to the Financial Statements

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

			As at 31 March 2012	As at 31 March 2011
(ii)	**Preference shares**			
(a)	**Investment in Joint Venture**			
	2 (2011 - 2) Preference shares of THB 100 each of Glenmark Pharmaceuticals (Thailand) Co. Ltd.*		-	-
(b)	**Other Investment**			
	1,176,471 (2011 - 1,176,471) Preferred shares of Napo Pharmaceuticals Inc. of USD 0.85 each		43.56	43.56
			10,697.21	10,276.99
	Non-Trade Investment			
	Quoted			
(i)	**Equity shares**			
	9,000 (2011 - 9,000) Bank of India of ₹ 10 each		0.41	0.41
	1,209 (2011 - 1,209) IDBI Bank Limited of ₹ 10 each		0.03	0.03
			0.44	0.44
	Unquoted			
(i)	**Equity shares**			
	1 (2011 - 1) Time Share of Dalmia Resorts Limited		0.02	0.02
(ii)	**Preference shares**			
	1,350,000 (2011 - 1,350,000) 7% cumulative preference shares of ₹ 100 each fully paid up of Marksans Pharma Ltd.		135.00	135.00
(iii)	**Investment in Government Securities**			
	National Savings Certificate - Sixth Issue		0.02	0.02
			135.48	135.48
		TOTAL	10,832.69	10,412.47
	*Amount denotes less than million.			
	Aggregate book value of Investments			
	- Quoted		0.44	0.44
	- Unquoted		10,832.25	10,412.03
	Aggregate market value of Quoted Investments		2.52	4.46

12.	**Long-term loans and advances**	Note		
	Unsecured, considered good			
	Capital advances		157.81	63.51
	Security deposits		114.45	99.99
	Loans and advances to subsidiaries	(i)	9,279.77	15,237.96
		TOTAL	9,552.03	15,401.46

Note:

(i) Refer Note 32 on 'Related party'

13.	**Other non-current assets**	Note		
	Unsecured considered good			
	Prepaid expenses		2.01	12.16
	Share application money	(i)	123.12	-
	MAT Credit		893.18	518.45
		TOTAL	1,018.31	530.61

Note:

(i) Refer Note 32 on 'Related party'

14.	**Inventories**			
	Raw materials		639.88	625.80
	Packing materials		307.75	259.61
	Work-in-progress		77.55	99.30
	Finished goods		589.62	514.69
	Stock-in-trade (in respect of goods acquired for trading)		130.68	55.23
	Stores and spares		13.79	15.44
		TOTAL	1,759.27	1,570.07

Notes to the Financial Statements

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

		As at 31 March 2012	As at 31 March 2011
15. Trade Receivables			
Unsecured, considered good			
Outstanding for more than six months		1,211.52	1,306.93
Others		2,375.91	1,836.51
Less: Sale of Receivables (discounted with recourse)		-	(1,250.00)
		3,587.43	1,893.44
Unsecured, considered doubtful			
Outstanding for more than six months		191.10	191.10
Others		-	-
		191.10	191.10
Less: Provision for doubtful debts		(191.10)	(191.10)
	TOTAL	3,587.43	1,893.44
16. Cash and Bank balances	Note		
(i) Cash and cash equivalents			
Balance with banks			
- Current accounts		42.62	269.64
- EEFC accounts		69.90	18.80
- Deposits (less than 3 months)		340.00	-
Cash on hand		2.38	1.90
(ii) Other bank balance			
Balance with banks			
- Margin money account	(i)	16.56	15.49
- Unpaid dividend		3.68	3.66
	TOTAL	475.14	309.49

Note:

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

		As at 31 March 2012	As at 31 March 2011
17. Short-term loans and advances			
Unsecured considered good			
Advance to vendors		630.57	207.26
Security deposit		39.88	29.68
	TOTAL	670.45	236.94
18. Other Current assets			
Advances recoverable in cash or kind or for value to be received (unsecured)			
- considered good		580.73	396.53
- considered doubtful		29.10	29.10
		609.83	425.63
Less: Provision for doubtful advances		(29.10)	(29.10)
		580.73	396.53
Advance tax (net of provision)		133.37	247.80
Balance with excise authorities		154.20	169.54
	TOTAL	868.30	813.87

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

		Year ended 31 March 2012	Year ended 31 March 2011
19. Revenue from operations			
Sale of products		15,473.10	11,560.18
Sale of services		685.06	562.29
Other operating revenues		178.49	93.88
		16,336.65	12,216.35
Less:			
Sales tax		553.15	478.02
Excise duty		136.85	108.94
	TOTAL	15,646.65	11,629.39
20. Other Income			
Dividend received on non-trade Investments		0.07	-
Exchange gain (net)		-	203.20
Interest income		431.37	496.68
Guarantee commission		109.38	11.21
Miscellaneous income		10.22	6.43
	TOTAL	551.04	717.52
21. Cost of material consumed			
Consumption of Raw material		2,472.48	1,737.35
Consumption of Packing material		853.26	608.04
Consumables		50.95	59.52
	TOTAL	3,376.69	2,404.91
22. Purchases of Stock-in-trade			
Purchases of Stock-in-trade		1,049.47	871.58
	TOTAL	1,049.47	871.58
23. Changes in inventories of finished goods, work-in-progress and Stock-in-trade			
(Increase)/Decrease in stocks			
At year end			
Stock of finished goods		589.62	514.69
Stock in trade		130.68	55.23
Work-in-progress		77.55	99.30
		797.85	669.22
At the beginning of the year			
Stock of finished goods		514.69	483.60
Stock-in-trade		55.23	143.31
Work-in-progress		99.30	182.20
		669.22	809.11
	TOTAL	(128.63)	139.89
24. Employee benefit expenses			
Salaries and wages		2,302.40	1,626.34
Contribution to Provident and other funds		100.47	76.06
Staff welfare expenses		65.22	39.17
	TOTAL	2,468.09	1,741.57
25. Finance cost			
Interest expenses on			
- Long-term borrowings		217.00	378.48
- Others		391.69	479.02
	TOTAL	608.69	857.50

Notes to the Financial Statements

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

		Year ended 31 March 2012	Year ended 31 March 2011
26.	**Depreciation and amortisation expenses**		
	Depreciation on tangible assets	179.69	165.83
	Amortisation on intangible assets	31.44	44.05
	TOTAL	211.13	209.88
27.	**Other Expenses**		
	Labour charges	205.80	160.12
	Power, fuel and water charges	87.90	93.95
	Lab chemicals and re-agents	201.24	151.55
	Repairs and maintenance - plant and machinery	24.08	28.60
	Repairs and maintenance - building	5.78	4.24
	Repairs and maintenance - others	156.16	86.33
	Rent	171.10	113.12
	Other manufacturing expenses	55.87	29.12
	Incentive and commission	229.49	217.45
	Directors' meeting fees	0.74	0.80
	Selling and marketing expenses	1,055.42	682.15
	Sales promotion expenses	679.30	333.09
	Export commission	54.14	36.88
	Commission on sales	41.77	67.93
	Travelling expenses	733.63	519.92
	Freight outward	230.25	244.21
	Telephone expenses	26.15	22.93
	Rates and taxes	20.15	16.79
	Provision for doubtful debts	-	15.00
	Insurance premium	36.50	25.51
	Electricity charges	53.02	54.23
	Auditors' remuneration		
	- Audit fees	6.50	5.50
	- Out of pocket expenses	0.12	0.10
	Loss on sale of assets	4.72	0.37
	Exchange loss	528.87	-
	Other operating expenses	1,162.58	703.76
	TOTAL	5,771.28	3,613.65

28. 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 (Tangible and 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)
Tangible	
Factory and other building	30 - 55
Plant and Machinery	8 - 20
Vehicles	5 - 6
Equipments and Air-conditioners	4 - 20
Furniture and Fixtures	10
Intangible	
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 Statement of Profit and Loss. 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 Statement of Profit and Loss, 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 Statement of Profit and Loss.

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-progress 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 Statement of Profit and Loss 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 & 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 Statement of Profit and Loss 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 Statement of Profit and Loss as the underlying services are performed.

Export entitlements

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

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.

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 Statement of Profit and Loss 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.

	31 March 2012	31 March 2011
29. Contingent Liabilities and Commitments not provided for		
(i) Contingent Liabilties		
(a) Claims against the Company not acknowledge as debts		
- Labour Dispute	0.09	0.15
- Disputed Taxes and Duties	154.47	27.37
(b) Guarantees		
Bank guarantees	19.63	20.28
Letter of comfort on behalf of subsidiaries, to the extent of limits	15,925.54	5,687.13
Corporate Guarantee (Refer Note)	-	1,206.36
(c) Others		
Open letters of credit	460.38	6.39
Indemnity Bond	287.73	260.25
Call money payable to Glenmark Pharmaceuticals (Thailand) Co. Ltd. (16,415 shares @ 50 THB per Equity Share)	-	1.23

Note:

The Company's subsidiary, Glenmark Generics Inc., U.S.A (GGI) (formerly known as Glenmark Pharmaceuticals Inc., U.S.A.) (GPI) on 02 June 2006 has entered into an Agreement with Paul Royalty Fund Holdings II (PRF) pursuant to which, PRF will pay up to USD 27 millions 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 millions for the benefits under the said agreement. During the year, Glenmark Generics Inc., U.S.A (GGI) has paid Paul Royalty Fund Holdings II (PRF) an amount of ₹ 1,316.80 (USD 28.8 millions) pursuant to its contractual obligation and the same has been charged to the statement of profit and loss.

(ii) Commitments

(a) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31 March 2012 aggregate ₹ 736.42 (2011 - ₹ 233.78)

(b) Estimated amount of contracts remaining to be executed on other than capital commitment, net of advances, not provided for as at 31 March 2012 aggregate ₹ 615.06 (2011 - ₹ 184.39)

(iii) The final dividend proposed for the year is as follows:

	Year ended 31 March 2012	Year ended 31 March 2011
On equity shares of ₹ 1 each		
Amount of Dividend proposed	541.07	108.11
Dividend per equity share	₹ 2 per share	₹ 0.40 per share

30. 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.

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

	2011-2012	2010-2011
Profit after tax for the financial year (attributable to equity shareholders)	2,652.99	2,121.78
Reconciliation of number of shares	**No. of Shares in Millions**	**No. of Shares in Millions**
Weighted average number of shares:		
For basic earnings per share	270.38	270.04
Add:		
Deemed exercise of options on unissued equity share capital	0.26	0.42
For diluted earnings per share	270.64	270.46
Earnings per share (face value ₹ 1 each)	**₹**	**₹**
Basic	9.81	7.86
Diluted	9.80	7.85

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

31. 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 pharmaceuticals 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.

Revenue by market - The following is the distribution of the Company's sale by geographical market:

	2011-2012	2010-2011
Geographical segment		
India	10,600.32	8,924.90
Other than India	5,557.84	3,197.58
TOTAL	16,158.16	12,122.48

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 2011-2012	Others* 2011-2012	India 2010-2011	Others* 2010-2011
Carrying amount of segment assets	30,382.66	1,307.95	32,800.43	941.63
Additions to fixed assets	232.43	-	560.07	-

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

32. 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 Distributors 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 Access Ltd (formerly known as Glenmark Exports Ltd.)
Glenmark Generics Ltd., India
Glenmark Generics B.V., Netherlands
Glenmark Arzneimittel Gmbh., Germany
Glenmark Generics Canada, Inc.

ii) Investment in Joint Venture

Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand

iii) Enterprise over which key managerial personnel exercise significant influence

Glenmark Foundation, India

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

Subsidiary Companies / Joint Venture

Glenmark Farmaceutica Ltda., Brazil
Glenmark Philippines Inc., Philippines
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria
Glenmark Pharmaceuticals S.A., Switzerland
Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia
Glenmark Impex L.L.C., Russia
Glenmark Holding S.A., Switzerland
Glenmark 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 SA., Argentina
Glenmark Generics (Europe) Ltd., U.K.
Glenmark Pharmaceuticals Europe Ltd., U.K.
Glenmark Generics Inc., USA
Glenmark Pharmaceuticals s.r.o., Czech Republic
Glenmark Therapeutics Inc., USA
Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand
Glenmark Dominicana SA., Dominican Republic
Glenmark Distributor SP z.o.o., Poland
Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic
Glenmark Pharmaceuticals S.R.L., Romania

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. Cherylann Pinto
Mr. R. V. Desai (Appointed w.e.f. 09 November 2011)
Mr. A. S. Mohanty (Upto 10 May 2011)

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

d) Transactions with related parties during the year

		2011-2012		2010-2011	
1.	Sale of materials and services		2,677.14		1,573.27
	Glenmark Pharmaceuticals S.A., Switzerland	0.84		-	
	Glenmark Pharmaceuticals S.A., Switzerland-(services)	667.18		545.58	
	Glenmark Farmaceutica Ltda., Brazil	32.36		37.54	
	Glenmark Phillipines Inc., Philippines	48.65		34.59	
	Glenmark Impex L.L.C., Russia	1,702.68		816.36	
	Glenmark Generics Ltd., India	0.03		0.80	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	20.78		36.34	
	Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	84.08		-	
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	104.37		86.49	
	Glenmark Pharmaceuticals Peru SAC., Peru	15.77		15.57	
	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	0.40		-	
2.	Purchase of materials and services		112.24		107.62
	Glenmark Generics Ltd., India	107.45		99.05	
	Glenmark Generics SA., Argentina	4.79		6.05	
	Glenmark Farmaceutica Ltda., Brazil	-		2.52	
3.	Investment in share capital		93.23		251.06
	Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia	-		13.04	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	43.50		29.45	
	Glenmark Impex L.L.C., Russia	-		179.68	
	Glenmark Pharmaceuticals (Australia) Pty. Ltd., Australia	-		0.73	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	48.45		28.16	
	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	1.21		-	
	Glenmark Dominicana, SRL, Dominican Republic	0.07		-	
4.	Share Application Money		123.12		-
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	17.90		-	
	Glenmark Pharmaceuticals Venezuela., C.A., Venezuela	105.22		-	
5.	Sale of fixed assets to		4.39		15.40
	Glenmark Generics Ltd., India	4.39		15.40	
6.	Purchase of fixed assets		1.13		-
	Glenmark Pharmaceuticals S.A., Switzerland	1.13		-	
7.	Loan given to		2,994.32		8,325.38
	Glenmark Holding S.A., Switzerland	2,992.42		3,622.63	
	Glenmark Generics Ltd., India	-		4,702.75	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	1.90		-	
8.	Loan and interest repaid by		8,930.72		2,778.53
	Glenmark Holding S.A., Switzerland	8,776.63		2,208.34	
	Glenmark Generics Ltd., India	152.19		430.48	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	1.90		-	
	Glenmark Impex L.L.C., Russia	-		139.71	
9.	Interest on loan given		369.84		494.37
	Glenmark Impex L.L.C., Russia	-		5.37	
	Glenmark Holding S.A., Switzerland	141.31		299.57	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	3.45		3.10	
	Glenmark Generics Ltd., India	225.05		186.33	
	Glenmark Pharmaceuticals Egypt S.A.E., Egypt	0.03		-	
10.	Expenses paid on behalf of Glenmark Pharmaceuticals Ltd., India		833.66		103.36
	Glenmark Generics Ltd., India	7.68		3.41	
	Glenmark Impex L.L.C., Russia	636.65		27.89	
	Glenmark Pharmaceuticals FZE., United Arab Emirates	42.16		29.75	
	Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia	69.05		42.31	
	Glenmark Pharmaceuticals Europe Ltd., U.K.	70.29		-	
	Glenmark Generics (Europe) Ltd., U.K.	0.04		-	
	Glenmark Pharmaceuticals s.r.o., Czech Republic	0.57		-	
	Glenmark Therapeutics Inc., USA	5.23		-	
	Glenmark Generics Inc., USA	1.99		-	

Notes to the Financial Statements

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

		2011-2012		2010-2011	
11.	Expenses paid on behalf of		100.74		91.23
	Glenmark Generics Ltd., India	95.45		91.23	
	Glenmark Generics (Europe) Ltd., U.K.	0.68		-	
	Glenmark Generics Inc., USA	0.68		-	
	Glenmark Distributor SP z.o.o., Poland	3.93		-	
12.	Reimbursement of expenses to Glenmark Access Ltd., India		-		0.60
13.	Other Income from		125.55		24.10
	Glenmark Generics Ltd., India	16.16		12.89	
	Glenmark Holding S.A., Switzerland	94.88		11.21	
	Glenmark Pharmaceuticals s.r.o., Czech Republic	0.34		-	
	Glenmark Farmaceutica Ltda., Brazil	1.01		-	
	Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	0.51		-	
	Glenmark Distributor SP z.o.o., Poland	1.69		-	
	Glenmark Pharmaceuticals S.R.L., Romania	1.60		-	
	Glenmark Impex L.L.C., Russia	9.36		-	
14.	Contribution paid for CSR activities to Glenmark Foundation		3.23		-
15.	Factory rent to Glenmark Generics Ltd., India		1.82		1.65
	Key management personnel				
	Remuneration		95.45		54.43
	Mr. Gracias Saldanha	0.04		0.06	
	Mrs. B. E. Saldanha	0.06		0.08	
	Mr. Glenn Saldanha	58.13		32.25	
	Mrs. Cherylann Pinto	15.17		12.10	
	Mr. R. V. Desai (Appointed w.e.f 09 November 2011)	11.75		-	
	Mr. A. S. Mohanty (Upto 10 May 2011)	10.30		9.94	
e)	**Related party balances**				
	Receivable/(Payable) from/(to) Related Parties		9,893.60		15,823.93
	Glenmark Access Ltd., India	65.66		149.98	
	Glenmark Farmaceutica Ltda., Brazil	20.37		19.40	
	Glenmark Philippines Inc., Philippines	17.96		20.38	
	Glenmark Pharmaceuticals S.A., Switzerland	343.89		856.09	
	Glenmark Holding S.A., Switzerland	4,164.06		8,993.38	
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	54.72		56.04	
	Glenmark Generics Ltd., India	4,736.02		5,355.67	
	Glenmark Impex L.L.C., Russia	456.86		340.24	
	Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	74.15		-	
	Glenmark Pharmaceuticals FZE., United Arab Emirates	(22.47)		(14.83)	
	Glenmark Generics SA., Argentina	(0.22)		1.16	
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	45.51		42.62	
	Glenmark Pharmaceuticals Malaysia Sdn. Bhd., Malaysia	(17.28)		(11.58)	
	Glenmark Pharmaceuticals Peru SAC., Peru	9.91		15.34	
	Glenmark Foundation, India	-		0.04	
	Glenmark Generics (Europe) Ltd., U.K.	0.66		-	
	Glenmark Pharmaceuticals Europe Ltd., U.K.	(62.18)		-	
	Glenmark Generics Inc., USA	(1.31)		-	
	Glenmark Pharmaceuticals s.r.o., Czech Republic	0.34		-	
	Glenmark Therapeutics Inc., USA	(1.17)		-	
	Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	0.51		-	
	Glenmark Distributor SP z.o.o., Poland	5.62		-	
	Glenmark Pharmaceuticals S.R.L., Romania	1.60		-	
	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	0.39		-	

33. 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.

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

34. 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 Statement of Profit and Loss as Rent.

ii) The Leasing arrangements which are cancellable range between 11 months to 5 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. An amount of ₹ 99.32 (2011 - ₹ 83.35) towards deposit and unadjusted advance rent is recoverable from the lessor.

The Company has entered into operating lease agreements for the rental of its office premises for a period of 3 to 5 years.

Minimum lease payments

	31 March 2012
Due within one year	119.92
Due later than one year and not later than five years	390.10
Due later than five years	-
TOTAL	510.02

35. Taxation

Provision for current taxation for the Company of ₹ 554.00 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 ₹ 374.73 for the current year has been recognised as MAT Credit Entitlement in Note 13.

36. 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 Compensated absences. 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 Compensated absences.

	2011-2012	2010-2011
2. Charge to the Statement of Profit and Loss based on contributions:		
Superannuation	2.01	2.42
Provident fund	98.47	73.63
	100.48	76.05

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

3. Disclosures for defined benefit plans based on actuarial reports as on 31 March 2012:

		2011-2012		2010-2011	
		Gratuity	Compensated absences	Gratuity	Compensated absences
		(Funded plan)	(Funded plan)	(Funded plan)	(Funded plan)
(i)	Change in Defined Benefit Obligation				
	Opening defined benefit obligation	150.87	72.59	126.82	68.28
	Current service cost	28.14	1.13	23.39	17.69
	Interest cost	11.75	5.31	7.31	3.61
	Actuarial loss/(gain)	(2.46)	40.27	3.52	(0.80)
	Benefits paid	(18.52)	(17.25)	(10.17)	(16.19)
	Closing defined benefit obligation	169.78	102.05	150.87	72.59
(ii)	Change in Fair Value of Assets				
	Opening fair value of plan assets	132.51	39.82	122.97	31.87
	Expected return on plan assets	12.38	3.81	8.30	2.32
	Actuarial gain/(loss)	(5.65)	(0.40)	1.24	0.69
	Contributions by employer	28.52	22.19	10.17	21.13
	Benefits paid	(18.52)	(17.25)	(10.17)	(16.19)
	Closing fair value of plan assets	149.24	48.17	132.51	39.82
(iii)	Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets				
	Present value of funded obligations as at year end	169.78	102.05	150.87	72.59
	Fair value of plan assets as at year end	(149.24)	(48.17)	(132.51)	(39.82)
	Funded Liability/(Asset) recognised in the Balance Sheet	20.54	53.88	18.36	32.77
	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	169.78	102.05	150.87	72.59
	Fair value of plan assets as at year end	(149.24)	(48.17)	(132.51)	(39.82)
	Amount not recognised as an asset	-	-	-	-
	Net (asset)/liability recognised as at 31 March 2012	20.54	53.88	18.36	32.77
(v)	Expenses recognised in the Statement of Profit and Loss				
	Current service cost	28.14	1.13	23.39	17.69
	Interest on defined benefit obligation	11.75	5.31	7.31	3.61
	Expected return on plan assets	(12.38)	(3.81)	(8.30)	(2.32)
	Net actuarial loss/(gain) recognised in the current year	3.19	40.67	2.28	(1.49)
	Total expenses	30.70	43.30	24.68	17.49
(vi)	Actual Return on Plan Assets				
	Expected Return on Plan Assets	12.38	3.81	8.30	2.32
	Actuarial gain/(loss) on Plan Assets	(5.65)	(0.40)	1.24	0.69
	Actual Return on Plan Assets	6.73	3.41	9.54	3.01
(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.)	8.50%	8.50%	8.30%	8.30%
	Expected rate of return on plan assets (p.a.)	9.00%	9.00%	9.00%	9.00%

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

	2011-2012		2010-2011	
	Gratuity	Compen-sated absences	Gratuity	Compen-sated absences
	(Funded plan)	(Funded plan)	(Funded plan)	(Funded plan)
(ix) Experience Analysis				
Actuarial (gain)/loss on change in assumptions	(2.84)	(1.84)	(3.80)	(2.00)
Experience (gain)/loss due to change in experience	0.38	42.11	7.32	1.20
Actuarial (gain)/loss on Obligation	(2.46)	40.27	3.52	(0.80)

(x) Expected employer's contribution for the next year is ₹ 84.89 for Gratuity and Compensated absences.

37. Sales and Stock

	2011-2012	2010-2011
(a) Sales		
Class of goods		
Injectibles	981.69	1,071.16
Liquid Orals	2,823.24	1,749.09
Lotions and Externals	1,638.08	1,284.49
Ointments and Creams	3,034.38	2,003.35
Solids and Powders	188.96	173.91
Tablets and Capsules	6,475.05	5,056.41
Aerosol Spray	79.43	46.05
Inhaler Capsules	31.35	12.72
Others	220.92	163.00
TOTAL	15,473.10	11,560.18
1. Sales are net of sales returns.		
2. Sales quantities does not include free issues, samples and breakages.		
(b) Finished goods purchased (includes samples)		
Class of goods		
Injectibles	223.79	184.97
Liquid Orals	33.18	50.92
Lotions and Externals	30.59	18.12
Ointments and Creams	36.33	8.67
Tablets and Capsules	670.11	561.38
Aerosol Spray	2.24	-
Others	53.23	47.52
TOTAL	1,049.47	871.58
(c) Raw and packing materials consumed		
Products		
Telmisartan IP	80.03	24.80
100ml Amber Pet Bottles (25 mm Neck)	76.96	54.69
Mupirocin Usp	72.67	53.35
Sugar S/30 IH	59.47	54.42
Propylene Glycol IP	49.94	38.74
Sorbitol Solution 70% IP	43.21	30.09
Linezolid IP	41.80	15.63
Dextromethorphan Hydrobromide IP	36.89	10.71
Eplerenone	36.77	13.89
Azithromycin IP (Dihydrate)	34.98	23.44
Others	2,843.97	2,085.15
TOTAL	3,376.69	2,404.91

Notes to the Financial Statements

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

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

	2011-2012	2011-2012	2010-2011	2010-2011
Materials				
Imported materials	205.77	6.19%	91.70	3.91%
Indigenously procured	3,119.97	93.81%	2,253.69	96.09%
	3,325.74	100.00%	2,345.39	100.00%
Consumable stores and spares				
Imported	-	-	-	-
Indigenously procured	50.95	100.00%	59.52	100.00%
	50.95	100.00%	59.52	100.00%

(e) Inventories of finished goods (manufactured)

	Opening Stock		Closing Stock	
	2011-2012	2010-2011	2011-2012	2010-2011
Class of goods				
Injectibles	19.97	48.04	26.13	19.97
Liquid Orals	60.08	49.66	91.35	60.08
Lotions and Externals	47.65	32.53	70.66	47.65
Ointments and Creams	90.62	58.01	105.41	90.62
Solids and Powders	13.10	8.63	12.59	13.10
Tablets and Capsules	181.04	182.06	235.54	181.04
Aerosol Spray	6.83	-	14.16	6.83
Inhaler Capsules	2.15	-	4.73	2.15
Others	93.25	104.68	29.05	93.25
TOTAL	514.69	483.61	589.62	514.69

(f) Inventories of finished goods (traded)

	Opening Stock		Closing Stock	
	2011-2012	2010-2011	2011-2012	2010-2011
Class of goods				
Injectibles	14.07	37.35	22.75	14.07
Liquid Orals	4.10	14.31	4.39	4.10
Lotions & Externals	2.85	18.88	4.52	2.85
Ointments and Creams	0.76	15.91	4.40	0.76
Solids and Powders	-	2.17	-	-
Tablets and Capsules	30.61	51.67	89.67	30.61
Aerosol Spray	-	-	0.47	-
Others	2.84	3.02	4.48	2.84
TOTAL	55.23	143.31	130.68	55.23

38. Subsidiary Companies

Particulars	Maximum amount outstanding during the year		As at	
	2011-2012	2010-2011	31 March 2012	31 March 2011
a) Loans and advances to subsidiaries/enterprise				
Glenmark Pharmaceuticals S.A., Switzerland.	875.78	949.24	343.05	856.09
Glenmark Holding S.A., Switzerland.	9,557.14	10,635.41	4,164.06	8,993.38
Glenmark Farmaceutica Ltda., Brazil	-	2.41	-	0.20
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	38.36	33.57	36.64	31.42
Glenmark Impex L.L.C., Russia	-	143.28	-	-
Glenmark Generics Ltd., India	5,775.31	5,552.62	4,736.02	5,355.67
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	1.90	-	-	-
Glenmark Foundation, India	-	0.04	-	0.04
Glenmark Generics SA., Argentina	-	1.97	-	1.16
			9,279.77	15,237.96

		As at	
		31 March 2012	31 March 2011
b)	**Receivable from subsidiary companies**		
	Glenmark Pharmaceuticals S.A., Switzerland	0.84	-
	Glenmark Farmaceutica Ltda., Brazil	20.71	19.53
	Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	18.08	24.62
	Glenmark Philippines Inc., Philippines	17.96	20.38
	Glenmark Impex L.L.C., Russia	456.86	340.24
	Glenmark Access Ltd., India	65.66	149.98
	Glenmark Pharmaceuticals South Africa (Pty) Ltd., South Africa	74.15	-
	Glenmark Pharmaceuticals Venezuela., C.A , Venezuela	45.51	42.62
	Glenmark Pharmaceuticals Peru SAC., Peru	9.91	15.34
	Glenmark Generics (Europe) Ltd., U.K.	0.66	-
	Glenmark Pharmaceuticals s.r.o., Czech Republic	0.34	-
	Glenmark Pharmaceuticals SK, s.r.o., Slovak Republic	0.51	-
	Glenmark Distributor SP z.o.o., Poland	5.62	-
	Glenmark Pharmaceuticals S.R.L., Romania	1.60	-
	Glenmark Pharmaceuticals (Thailand) Co. Ltd., Thailand	0.39	-
c)	**Payable to subsidiaries**		
	Glenmark Pharmaceuticals FZE., United Arab Emirates	22.47	14.83
	Glenmark Pharmaceuticals Malaysia Sdn.Bhd., Malaysia	17.28	11.58
	Glenmark Farmaceutica Ltda., Brazil	0.34	0.33
	Glenmark Pharmaceuticals Europe Ltd., U.K.	62.18	-
	Glenmark Therapeutics Inc., USA	1.17	-
	Glenmark Generics SA., Argentina	0.22	-
	Glenmark Generics Inc., USA	1.31	-

d) Movement of shares during the year

	No. of Shares in Millions			
	Balance as at 1 April 2011	Invested during the Year	Sale/merger during the Year	Balance as at 31 March 2012
Investments in Subsidiary Companies - Unquoted - trade				
Glenmark Generics Ltd., India	144.35	1.09	-	145.44
Glenmark Pharmaceuticals Egypt S.A.E., Egypt	8.46	6.26	-	14.72
Glenmark Pharmaceuticals (Nigeria) Ltd., Nigeria	365.00	137.83	-	502.83
Glenmark Dominicana S.A.,Dominican Republic	0*	0*	-	0*
*denotes number less than a million				

39. Derivative Instruments and Unhedged Foreign Currency Exposure

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	Currency	31 March 2012	31 March 2011
Forward contract	Hedging	USD	47.00	-

b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	Currency	31 March 2012	31 March 2011
Trade receivable, loans and advances	USD	118.02	243.83
	EUR	1.62	1.72
Trade payable and loans from banks	USD	94.26	184.10

c) Derivative - Mark-to-Market losses

Particulars	31 March 2012	31 March 2011
Mark-to-market losses provided for	81.36	-

40. Extracts of Assets and Liabilities as on 31 March 2012 and Income and Expenses for the year ended 31 March 2012 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 financial statements:

Notes to the Financial Statements

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

Particulars	2011-2012	2010-2011
Assets		
Net fixed assets including capital work-in-progress	0.00	-
Deferred tax asset	0.81	0.38
Trade receivable	0.34	-
Cash and Bank balances	0.46	0.14
Loans and advances	0.03	0.00
Liabilities		
Current liabilities	0.29	0.02
Income		
Net sales	0.30	-
Expenses		
Cost of material	0.21	-
Selling and operating expenses	1.00	0.86
Depreciation	-	-
Finance cost	0.00	-
Provision for taxation including deferred tax	(0.35)	(0.13)

41. Value of Imports on CIF Basis

	2011-2012	2010-2011
Capital goods	102.58	166.85
Materials	244.68	158.84
TOTAL	347.26	325.69

42. Earnings in Foreign Currency

	2011-2012	2010-2011
Export of goods calculated on FOB basis	5,405.84	3,020.01
Guarantee commission	109.38	11.21
Interest on loan to subsidiaries	144.80	308.04
Royalty Income	1.85	-
TOTAL	5,661.87	3,339.26

43. Expenditure in Foreign Currency

	2011-2012	2010-2011
Travelling expenses	71.04	42.60
Professional and consultancy charges	115.63	7.00
Export promotional expenses and export commission	394.82	176.10
Salary and related expenses	184.83	95.81
Product registration expenses	44.17	38.03
Interest expenses	391.86	264.09
QIB issue expenses	-	10.64
FCCB premium on redemption	-	600.03
Others	814.19	324.56
TOTAL	2,016.54	1,558.86

44. Dividend Remittance in Foreign Currency

	2011-2012	2010-2011
Number of non-resident shareholders	16	16
Number of equity shares held by them	225,240	217,610
Amount of dividend paid (gross), TDS ₹ Nil (2011 - ₹ Nil)	0.09	0.09
Year to which dividend relates	2010-2011	2009-2010

45. Prior Year Comparatives

During the year ended 31 March 2012 the revised schedule VI notified under the Companies Act,1956, has become applicable to the Company. The company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements.

Signatures to the Notes 1 to 45 which form an integral part of the Financial Statements.

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner

Place: Mumbai
Date: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Auditors' Report

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

1. 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 2012 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.
2. 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.
3. We report that:
    a) 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 as permitted by SEBI circular CIR/CFD/DIL/1/2010 dated 5 April 2010 ("SEBI Circular").
    b) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹ 25,579.14 millions (P.Y. ₹ 14,389 millions) as at 31 March 2012, total revenue of ₹ 24,395.87 millions (P.Y. ₹ 18,938 millions) and cash flows amounting to ₹ 922.91 millions (P.Y. ₹ 1,019.62 millions) for the year then ended.
4. 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, 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 2012;
    b) in case of the consolidated Statement of Comprehensive Income, of the profit for the year ended on that date;
    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: 08 May 2012

Consolidated Statement of Financial Position

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

	Notes	As at 31 March 2012	As at 31 March 2011
ASSETS			
Current assets			
Cash and cash equivalents	C	3,200.76	1,948.72
Restricted cash	D	18.45	9.58
Accounts receivable, net	E	12,436.07	11,308.14
Inventories	F	7,876.70	8,070.12
Other current assets	G	5,371.48	3,972.65
Current tax assets		568.07	678.48
Total current assets		29,471.53	25,987.69
Non-current assets			
Property, plant and equipment, net	H	12,994.52	11,794.12
Intangible Assets	I	11,253.07	9,723.38
Goodwill	J	608.64	605.70
Deferred tax assets	N	4,174.20	2,557.66
Restricted cash	D	34.25	27.96
Long-term financial assets	BB	298.06	281.26
Total non-current assets		29,362.74	24,990.08
Total assets		58,834.27	50,977.77
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable		7,888.29	6,574.06
Current tax liabilities		256.63	66.44
Short-term borrowings	L	6,874.57	14,802.26
Current portion of long-term liabilities	L	2,445.74	111.70
Other liabilities	K	1,445.93	919.88
Provisions	K	106.26	116.24
Total current liabilities		19,017.42	22,590.58
Non-current liabilities			
Long-term liability	L	13,124.70	6,170.66
Other liabilities	K	779.82	31.83
Employee obligations	M	145.77	69.02
Deferred tax liabilities	N	1,500.28	1,476.30
Total non-current liabilities		15,550.57	7,747.81
Total liabilities		34,567.99	30,338.39
Stockholders' equity	O		
Common stock		270.53	270.27
Additional paid-in capital		7,756.20	7,720.90
Stock compensation reserve		251.33	200.34
Statutory reserve		201.00	201.00
Currency translation reserve		(2,102.90)	(1,419.26)
Accumulated earnings		17,640.14	13,399.12
		24,016.30	20,372.37
Non-controlling interest		249.98	267.01
Total stockholders' equity		24,266.28	20,639.38
Total liabilities and stockholders' equity		58,834.27	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

Place: Mumbai
Date: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Consolidated Statement of Comprehensive Income

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

Consolidated Income Statement

	Notes	Year ended 31 March 2012	Year ended 31 March 2011
REVENUES			
Operating Revenue	P	40,206.43	29,490.70
Other income	Q	92.61	1,405.18
Total Revenues		40,299.04	30,895.88
EXPENSES			
Materials consumed	R	13,453.97	9,918.32
Employee costs	S	6,288.95	5,101.65
Other expenses		13,319.88	8,548.19
Depreciation and amortisation	H&I	978.78	946.78
Total Expenses		34,041.58	24,514.94
Operating profit		6,257.46	6,380.94
Finance income		89.12	38.97
Finance costs		1,465.67	1,604.55
Profit before tax		4,880.91	4,815.36
Taxes			
Current tax expenses	N	1,345.91	504.75
Deferred tax credit	N	(1,108.07)	(267.72)
Profit for the year		4,643.07	4,578.33
Profit for the year attributable to:			
Non-controlling interest		39.59	46.25
Equity shareholders of Glenmark Pharmaceuticals Limited		4,603.48	4,532.08
Earnings per share			
Basic (in ₹)	Y	17.03	16.78
Diluted (in ₹)	Y	17.01	16.76

(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: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Consolidated Statement of Comprehensive Income

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

Consolidated Statement of Other Comprehensive Income

	Notes	Year ended 31 March 2012	Year ended 31 March 2011
Profit for the year		4,643.07	4,578.33
Other comprehensive income			
Exchange differences on translating foreign operations	O	(683.64)	(1,249.33)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		(683.64)	(1,249.33)
Total comprehensive income for the year		3,959.43	3,329.00
Total comprehensive income attributable to:			
Non-controlling interest		39.59	46.25
Equity shareholders of Glenmark Pharmaceuticals Limited		3,919.84	3,282.75

(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: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

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 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**
Translation adjustment	-	-	-	-	-	(683.64)	-	(683.64)	-	(683.64)
Income/ (expense) recognised directly in equity	-	-	-	-	-	(683.64)	-	(683.64)	-	(683.64)
Net income for the year	-	-	-	-	-	-	4,603.48	4,603.48	39.59	4,643.07
Total income and expense recognised for the year	-	-	-	-	-	(683.64)	4,603.48	3,919.84	39.59	3,959.43
Tax impact on share issue expenses	-	-	-	-	-	-	-	-	-	-
Employee share based compensation	-	-	-	63.98	-	-	-	63.98	-	63.98
Acquisition of non-controlling interest	-	-	-	-	-	-	(236.35)	(236.35)	(56.62)	(292.97)
Shares issued under Employee Stock Option ('ESOP') Scheme	263,450	0.26	35.30	(12.99)	-	-	-	22.57	-	22.57
Dividends paid	-	-	-	-	-	-	(126.11)	(126.11)	-	(126.11)
Balance as at 31 March 2012	**270,535,503**	**270.53**	**7,756.20**	**251.33**	**201.00**	**(2,102.90)**	**17,640.14**	**24,016.30**	**249.98**	**24,266.28**
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)

Consolidated Statement of Cash Flows

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

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(A) Cash inflow/(outflow) from operating activities		
Profit before tax	4,880.91	4,815.53
Adjustments to reconcile profit before tax to net cash provided by operating activities:		
Depreciation and amortisation	978.28	946.78
Employee share based compensation	63.98	82.71
Interest expense	1,332.00	1,604.55
Interest income	(89.12)	(38.97)
Profit/(loss) on sale of assets	1.31	(3.52)
Other provisions	10.58	48.32
Bad debts and provision for doubtful debts	13.35	98.60
Unrealised exchange differences (net)	2,530.13	(841.94)
Operating profit before changes in operating assets and liabilities	**9,721.42**	**6,712.06**
Changes in operating assets and liabilities		
Accounts receivable	(1,095.97)	3,011.77
Other assets	(608.90)	(1,923.86)
Accounts payable and other liabilities	1,356.94	2,443.39
Net changes in operating assets and liabilities	(347.93)	3,531.30
Income taxes paid	(1,329.58)	(937.54)
Net cash provided by operating activities	**8,043.91**	**9,305.82**
(B) Cash inflow/(outflow) from investing activities		
Restricted cash	(15.16)	(3.21)
Interest received	66.45	38.97
Payments for purchase of property, plant and equipment and intangible assets	(2,853.96)	(4,011.60)
Proceeds from sale of property, plant and equipment	24.81	303.13
Net cash used in investing activities	**(2,777.86)**	**(3,672.71)**
(C) Cash inflow/(outflow) from financing activities		
Proceeds from long-term borrowings	6,523.26	8,346.01
Repayments of long-term borrowings	(1,686.32)	(8,888.59)
Repayments of short-term borrowings, net	(6,401.81)	(2,037.36)
Interest paid	(1,631.53)	(1,458.97)
Proceeds from issue of share capital	35.56	40.86
Acquisition of non-controlling interest	(327.00)	(232.25)
Dividend paid (including tax on dividend)	(126.09)	(125.82)
Net cash used in financing activities	**(3,613.93)**	**(4,356.12)**
Effect of exchange rate changes on cash	(400.08)	(364.10)
Net increase in cash and cash equivalents	**1,252.04**	**912.89**
Cash and cash equivalents at the beginning of the year	**1,948.72**	**1,035.83**
Cash and cash equivalents at the end of the year (refer NOTE C)	**3,200.76**	**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

Place: Mumbai
Date: 08 May 2012

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh Desai
Executive Director & CFO

Marshall Mendonza
Vice President &
Company Secretary

Notes to Consolidated Financial Statements

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

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Operations

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

The Group's research and development facilities are located at Mahape, Sinnar 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

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 2012 were approved by the Board of Directors on 8 May 2012.

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 2012. 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.

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 - 5.

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). 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 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, assets and 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.

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 includes 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.

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 and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised 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 Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Advances paid towards the acquisition of property, plant and equipment outstanding at 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 based on the management estimate of infinite life or limited life these are tested for impairment or amortised on a straight-line basis over their useful economic lives from product launch respectively. 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-progress 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 Group'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 accumulated 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. Significant Management Judgement in applying Accounting Policies and Estimation of Uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

In the process of applying the Group's accounting policies, the following judgements 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.

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

Research and developments costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Sales returns, rebates and charge back provisions

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction to revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler. The Company accounts for sales returns a based on the levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products.

4.1 Estimation Uncertainty

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

Estimates of life of various tangible and intangible assets and assumptions used in the determination of employee-related obligations and fair valuation of financial and equity instrument, impairment of tangible and intangible assets represent certain of the significant judgements and estimates made by management.

Useful lives of various assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Group. The carrying amounts are analysed in Notes 3.7 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. 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 2012.

Standard or Interpretation	Effective date
IFRS 9: Financial Instruments – Recognition and Measurement	1 January 2015
IFRS 10: Consolidated Financial Statements	1 January 2013
IFRS 11: Joint Arrangements	1 January 2013
IFRS 12: Disclosure of Interests in Other Entities	1 January 2013
IFRS 13: Fair Value Measurements	1 January 2013
Amendments to IAS 1	1 July 2012
Amendments to IAS 19	1 January 2013

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 2015. 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.

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements (IAS 27) and SIC 12 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

IFRS 11 Joint Arrangements

IFRS 11 supersedes IAS 31 Interests in Joint Ventures. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Consequential amendments to IAS 27 and IAS 28 Investments in Associates and Joint Ventures (IAS 28)

IAS 27 now only deals with separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements

The IAS 1 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

Amendments to IAS 19 Employee Benefits

The IAS 19 Amendments include a number of targeted improvements throughout the Standard. The main changes relate to defined benefit plans. They:

- eliminate the 'corridor method', requiring entities to recognise all actuarial gains and losses arising in the reporting period
- streamline the presentation of changes in plan assets and liabilities
- enhance the disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in them.

The amended version of IAS 19 is effective for financial years beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this revised standard on the Group's consolidated financial statements.

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

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 2012	United Kingdom	GHSA	100%
Glenmark Generics (Europe) Ltd.	31 March 2012	United Kingdom	GGL	100%
Glenmark Pharmaceuticals S.R.O. (GP S.R.O.)	31 March 2012	Czech Republic	GHSA	100%
Glenmark Pharmaceuticals SK, S.R.O.	31 March 2012	Slovak Republic	GP S.R.O.	100%
Glenmark Pharmaceuticals S. A.	31 March 2012	Switzerland	GHSA	100%
Glenmark Holding S. A., (GHSA)	31 March 2012	Switzerland	GPL	100%
Glenmark Generics Holding S. A. (GGHSA)	31 March 2012	Switzerland	GGFSA	100%
Glenmark Generics Finance S. A. (GGFSA)	31 March 2012	Switzerland	GGL	100%
Glenmark Pharmaceuticals S.R.L.	31 March 2012	Romania	GHSA	100%
Glenmark Pharmaceuticals Eood	31 March 2012	Bulgaria	GHSA	100%
Glenmark Distributors SP z.o.o.	31 March 2012	Poland	GHSA	100%
Glenmark Pharmaceuticals SP z.o.o.	31 March 2012	Poland	GHSA	100%
Glenmark Generics Inc.	31 March 2012	USA	GGHSA	100%
Glenmark Therapeutics Inc.	31 March 2012	USA	GHSA	100%
Glenmark Farmaceutica Ltda	31 March 2012	Brazil	GHSA	100%
Glenmark Generics SA	31 March 2012	Argentina	GGHSA	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V.	31 March 2012	Mexico	GU S.A.	100%
Glenmark Pharmaceuticals Peru SAC	31 March 2012	Peru	GU S.A.	100%
Glenmark Pharmaceuticals Colombia Ltda	31 March 2012	Colombia	GU S.A.	100%
Glenmark Uruguay S.A. (GU S.A.)	31 March 2012	Uruguay	GHSA	100%
Glenmark Pharmaceuticals Venezuela, C.A.	31 March 2012	Venezuela	GU S.A.	100%
Glenmark Dominicana SRL	31 March 2012	Dominican Republic	GPL	100%
Glenmark Pharmaceuticals Egypt S.A.E.	31 March 2012	Egypt	GPL	100%
Glenmark Pharmaceuticals FZE	31 March 2012	United Arab Emirates	GPL	100%
Glenmark Impex L.L.C	31 March 2012	Russia	GPL	100%
Glenmark Philippines Inc.	31 March 2012	Philippines	GPL	100%
Glenmark Pharmaceuticals (Nigeria) Ltd.	31 March 2012	Nigeria	GPL	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	31 March 2012	Malaysia	GPL	100%
Glenmark Pharmaceuticals (Australia) Pty. Ltd.	31 March 2012	Australia	GPL	100%
Glenmark South Africa (pty) Ltd (GSAPL)	31 March 2012	South Africa	GHSA	100%
Glenmark Pharmaceuticals South Africa (pty) Ltd.	31 March 2012	South Africa	GSAPL	100%
Glenmark Pharmaceuticals (Thailand) Co. Ltd.	31 March 2012	Thailand	GPL	49%
Glenmark Access Ltd. (Formerly Glenmark Exports Ltd.)	31 March 2012	India	GPL	100%
Glenmark Generics Ltd. (GGL)	31 March 2012	India	GPL	97.95%
Glenmark Generics B.V.	31 March 2012	Netherlands	GGHSA	100%
Glenmark Arzneimittel Gmbh	31 March 2012	Germany	GGHSA	100%
Glenmark Generics Canada, Inc.	31 March 2012	Canada	GGHSA	100%

Notes to Consolidated Financial Statements

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

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Cash in hand	5.58	4.82
Balances with banks in current /cash credit accounts and deposit accounts	3,195.18	1,943.90
TOTAL	**3,200.76**	**1,948.72**

NOTE D - RESTRICTED CASH

Restricted cash comprise the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Current		
Dividend accounts	3.68	3.66
Time deposits	14.77	5.92
TOTAL	**18.45**	**9.58**
Non-current		
Time deposits	34.25	27.96
TOTAL	**34.25**	**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	As at 31 March 2012	As at 31 March 2011
Accounts receivables	12,711.79	11,695.63
Provision for doubtful debts	(275.72)	(387.49)
TOTAL	**12,436.07**	**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, the Group does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognised represent a large number of receivables from various customers.

Given below is ageing of accounts receivable spread by period of six months:

Particulars	As at 31 March 2012	As at 31 March 2011
Outstanding for more than 6 months	1,466.93	3,094.39
Others	10,969.14	8,213.75
TOTAL	12,436.07	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 ₹ 13.35 (P.Y. ₹ 152.56) has been recorded. The movement in the allowance for credit losses can be reconciled as follows:

Particulars	As at 31 March 2012	As at 31 March 2011
Opening balance	387.49	234.93
Amounts written off	(125.12)	-
Impairment loss	13.35	152.56
Impairment loss reversed	-	-
Closing balance	275.72	387.49

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

NOTE F - INVENTORIES

Inventories comprise the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Raw materials	1,917.30	1,837.33
Packing material	626.77	502.74
Work-in-progress	1,236.16	1,345.01
Stores and spares	71.03	71.29
Finished goods	4,025.44	4,313.75
TOTAL	**7,876.70**	**8,070.12**

No reversal of previous write-downs was recognised as a reduction of expense in the year ended 31 March 2012. 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	As at 31 March 2012	As at 31 March 2011
Input taxes receivables	661.83	822.05
Advance to vendors	1,266.48	406.96
Short term deposits	109.13	109.00
Other receivables	88.69	605.16
Deposits and advances receivable in cash and kind	3,245.35	2,029.48
TOTAL	**5,371.48**	**3,972.65**

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

NOTE H - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment comprise the following:

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & Machinery	Furniture and fixture	Equipment	Vehicles	Capital work-in-progress	Total
Cost										
Balance at 1 April 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
- Other acquisitions	0.92	-	50.33	59.99	231.70	65.77	473.67	34.90	1,133.41	2,050.69
- Disposals/transfers	-	-	(17.34)	(18.09)	(1.68)	(25.93)	(57.06)	(19.87)	(98.34)	(238.31)
- Translation adjustment	0.87	0.07	46.00	57.99	9.59	14.73	92.33	4.00	(8.81)	216.77
Balance as at 31 March 2012	**334.40**	**376.54**	**4,620.78**	**1,355.56**	**1,620.34**	**637.26**	**4,272.16**	**274.61**	**2,483.28**	**15,974.93**
Accumulated Depreciation										
Balance at 1 April 2011	-	8.86	275.64	196.72	154.05	277.39	1,149.56	89.44	-	2,151.66
- Depreciation charge for the year	-	7.56	142.22	82.46	92.15	66.08	340.91	50.85	-	782.23
- Disposals/transfers	-	-	(19.94)	12.48	29.02	(14.72)	(65.67)	(16.37)	-	(75.20)
- Translation adjustment	-	0.07	10.60	29.37	4.06	7.35	70.32	(0.05)	-	121.72
Balance as at 31 March 2012	**-**	**16.49**	**408.52**	**321.03**	**279.28**	**336.10**	**1,495.12**	**123.87**	**-**	**2,980.41**
Carrying value										
At 1 April 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
At 31 March 2012	**334.40**	**360.05**	**4,212.26**	**1,034.53**	**1,341.06**	**301.16**	**2,777.04**	**150.74**	**2,483.28**	**12,994.52**

Particulars	Freehold land	Leasehold land	Factory Building	Other Building	Plant & 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 ₹ 16.98 (P.Y. ₹ 34.89).

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.

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

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 2011	339.08	10,076.23	324.14	10,739.45
- Additions	70.93	768.52	131.78	971.23
- Disposals/transfers	1.12	(4.58)	(329.74)	(333.20)
- Translation adjustment	14.73	997.95	19.15	1,031.83
Balance as at 31 March 2012	**425.86**	**11,838.12**	**145.33**	**12,409.31**
Amortisation and impairment				
Balance at 1 April 2011	192.01	824.06	-	1,016.07
- for the year	63.15	133.40	-	196.55
- on disposals/transfers	(10.37)	(113.94)	-	(124.31)
- Translation adjustment	15.27	52.66	-	67.93
Balance as at 31 March 2012	**260.06**	**896.18**	**-**	**1,156.24**
Carrying value				
At 1 April 2011	147.07	9,252.17	324.14	9,723.38
At 31 March 2012	**165.80**	**10,941.94**	**145.33**	**11,253.07**

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
- on 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**

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.

At the year end, the intangibles were tested for impairment based on conditions at that date. The forecast at the year-end date showed that no impairment was necessary.

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five to eight-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth/ erosion rates ranging from 10% growth to 25% erosion determined by management. The present value of the expected cash flows of each segment is determined by applying a 11.94% as discount rate.

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

Growth/erosion rates

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates for the foreseeable future.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment.

Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the segments, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount for are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

NOTE J - GOODWILL

The net carrying amount of goodwill can be analysed as follows:

Particulars	As at 31 March 2012	As at 31 March 2011
Gross carrying amount		
Opening balance	605.70	660.57
Acquired through business combination	-	-
Impairment loss recognised	-	-
Net exchange difference	2.94	(54.87)
TOTAL	**608.64**	**605.70**

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

Particulars	As at 31 March 2012	As at 31 March 2011
Europe & ROW	523.89	521.36
Latin America	84.75	84.34
TOTAL	**608.64**	**605.70**

At the year end, the Goodwill was tested for impairment based on conditions at that date. The forecast at the year-end date showed that no impairment was necessary.

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

	Growth Rates		Discount Rates	
Particulars	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Europe & ROW	15%	15%	5.50%	5.50%
Latin America	15%	15%	5.50%	5.50%

Growth rates

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments. The growth rate is in line with the overall long-term average growth rates because this sector is expected to continue to grow at above average rates for the foreseeable future.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment.

Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Management believes that this is the best available input for forecasting.

Apart from the considerations in determining the value-in-use of the segments, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimates of recoverable amount are particularly sensitive to the discount rate. If the discount rate used is increased by 1%, it would have no impact on the impairment testing.

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

NOTE K - OTHER LIABILITIES AND PROVISIONS

Non current - Other liability

Particulars	As at 31 March 2012	As at 31 March 2011
Income received in advance	743.89	-
Security deposit	35.93	31.83
TOTAL	**779.82**	**31.83**

Current

Other liabilities comprise the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Statutory dues	179.02	147.24
Employee dues	130.64	117.34
Accrued expenses	509.10	365.63
Other liabilities	623.49	286.01
Unclaimed dividend	3.68	3.66
TOTAL	**1,445.93**	**919.88**

Other provisions comprise the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Provision for compensated absences	72.44	45.14
Provision for gratuity benefit plan	33.82	26.86
Others	-	44.24
TOTAL	**106.26**	**116.24**

NOTE L - LONG-TERM BORROWINGS/SHORT-TERM BORROWINGS

Non-current portion of borrowings

Particulars	As at 31 March 2012	As at 31 March 2011
Notes payable	1.70	3.24
Term loan from banks	15,568.74	6,279.12
Total Long-term liabilities	15,570.44	6,282.36
Less Current portion of borrowings	(2,445.74)	(111.70)
TOTAL	**13,124.70**	**6,170.66**

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.

Maturity profile of long-term borrowings

Year ending 31 March	
2013	2,445.74
2014	3,834.90
2015	2,067.08
2016 and thereafter	7,222.72
TOTAL	**15,570.44**

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.

Short-term borrowings

Particulars	As at 31 March 2012	As at 31 March 2011
Short-term borrowings	6,874.57	13,548.78
Sale of receivables	-	1,250.00
Notes payable	-	3.48
TOTAL	**6,874.57**	**14,802.26**

Working Capital Facilities is secured by hypothecation of stocks of raw materials, packing materials, finished goods, work-in-progress, receivables and equitable mortgage on fixed assets of certain locations.

Notes to Consolidated Financial Statements

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

NOTE M - EMPLOYEE OBLIGATIONS

Employee obligations comprise the following:

Particulars	As at 31 March 2012	As at 31 March 2011
Provision for gratuity benefit plan	145.77	59.41
Others	-	9.61
TOTAL	**145.77**	**69.02**

NOTE N - TAXES

Taxes for the year comprise the following:

Particulars	2011-2012	2010-2011
Current income tax expense	1,345.91	504.75
Deferred income tax benefit	(1,108.07)	(267.72)
TOTAL	**237.84**	**237.03**

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	2011-2012	2010-2011
Expected tax expense at prevailing tax rate	1,583.61	1,599.61
Tax adjustment for tax-exempt income		
- Income exempt from tax	(757.05)	(1,320.66)
Other tax adjustments		
- Additional deduction for R & D Expenditure	(323.90)	(95.60)
- Unrecognised tax benefit on losses of subsidiaries	(140.35)	285.54
- Disallowance under income tax	1.65	98.56
- Tax Effect of Non-allowable expenses	(0.66)	-
- Disallowed expenditure on share based payments	-	16.94
- Taxes for previous periods	(59.31)	(140.58)
- Impact on account of rate change on deferred tax for future years	12.65	(40.80)
- Impact of tax rate difference in subsidiaries	(194.98)	(165.52)
- Others	116.18	(0.46)
Actual tax expense net	**237.84**	**237.03**

No temporary differences resulting from investments in subsidiaries or associates qualified for recognition as deferred tax assets or liabilities.

The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities and a description of the items that create those differences are given below:

Particulars	As at 31 March 2012	As at 31 March 2011
Deferred income tax assets - Non-current		
Provision for credit losses	73.04	72.59
Unused tax losses	2,364.87	1,358.05
Minimum Alternative Tax Credit entitlement	1,586.29	1,057.19
Other financial assets	148.63	58.41
Employee Benefits	1.37	11.42
TOTAL	**4,174.20**	**2,557.66**
Deferred income tax liabilities - Non-current		
Other current assets	43.36	25.14
Difference in depreciation on Property, Plant and Equipment	1,456.92	1,451.16
TOTAL	**1,500.28**	**1,476.30**
Net deferred income tax asset	**2,673.92**	**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.

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

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 ₹ 2/- 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 Indian Companies Act, 1956. Such reserve is not currently available for distribution to the shareholders.

Currency translation reserve – Assets and liabilities of foreign subsidiaries are translated into INR at the rate of exchange prevailing as at date of Statement of Financial Position. Revenue and expenses are translated into INR 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 2012	Year ended 31 March 2011
Sale of goods and out licensing of intangible assets	40,188.55	29,473.98
Income from services	17.88	16.72
TOTAL	**40,206.43**	**29,490.70**

NOTE Q - OTHER INCOME

Other income comprises the following:

Particulars	Year ended 31 March 2012	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	92.61	98.99
TOTAL	**92.61**	**1,405.18**

NOTE R - MATERIALS CONSUMED

Materials consumed for the year comprise the following:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Consumption of raw material and packing material	9,343.98	7,680.29
Consumption of stores and spares	544.00	407.59
Purchase of finished goods	3,168.83	2,387.70
(Increase)/Decrease in stock of finished goods	397.16	(557.26)
TOTAL	**13,453.97**	**9,918.32**

NOTE S - EMPLOYEE COSTS

Employee costs comprise the following:

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Salaries, wages and bonus	5,759.62	4,663.55
Retirement benefits	65.19	73.34
Contribution to provident and other funds	348.76	255.01
Welfare expenses	115.38	109.75
TOTAL	**6,288.95**	**5,101.65**

Notes to Consolidated Financial Statements

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

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	2011-2012	2010-2011
Change in Benefit Obligation		
Present Benefit Obligation ('PBO') at the beginning of the year	343.69	291.53
Interest cost	20.91	13.99
Service cost	64.44	51.30
Unrecognised past service cost	(8.95)	-
Benefits paid	(0.21)	(8.33)
Actuarial (gain)/loss on obligations	52.87	(12.27)
Translation adjustment	57.00	7.47
PBO at the end of the year	**529.75**	**343.69**
Change in Fair Value of Assets		
Opening fair value of plan assets	257.42	224.79
Expected return on plan assets	17.62	11.69
Actuarial gain/(loss)	(15.10)	(4.62)
Contributions by employer	71.28	33.89
Benefits paid	(0.21)	(8.33)
Translation adjustment	19.15	-
Closing fair value of Plan Assets	**350.16**	**257.42**
Actual Return on Plan Assets		
Expected return on Plan Assets	17.62	11.69
Actuarial gain/(loss) on Plan Assets	(15.10)	(4.62)
Actual Return on Plan Assets	**2.52**	**7.07**
Liability recognised		
Present value of obligation	529.75	343.69
Fair value of Plan Assets	(350.16)	(257.42)
Liability recognised in the statement of financial position	**179.59**	**86.27**

Net gratuity cost for the year ended includes the following components:

Particulars	2011-2012	2010-2011
Current service cost	64.44	51.30
Interest cost	20.91	13.99
Expected return on plan assets	(13.57)	(11.69)
Net actuarial (gain)/loss recognised in the year	(6.84)	(7.65)
Expenses recognised in the income statement	**64.94**	**45.95**

The movement of the net liability can be reconciled as follows:

Particulars	2011-2012	2010-2011
Movements in the liability recognised		
Opening net liability	86.27	66.74
Expense as above	64.94	45.95
Contribution paid	(71.28)	(33.89)
Translation adjustment	99.66	7.47
Closing net liability	**179.59**	**86.27**

For determination of the liability, the following actuarial assumptions were used:

Particulars	2011-2012	2010-2011
Discount rate	2.25%-8.50%	3.75% - 8.30%
Expected return on Plan Assets	2.50%-9.00%	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.

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

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 ₹ 147.43 (P.Y. ₹ 103.52) to the provident fund plan during the year ended 31 March 2012.

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 the statement of financial position.

The following table sets out the status of the Compensated absence plan of the Group and the corresponding amounts recognised in the Group's consolidated financial statements:

Particulars	2011-2012	2010-2011
Change in Benefit Obligation		
Present Benefit Obligation ('PBO') at the beginning of the year	97.72	87.61
Interest cost	7.38	5.16
Service cost	5.28	20.96
Benefits paid	(22.95)	(21.36)
Actuarial (gain)/ loss on obligations	48.98	5.35
Translation adjustment	-	-
PBO at the end of the year	**136.41**	**97.72**
Change in Fair Value of Assets		
Opening fair value of plan assets	52.58	43.52
Expected return on plan assets	4.83	3.25
Actuarial gain/(loss)	(1.42)	0.84
Contributions by employer	30.93	26.33
Benefits paid	(22.95)	(21.36)
Closing fair value of plan assets	**63.97**	**52.58**
Actual Return on Plan Assets		
Expected return on plan assets	4.83	3.25
Actuarial gain/(loss) on Plan Assets	(1.42)	0.84
Actual Return on Plan Assets	**3.41**	**4.09**
Liability recognised		
Present value of obligation	136.41	97.72
Fair value of plan assets	(63.97)	(52.58)
Liability recognised in the statement of financial position	**72.44**	**45.14**

Net compensated absence cost for the year ended included the following components:

Particulars	2011-2012	2010-2011
Current service cost	5.28	20.96
Interest cost	7.38	5.16
Expected return on plan assets	(4.83)	(3.25)
Net actuarial (gain) loss recognised in the year	50.40	4.52
Expenses recognised in the income statement	58.23	27.39

The movement of the net liability can be reconciled as follows:

Particulars	2011-2012	2010-2011
Movements in the liability recognised		
Opening net liability	45.14	44.08
Expense as above	58.23	27.39
Contribution paid	(30.93)	(26.33)
Closing net liability	72.44	45.14

The actuarial assumptions used in accounting for the Compensated absence plan were as follows:

Particulars	2011-2012	2010-2011
Discount rate	8.25%-8.50%	8.00%- 8.30%
Expected return on Plan Assets	8.00%-9.00%	8.00%-9.00%

Current service cost and interest cost are included in employee costs.

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

NOTE U - RESEARCH AND DEVELOPMENT EXPENDITURE

During the year, the Group expensed ₹ 2,916.25 (P.Y. ₹ 1,380.47) as research and development costs.

NOTE V - 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 Company 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:

	2012		2011	
	Number*	Price* (₹)	Number*	Price* (₹)
Outstanding at 1 April	1,937,700	112.05 - 356.15	2,633,500	34.06 - 356.15
Granted	25,000	319.25	227,000	275.90 - 281.30
Forfeited/cancelled	(279,950)	120.85 - 356.15	(488,300)	131.28 - 356.15
Exercised	(263,450)	112.05 - 300.23	(434,500)	34.06 - 356.15
Outstanding as at 31 March	1,419,300	120.85 - 356.15	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:

	2011-2012	2010-2011
Weighted average share price (₹)*	120.85 - 356.15	34.06 - 356.15
Exercise price (₹)*	112.05 - 300.23	34.06 - 356.15
Weighted average volatility rate	40% - 60%	40% - 60%
Dividend pay outs	40%	40%
Risk free rate	5.15% - 8.78%	5.15% - 8.78%
Average remaining life	1- 60 months	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.

In total, ₹ 63.98 (P.Y. ₹ 82.71) of employee remuneration expense has been included in the consolidated income statement for 31 March 2012. The stock compensation reserve has been credited by an equivalent amount and reduced by ₹ 12.99 (P.Y. ₹ 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.

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

NOTE W - 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. Cherylann Pinto
Mr. R. V. Desai (Appointed w.e.f. 9 November 2011)
Mr. A. S. Mohanty (Up to 10 May 2011)

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 2012	Year ended 31 March 2011
Transactions with key management personnel		
Remuneration	95.45	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 X - DERIVATIVES DISCLOSURE

a) Derivatives outstanding as at the reporting date

Particulars	Purpose	Currency	31 March 2012	31 March 2011
Forward contract	Hedging	USD	47.00	-

b) Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	Currency	31 March 2012	31 March 2011
Trade receivable, loans & advances	USD	118.02	243.83
	EUR	1.62	1.72
Trade payable & loans from banks	USD	94.26	184.10

c) Mark-to-Market losses

Particulars	31 March 2012	31 March 2011
Mark-to-market losses provided for	81.36	-

NOTE Y - EARNINGS PER SHARE (EPS)

The basic earnings per share for the year ended 31 March 2012 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 2012	31 March 2011
Profit attributable to shareholders of Glenmark, for basic and dilutive	4,603.48	4,532.08
Weighted average number of shares outstanding during the year for Basic EPS	270,383,075	270,041,025
Effect of dilutive potential ordinary shares:		
Employee stock options	257,141	417,789
Weighted average number of shares outstanding during the year for dilutive EPS	270,640,216	270,458,814
Basic EPS, in ₹	17.03	16.78
Diluted EPS, in ₹	17.01	16.76

Notes to Consolidated Financial Statements

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

NOTE Z - COMMITMENTS AND CONTINGENCIES

Particulars	31 March 2012	31 March 2011
Bank Guarantees	39.03	68.62
Letters of Credit issued by Bankers	763.61	323.08
Guarantees given to third party for Office rentals	11.01	8.59
Indemnity Bond	287.73	260.25
Corporate Guarantees	-	1,206.36
Disputed Income tax/Excise duty/Sales tax	212.16	47.06
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	288.87	295.98
Others	-	0.15

During the year, the Glenmark Generics Inc., U.S.A (GGI) has paid Paul Royalty Fund Holdings II (PRF) an amount of ₹ 1,316.80 (USD 28.8 million) pursuant to its contractual obligation and the same has been charged to the Income Statement.

NOTE AA - 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. USA
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 Group's consolidated financial statements.

Information about reportable segments

Segmental Revenue	Year ended 31 March 2012	Year ended 31 March 2011
India	11,273.11	9,931.68
USA	12,846.49	8,779.16
Latin America	3,291.81	2,490.04
Europe	6,365.63	3,719.86
Rest of the world (ROW)	6,429.39	4,569.96
TOTAL	**40,206.43**	**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. It also includes 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.

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).

Revenues	Year ended 31 March 2012			Year ended 31 March 2011		
	Gross	Less Inter Segment	Net	Gross	Less Inter Segment	Net
Specialty	23,418.93	91.26	23,327.67	16,925.59	67.44	16,858.15
Generics	17,462.53	583.77	16,878.76	12,864.48	231.93	12,632.55
TOTAL	**40,881.46**	**675.03**	**40,206.43**	**29,790.07**	**299.37**	**29,490.70**

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

Analysis of assets by reportable segments

31 March 2012

	India	USA	Latin America	Europe	ROW	Total
Tangible Assets	11,315.67	25.43	1,092.53	530.89	30.00	12,994.52
Intangible Assets	1,741.17	854.42	2,856.62	5,705.83	95.03	11,253.07
TOTAL	**13,056.84**	**879.85**	**3,949.15**	**6,236.72**	**125.03**	**24,247.59**

31 March 2011

	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	**11,880.51**	**774.81**	**3,853.00**	**4,919.26**	**89.92**	**21,517.50**

NOTE BB - 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 and preference shares amounting to ₹ 298.06 (P.Y. ₹ 281.26) 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	As at 31 March 2012	As at 31 March 2011
Non-current assets		
Available for sale	298.06	281.26
	298.06	**281.26**
Current assets		
Available for sale	-	-
Loans and receivables (including Cash and cash equivalents)	21,008.31	17,229.51

NOTE CC - OTHER FINANCIAL LIABILITIES

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs.

The management consider that the carrying amount of trade payables approximates to their fair value.

Given below is the summary of financial liabilities as categorised in IAS 39:

Particulars	As at 31 March 2012	As at 31 March 2011
Non-current liabilities		
Borrowings:		
Financial liabilities at amortised cost	13,124.70	6,170.66
Current liabilities		
Borrowings:		
Financial liabilities at amortised cost	9,320.31	14,913.96
Trade and other payables:		
Financial liabilities at amortised cost	9,334.22	7,493.94

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

NOTE DD - 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	-	-	298.06	298.06
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 categorized in Level 3.

NOTE EE - OTHER EVENTS

Sanofi-Aventis filed a patent infringement action before the US District Court, Eastern District Court of New Jersey against the Company's subsidiary Glenmark Generics Inc., U.S.A (GGI) pertaining to its marketing of the product Trandolapril-Verapamil ("Tarka"). Tarka is owned and manufactured by the Company's subsidiary, Glenmark Generics Limited, which is headquartered in India, and is marketed and distributed in the USA by the GGI, under a sales and marketing agreement. A Jury trial was held in early January 2011 and on 14 January, 2011, the jury returned a verdict that the patent held by Sanofi-Aventis was valid and infringed and ordered the GGI to pay damages of approximately $16 million. The GGI has filed a post trial motion seeking a judgement in its favour notwithstanding the Jury's verdict, and the court has not ruled on that motion, nor has it entered a final judegement. The Company believes that is has meritorious defenses to plaintiff's infringement claim.

NOTE FF - RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which results from the Group's operating and investing activities. The Group's risk management is coordinated by its parent company, in close co-operation with the board of directors and the core management team of the subsidiaries, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash equivalents, 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 ₹ 45.21 at the beginning of the year and scaled to a high of ₹ 55.24 and to low of ₹ 44.31. The closing rate is ₹ 50.87. 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.

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

Foreign currency denominated financial assets and liabilities, translated into USD at the closing rate, are as follows.

Nominal amounts	As at 31 March 2012		As at 31 March 2011	
	USD	INR	USD	INR
Short-term exposure (Net)				
Financial assets	18.50	941.00	39.08	1,745.87
Financial liabilities	(191.74)	(9,753.88)	(236.69)	(10,575.15)
TOTAL	(173.24)	(8,812.88)	(197.61)	(8,829.28)
Long-term exposure (Net)				
Financial assets	-	-	-	-
Financial liabilities	(255.00)	(12,971.85)	(116.45)	(5,202.96)
TOTAL	(255.00)	(12,971.85)	(116.45)	(5,202.96)

If the INR had strengthened against the US Dollar by 5% then this would have the following impact:

	Year ended 31 March 2012		Year ended 31 March 2011	
	USD	INR	USD	INR
Net results for the year	21.41	1,089.24	15.70	701.60
Equity	-	-	-	-

If the INR had weakened against the US Dollar by 5% then this would have the following impact:

	Year ended 31 March 2012		Year ended 31 March 2011	
	USD	INR	USD	INR
Net results for the year	(21.41)	(1,089.24)	(15.70)	(701.60)
Equity	-	-	-	-

EUR conversion rate was ₹ 64.07 at the beginning of the year and scaled to a high of ₹ 71.82 and to low of ₹ 62.96. The closing rate is ₹ 69.47. Considering the volatility in direction of strengthening EUR up to 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	As at 31 March 2012		As at 31 March 2011	
	EUR	INR	EUR	INR
Short-term exposure (Net)				
Financial assets	1.17	81.02	1.63	103.25
Financial liabilities	(9.09)	(631.59)	(9.79)	(619.22)
TOTAL	(7.92)	(550.57)	(8.16)	(515.97)
Long-term exposure (Net)				
Financial assets	-	-	-	-
Financial liabilities	-	-	(8.93)	(564.46)
TOTAL	-	-	(8.93)	(564.46)

If the INR had strengthened against the EUR by 5% then this would have the following impact:

	Year ended 31 March 2012		Year ended 31 March 2011	
	EUR	INR	EUR	INR
Net results for the year	0.40	27.53	0.85	54.02
Equity	-	-	-	-

If the INR had weakened against the EUR by 5% then this would have the following impact:

	Year ended 31 March 2012		Year ended 31 March 2011	
	EUR	INR	EUR	INR
Net results for the year	(0.40)	(27.53)	(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.

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

The Group has also borrowed USD 415 millions (P.Y. USD 165 millions) and EUR 6.75 millions (P.Y. EUR 18 millions). In case of LIBOR/Benchmark prime lending rate (BPLR) increases by 25 basis points then such increase shall have the following impact on:

	Year ended 31 March 2012	Year ended 31 March 2011
Net results for the year	(51.48)	(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:

	Year ended 31 March 2012	Year ended 31 March 2011
Net results for the year	51.48	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:

	As at 31 March 2012	As at 31 March 2011
Cash and cash equivalents	3,200.76	1,948.72
Restricted Cash	52.70	37.54
Trade receivables	12,436.07	11,308.14
Other financial assets	5,371.48	3,972.65
Long term financial assets	298.06	281.26
TOTAL	21,359.07	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 2012, 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	7,888.29			
Other short-term liabilities	1,445.93			
Employee benefit obligations		106.26		145.77
Provisions	-	-	-	-

The above contractual maturities reflect the gross cash outflows, not discounted at the current values thereby these values will differ to the carrying values of the liabilities at the date of the statement of financial position.

Notes to Consolidated Financial Statements

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

NOTE GG - 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 summarized 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 2012	31 March 2011
Total equity	24,266.28	20,639.38
Add: Subordinated loan	-	-
Less: Cash and cash equivalents	3,200.76	1,948.72
Capital	**21,065.52**	**18,690.66**
Total equity	24,266.28	20,639.38
Add: Borrowings	22,445.01	21,116.45
Overall financing	**46,711.29**	**41,755.83**
Capital to overall financing ratio	0.45	0.45

NOTE HH - POST REPORTING EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

NOTE II - AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2012 were approved by the Board of Directors on 08 May 2012.

Statement Pursuant to Section 212 of the Companies Act, 1956 Forming Part of the Consolidated Balance Sheet

(₹ in Millions)

Sr. No.	Name of the Company	Glenmark Access Ltd. (Formerly Glenmark Exports Ltd.)	Glenmark Impex L.L.C	Glenmark Farmaceutica ltda.	Glenmark Philippines Inc.	Glenmark Pharmaceuticals (Nigeria) Ltd.	Glenmark Dominicana SRL	Glenmark Pharmaceuticals (Malaysia) SDN. BHD	Glenmark South Africa (Pty) Ltd.	Glenmark Pharmaceuticals South Africa (Pty) Ltd.	Glenmark Pharmaceuticals (Australia) Pty Ltd.	Glenmark Pharmaceuticals S.A., Switzerland	Glenmark Holding S.A.	Glenmark Pharmaceuticals SK SRO	Glenmark Pharmaceuticals SRO	Glenmark Pharmaceuticals S.R.L.	Glenmark Pharmaceuticals Europe Ltd	Glenmark Pharmaceuticals EOOD
1	Share Capital	18.50	902.00	6,345.78	116.70	177.46	0.13	28.32	0.69	0.00	65.77	106.76	797.11	0.43	143.00	339.09	88.09	0.18
2	Reserves	0.38	2,289.18	(800.69)	(20.56)	(50.29)	(0.14)	(0.85)	262.49	15.65	(65.42)	1,979.17	8,052.23	7.89	701.82	(134.59)	(4.35)	(0.06)
3	Total Assets	84.55	4,007.13	5,965.35	125.51	200.19	0.00	29.06	263.25	522.57	0.46	5,232.97	25,000.88	281.35	2,875.58	614.56	105.31	0.59
4	Total Liabilities	65.67	815.95	420.26	29.37	73.02	0.01	1.59	0.07	506.92	0.11	3,147.04	16,151.54	273.03	2,030.76	410.06	21.57	0.47
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Turnover	-	2,811.99	2,271.76	154.36	155.10	-	69.05	-	493.04	-	2,552.47	-	291.38	1,459.07	775.46	201.25	-
7	Profit before Tax	-	900.68	(647.42)	15.80	(19.44)	(0.01)	8.39	(0.13)	(42.27)	(0.64)	1,269.79	388.11	4.69	(722.66)	17.67	11.45	(11.72)
8	Provision for Tax	(7.00)	181.24	(181.17)	5.90	(1.07)	-	2.50	-	(10.89)	-	125.34	(3.39)	2.52	-	10.16	(2.91)	-
9	Profit after Tax	(7.00)	719.44	(466.25)	9.90	(18.37)	(0.01)	5.89	(0.13)	(31.38)	(0.64)	1,144.45	391.50	2.17	(722.66)	7.51	14.36	(11.72)
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Currency	INR	RUR	BRL	PHP	NGN	DOP	MYR	ZAR	ZAR	AUD	CHF	CHF	EURO	CZK	RON	GBP	BGN
12	Exchange Rate (₹)																	
	Average Rate	-	1.642	28.626	1.128	0.311	1.281	15.864	6.548	6.548	50.688	55.059	55.059	66.750	2.699	15.645	77.405	34.152
	Closing Rate	-	1.773	28.591	1.215	0.331	1.341	17.011	6.783	6.783	54.097	57.668	57.668	69.473	2.807	15.858	83.275	35.524

(Contd...)

Statement Pursuant to Section 212 of the Companies Act, 1956
Forming Part of the Consolidated Balance Sheet (Contd.)

(₹ in Millions)

Sr. No.	Name of the Company	Glenmark Pharmaceuticals Colombia Ltda	Glenmark Pharmaceuticals Peru S.A.C.	Glenmark Therapeutics Inc., USA	Glenmark Pharmaceuticals Egypt S.A.E.	Glenmark Pharmaceuticals SP Z.O.O.	Glenmark Distributors SP Z.O.O.	Glenmark Pharmaceuticals F.Z.E.	Glenmark Pharmaceuticals Mexico, SA DE CV	Glenmark Pharmaceuticals Venezuela, CA	Glenmark Uruguay SA	Glenmark Generics Limited	Glenmark Generics (Europe) Ltd.	Glenmark Generics Inc., USA	Glenmark Generics S.A. Argentina	Glenmark Generics Holding S.A.	Glenmark Generics Finance S.A.	Glenmark Generics B.V	Glenmark Arzneimittel GmBH	Glenmark Generics Canada, Inc.
1	Share Capital	14.24	108.94	368.60	119.56	39.42	27.50	12.92	453.21	243.87	1,024.62	1,503.25	518.09	1,925.94	1,624.47	9,793.80	5,214.26	1.15	3.19	0.00
2	Reserves	0.11	59.21	(363.06)	(70.66)	114.51	13.95	16.28	(385.59)	(142.53)	11.80	13,675.09	133.80	(142.84)	(433.44)	2,641.40	145.52	0.76	16.73	0.00
3	Total Assets	14.87	189.91	25.92	61.47	227.79	267.90	38.40	197.07	292.61	1,036.71	29,171.33	1,442.73	11,545.13	1,347.21	19,371.41	18,481.05	33.50	39.54	0.00
4	Total Liabilities	0.52	21.76	20.38	12.57	73.86	226.45	9.20	129.45	191.27	0.29	13,992.99	790.84	9,762.03	156.18	6,936.21	13,121.27	31.59	19.62	0.00
5	Investment (except in case of investment in subsidiaries)	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-
6	Turnover	-	50.86	111.26	66.36	446.33	498.94	11.41	52.35	283.00	-	12,901.53	1,022.65	12,804.06	353.35	0.00	0.00	37.15	9.30	0.00
7	Profit before Tax	(0.43)	(54.82)	(2.88)	(28.74)	19.62	3.25	10.36	(146.24)	(58.98)	2.35	2,649.23	109.08	38.69	(216.84)	(25.54)	55.78	0.10	(38.30)	0.00
8	Provision for Tax	-	(30.12)	0.21	-	3.21	0.62	-	(22.05)	(32.59)	0.21	399.50	0.81	(287.23)	(75.85)	0.30	(0.81)	0.02	(10.17)	0.00
9	Profit after Tax	(0.43)	(24.70)	(3.09)	(28.74)	16.41	2.63	10.36	(124.19)	(26.39)	2.14	2,249.73	108.28	325.93	(140.99)	(25.84)	56.59	0.08	(28.13)	0.00
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Currency	COP	PEN	USD	EGY	PLN	PLN	AED	MXN	VEF	UYU	INR	GBP	USD	ARS	CHF	CHF	EURO	EURO	-
12	Exchange Rate (₹)																			-
	Average Rate	0.027	17.999	48.530	8.142	15.971	15.971	13.215	3.839	11.321	2.580	-	77.405	48.530	11.537	55.059	55.059	66.750	66.750	-
	Closing Rate	0.029	19.574	50.870	8.651	16.732	16.732	14.182	4.075	12.143	2.744	-	83.275	50.870	11.915	57.668	57.668	69.473	69.473	-

For and on behalf of the Board of Directors

Glenn Saldanha
Chairman & Managing Director

Cherylann Pinto
Executive Director

Rajesh V Desai
Executive Director & CFO

Place: Mumbai
Date: 08 May 2012

Marshall Mendonza
Vice President & Company Secretary

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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.

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