

ENRICHING LIVES
GLOBALLY



ANNUAL REPORT 2014-15


glenmark
A new way for a new world

At Glenmark,
we believe in
ENRICHING LIVES
through
INNOVATION
and
NEWER WAYS
of doing things
big or small

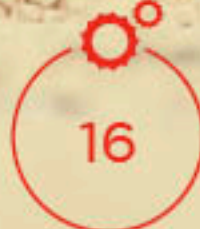
CORPORATE OVERVIEW



Countries with
Glenmark Offices



R&D Centers in India,
UK & Switzerland



Manufacturing Facilities
across India, US,
Argentina, Czech & Brazil



Strong Global Team



At Glenmark, we believe in enriching lives of our stakeholders across the world through new ways of doing things. Glenmark truly lives this by discovering new innovative medicines for chronic ailments and helps people lead fuller lives; by creating value and wealth for all our business partners and shareholders and through our community interventions to create a healthier and happier world.

In the pursuit of enriching lives, Glenmark has evolved into a global organization and a leading player in the discovery of new molecules within a short period of time. We have offices in over 20 countries, 16 manufacturing facilities in 5 countries and 6 R&D centres dedicated to the goal of enriching lives across the globe. The real force behind Glenmark's continued success is its over 11,500 strong workforce from around 50 nationalities committed to creating a new way for a new world.

CORPORATE INFORMATION

REGISTERED OFFICE

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

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: complianceofficer@glenmarkpharma.com
CIN No: L24299MH1977PLC019982

AUDITORS

- Walker, Chandok & Co. LLP
Chartered Accountants, Mumbai

COST AUDITORS

- Sevekari, Khare and Associates, Cost Accountants, Mumbai

SOLICITOR

- Trilegal, Mumbai

REGISTRAR AND TRANSFER AGENTS

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

BANKER

- Bank of India

COMPANY SECRETARY

- Mr. Sanjay Kumar Chowdhary

MANUFACTURING FACILITIES

Formulations

- E 37, MIDC Industrial Area, D Road, Satpur, Nasik - 422007,
Maharashtra
- Plot No. 7 & 9, Colvale Industrial Estate, Bardez - 403115,
Goa
- Unit - I, Village Kishanpura, Baddi-Nalagarh Road,
Teh Baddi, Dist. - Solan, HP - 174101
- Unit - II, Village Bhattanwala, PO Rajpura, Teh Nalagarh,
Dist. - Solan, HP - 174101
- Unit - III, Village Kishanpura, Baddi-Nalagarh Road,
Dist. - Solan, HP - 174101
- Plot No 2, Phase -II, Pharma Zone, Special Economic Zone
Area, Pithampur, Indore 454775, Madhya Pradesh
- 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
- Growth Centre, Samlik-Marchak, Dist. - East Sikkim, Sikkim
- Plot No. B-25, Five Star MIDC, Shendra, Dist. - Aurangabad,
Maharashtra
- 4147 Goldmine Road, Monroe, NC 28110, USA

API

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

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, Talaja industrial area, MIDC Talaja, Taluka
Panvel 410208, Dist. - Raigad, Maharashtra

CLINICAL RESEARCH CENTRES

- Plot No. D 508, TTC Industrial Estate, MIDC, Turbhe,
Navi Mumbai - 400705, Maharashtra
- Building 2, Croxley Green Business Park, Merlins Meadow,
Watford, Hertfordshire, UK

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Glenn Saldanha
Chairman & MD

“The future of your organization looks promising as each of our businesses is well poised for sustainable and profitable growth. The US business remains a critical growth driver and our efforts will be to maximize our presence and earnings from this market. We will also continue to have an India-specific strategy, which involves focusing on core therapy areas to help us grow in this market. After the India and US markets, the Europe region is now the third most important region for us.”



Innovative Research
& Development



Global Operations



Enriching Lives



Quality Centric

Dear Shareholder,

The year under review was challenging for the global pharmaceutical industry. The significant depreciation of currencies across emerging markets coupled with weak demand in most emerging markets and the slowdown in US FDA approvals for generic drugs had an impact on the generic market globally. Further, the consolidation of the supply chain in the US added additional pressure on the industry. In Europe, the economic situation remained unchanged. With the Greek crisis putting pressure on economies across Europe, there was sustained pricing pressure which impacted the generic industry in the region. Thus, for the year under review, the pharmaceutical industry across developed and emerging markets were constrained due to which your organization's performance was also impacted.

Due to the challenging economic conditions, your organisation's revenue growth for the year under review was limited to around 10%, as compared to 20% for the last four financial years. The above factors played a key role in denting our overall performance. In addition, another important factor which did not go in favour of your organization was the almost stable Indian Rupee. While emerging markets currencies depreciated across markets, especially the Russian Rouble which depreciated significantly, the Indian rupee remained unchanged due to weak commodity prices which benefited the country's economy significantly. As you are aware, your organization gets more than 50% of its revenues in US dollars. Due to the Indian currency remaining stable, your organization did not get any incremental benefit from US dollar sales, while emerging markets currencies where we operate continuously depreciated which negatively impacted our numbers significantly. On the positive side, our India, Europe and Latam business

performed very well which helped the organization grow revenue in the year under review to over ₹ 6,600 crores (USD 1.08 Bn). In FY 2015, the India business grew by 16%, Europe by over 27% and Latam by over 88%.

We continued to outperform the industry in India. In fact, we have been among the fastest growing companies within the Indian formulation space consistently for the last couple of years. This is mainly due to several new product launches that we have in our

“We continue to believe that R&D is at the core of the pharmaceutical business and it is our endeavor to transition Glenmark from a generics organization to an innovation driven pharmaceutical company. You can expect our continued commitment towards R&D through consistent investments into research. We believe that the R&D thrust will help us sustain growth over the long term.”

focused therapy areas viz. dermatology, respiratory, cardiovascular and diabetes which is driving the India growth. We expect the India growth story to continue in the coming years on the back of our strong portfolio and our focus on certain therapy areas where we would like to be a dominant player.

In the year gone by, we persisted with our good performance in the Europe region. Barring Romania, where the business environment has been extremely grueling, the Central Eastern Europe subsidiaries of Glenmark recorded good growth. Similarly, our Western Europe business continued to record good growth in countries like UK and Germany. We expect this high growth trajectory in our Europe business to sustain in FY 2016 and beyond. Europe is now become one of the focus regions for your organization and we are investing significantly in product pipeline to ensure that we can sustain the high growth trajectory.

Our Latin America business witnessed robust growth in the year gone by. While our Brazilian subsidiary

recorded moderate growth; the Mexico and Venezuela subsidiaries grew by over 100% on account of a lower base and more product launches coming through, especially in the respiratory space. This was also aided by the economic situation which has caused scarcity for medicines in the Venezuelan market. While we will continuously drive growth in the Brazil and the Mexico market, we will watch cautiously the Venezuela market because of the uncertain political situation and the unstable currency.

We have been investing considerably in both our European and Latin American operations over the past seven to eight years, and we are confident of growing margins from these investments in the years to come.

Currency Depreciation Affects Our Rest Of The World (ROW) Business, Especially Russian Operations

One of the biggest challenges that we witnessed in the year under review was the volatility in emerging market currencies. Our Russian operations were the most hit as a result of currency fluctuations leading to de-growth for our ROW business. The ROW region as a whole was the most challenging region for your organization in this financial year. While we have witnessed a rebound in growth in local currency for the ROW region in this current financial year, the currencies still remain volatile and the pressure continues to remain in these markets.

US Market

Revenue growth from our US business was flat during the year

CHAIRMAN'S LETTER

under review. The industry - including your organization - was impacted due to the channel consolidation and the slowdown in product approvals by the US FDA. Also during the year under review, we received only five product approvals which put further pressure on the business. However, in the beginning of the current financial year, we are witnessing significant improvement in the approval rate and we expect this trend to continue; although one cannot be absolutely sure while predicting regulatory approvals.

In the year under review, we announced our plans to set up a manufacturing plant in the US, which will be the company's maiden facility in North America. Located in Monroe, North Carolina, the facility is spread across 100,000 sq ft plot and has been designed for manufacturing oral solids

Our plan to set up a new plant in the US underlines the fast paced growth we have witnessed in a short span of 8 years in the US market and our long term commitment to the country. With this new facility, we would further enhance our manufacturing footprint making it truly global in every sense of the term.

and injectables. On commissioning, the facility is expected to have a capacity to produce 300-400 Million tablets and capsules per annum. With the setting up of this new facility in the US we would further enhance our manufacturing footprint making it truly global in every sense of the term.

The US business is one of our key markets. We continue to make significant investments in this market both in terms of manufacturing as well as product pipeline. The increased R&D spends year on year will be allocated to the US market. We feel that your organization has built significant capabilities over the past several years and as a result we are best positioned to capture the enormous opportunities that the US market has to offer. We expect the US business, which contributes over 30% to the

Group's revenue to be a strong growth driver for the company in the next few years. Your organization will focus across the value chain in the US market from developing generic medicines to a range of specialty products in niche segments apart from having our own pipeline of novel innovative molecules.

R&D - A Key Driver For The Future

In the year under review, we made steady progress on our innovation pipeline as we persisted with our relatively high investments in R&D vis-à-vis the industry. We currently have some exciting developments in our Novel Biologics program.

One of the highlights during the year was the announcement of our first candidate in the area of oncology using our proprietary platform BEAT®. Glenmark recently announced its

first clinical development candidate in oncology, GBR 1302, using our proprietary platform BEAT®. GBR 1302, a bispecific antibody, when commercialized will revolutionize the treatment paradigm in HER2 positive cancers and will pave the way for discovering more effective treatments in other forms of difficult-to-treat cancers. BEAT®, Bispecific Engagement by Antibodies based on the T-cell receptor, is a proprietary best-in-class platform developed by Glenmark that streamlines the design and development of bispecific antibodies. For the past 20 years, bispecific antibodies have presented a challenge since all bispecific formats developed until recently have had stability and/or manufacturing issues. By developing this proprietary platform technology, your organization continues to remain at the cutting edge of R&D. We are

initiating a Phase I clinical trial for GBR 1302 in Germany soon.

Our pipeline continues to advance with GBR 900 - the first anti-TrkA monoclonal anti-body entering clinical development in year under review. Besides, GBR 830, the first anti-OX40 monoclonal antibody has completed Phase I and Phase IIa studies for Atopic Dermatitis and Crohn's Disease are starting in the US and EU. Additionally, GBR 500 is also making steady progress. Our partner Sanofi has now announced a Phase II study in multiple sclerosis which is presently ongoing.

On the NCE front, in our mPGES-1 discovery program, GRC 27864, has also moved forward in human trials and is nearing completion of Phase I, which reaffirms our position globally in the development of novel pain therapies. Besides, GRC 17536, a TRPA1 antagonist, has shown positive data in a Phase IIa proof of concept study in patients with painful diabetic neuropathy conducted in Europe and India. We are now opening an IND in the US for a Phase IIb dose range finding study.

Your organization continues to believe that R&D is at the core of the pharmaceutical business and it is our endeavor to transition Glenmark from a generics organization to an innovation driven pharmaceutical company. You can expect our continued commitment towards R&D through consistent investments into research. Even in the area of generics R&D, your organization has begun working on complex generics including complex injectables like peptides. We believe that the R&D thrust for the organization will help us sustain growth over the long term.

One Glenmark

In response to the evolving market trends and increasing competition across branded as well as generic products, an organization restructuring

was initiated in the year 2013. The project was christened as 'One Glenmark'. As a part of the scope of the exercise, Glenmark Generics Ltd. has amalgamated with the parent company. Subsequently, multiple activities related to various work-streams was coordinated and project-managed by a cross-functional core team.

With the completion of the exercise, we have achieved the key objectives of establishing a common brand image of Glenmark as an integrated company across generic and branded

quality and your organization believes in consistently training them and providing them with the best tools to help them in their endeavor to maintain excellence in quality.

Your organization continues to invest in the community. Our ongoing efforts continue to focus on the 8 large projects which we initiated over the past few years, positively impacting over 600,000 people. The focus area for the organization remains in child health. This year we have added sport as an area of focus,

organization. In just a short span, we have grown this business to over USD 100 Million and we will keep investing in this region so that we continue to remain on a high growth trajectory. The ROW and the Latam region have high growth potential in the coming years. However, if the currency situation continues to remain volatile across emerging markets it may proportionately negate the performance of these regions.

I would like to inform our shareholders that your company's business has been built keeping long term and sustainable growth in mind. And over the years we have built a strong foundation which will propel us to the next level of growth. A robust pipeline of products across geographies, a strong innovative engine, a well spread and diversified manufacturing setup, a strong team of qualified professionals and sound systems and processes - all speak of capabilities which will help us sustain growth in the long run and help us scale the next peak.

I would like to thank you for your continued support and your commitment towards our organization. As we surge ahead, your belief in Glenmark's potential will remain invaluable source of strength to us as we take Glenmark forward towards emerging as a truly global and innovative pharmaceutical organization.

Yours sincerely,



Glenn Saldanha
Chairman & MD

BEAT® is Glenmark's proprietary best-in-class platform that streamlines the design and development of bispecific antibodies. For the past 20 years, bispecific antibodies have presented a challenge since all bispecific formats developed until recently have had stability and/or manufacturing issues. By developing BEAT®, Glenmark continues to remain at the cutting edge of R&D.

markets. It also builds in significant flexibility to move across lines of businesses irrespective of market size and helps us achieve considerable synergies throughout our operations to grow faster in all geographies. Congratulations to the team on a job well done, and I am certain that we are now in the right position to achieve success across all possible channels of growth.

Quality & Compliance Excellence

Quality has always been one of the pillars of our business. I am pleased to inform you that despite many manufacturing facilities drawing flak from regulatory authorities of developed markets, all our manufacturing facilities consistently remain in a state of constant compliance and have successfully cleared several stringent audits from authorities like the US-FDA, MHRA-UK and others. Quality at Glenmark is a continuing journey towards perfection. We have endeavored to set robust processes to ensure consistency and reproducibility. All our personnel across different functions are committed to

considering the lack of support and infrastructure available to sportsmen in our country. We have formed the Glenmark Aquatic Foundation which aims at transforming the ecosystem for swimming as a sport in India. Glenmark Aquatic Foundation will achieve its vision by building a core team of highly motivated experts, developing meaningful partnerships with national and international organizations and will focus on maximizing the potential in every athlete.

Conclusion

The future of your organization looks promising as each of our businesses is well poised for sustainable and profitable growth. The US market, remains a critical growth driver for the organization. Our efforts will be to maximize our exposure and earnings from this market. The India business will also be one of key drivers and we will continue to have an India-specific strategy, which involves focusing on core therapy areas to help us grow in this market. After the India and US markets, the Europe region is now the third most important region for your

BOARD OF DIRECTORS



Mr. Glenn Saldanha
Chairman & Managing Director



Mr. Rajesh Desai
Executive Director



Mrs. Cherylanne Pinto
Director - Corporate Affairs



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. 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. J. F. Ribeiro
Non-Executive Director
A retired Government officer, he has served the country under various assignments like Commissioner of Police, Mumbai and Special Secretary to Government of India, Ministry of Home Affairs.



Dr. Brian W. Tempest
Non-Executive Director
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.



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



Mrs. B. E. Saldanha
Non-Executive Director
During her 23 year tenure with Glenmark, she was responsible for developing and growing the company's export business.