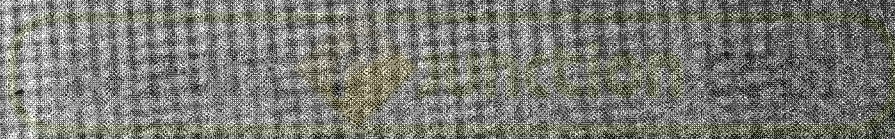
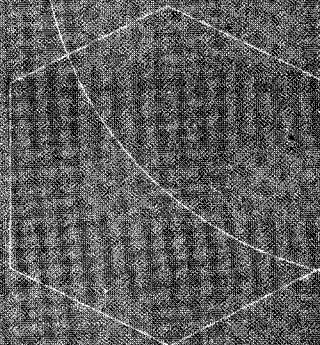


Glenmark Pharmaceuticals Limited Annual Report 2003-04



Global
Research focused.
Integrated.

Our vision

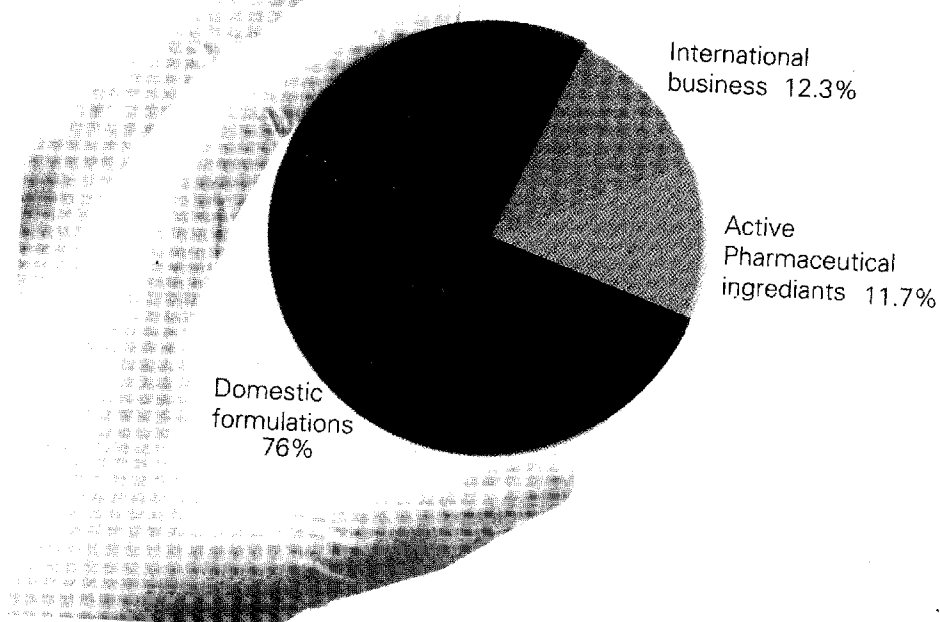
To emerge as a leading
integrated research-based global
pharmaceutical company.

Financial highlights

Year	March 2000	March 2001	March 2002	March 2003	Rs/million March 2004
Turnover	1453.40	1907.80	2507.50	3336.40	3806.00
Other income	154.50	36.50	60.70	42.80	34.57
PBIDT	308.20	320.30	502.10	645.40	734.88
Interest	10.40	83.20	129.10	106.90	100.57
Depreciation	11.10	81.00	88.20	103.30	108.89
PBT	286.70	186.10	284.80	435.20	525.42
Tax	69.90	15.20	57.00	103.30	105.38
PAT	216.80	170.70	227.80	331.90	420.04

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Turnover 2003-04





••Introduction

Glenmark Pharmaceuticals Limited (Glenmark) is an India-based growing pharmaceuticals company headquartered at Mumbai. Incorporated in 1977, the company is focused on the manufacture and marketing of branded formulation products and active pharmaceutical ingredients. In addition to a strong Indian franchise, Glenmark enjoys a diversified and growing presence in regulated and developing international markets. Over the years, the company has also catalysed its growth through investment in dedicated research and development teams. Separate teams focus on process reverse - engineering drugs for launch across markets and research in novel drug delivery systems. In addition, a future-focused team is presently engaged in the discovery of new chemical entities that will translate into wholly new drugs for a global launch.

••Brands

In India, Glenmark enjoys a visible and growing branded formulations presence. A number of its products have emerged as brand leaders: Ascoril, Candid-B and Altacef, three of Glenmark's top-selling brands, are

ranked high in the community of the most successful pharmaceutical brands of India, and are also leaders in their individual therapeutic baskets. The success is not only limited to older brands - several of Glenmark's recent launches such as Valus and Vorth have already achieved leadership position in their respective segments. Glenmark's brands are actively promoted by its large field force, reinforced by focussed support that is provided through the company's three marketing divisions.

••Manufacturing

Over the years, Glenmark strengthened its integration across the pharmaceutical value-chain through operations across four manufacturing plants:

- Formulations: Nasik and Goa,
- APIs: Kurkumbh and Ankleshwar.

The Ankleshwar plant acquired from GlaxoSmithKline has now been upgraded to meet with USFDA certification. Another API manufacturing facility has been recently acquired at Solapur. The company has also recently commissioned a state-of-the-art formulations plant at Goa, built in stringent compliance with USFDA and

other regulated market standards.


••Research and development

Research lies at the heart of Glenmark's existence. Over the years, the company has invested in a state-of-art R&D centre in Mahape on the outskirts of Mumbai. This R&D centre employs over 250 scientists who possess a vast experience across several disciplines and technology platforms. The company's research encompasses new chemical entity research (NCE) and novel drug delivery systems (NDDS). This IPR-generating activity is supplemented by dedicated teams that are engaged in process engineering of bulk drugs and developing formulations for launch in regulated markets. Another team situated at an exclusive facility at Sinnar focuses on the formulation of drugs to be launched in India and across semi-regulated markets.

••Revenues

Glenmark's revenues were Rs 3806.60 million in 2003-04 compared to Rs 3336.40 million in 2002-03, a growth of 14.10 per cent. Its profit after tax grew from Rs 331.90 million in 2002-03 to Rs 420.04 million in 2003-04, a growth of 27 per cent.

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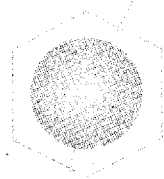
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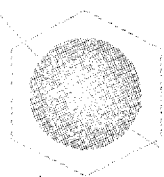
Global. Research-focused. Integrated.



Objective

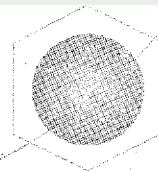
To make the company more competitive and valuable in the global pharmaceutical industry.

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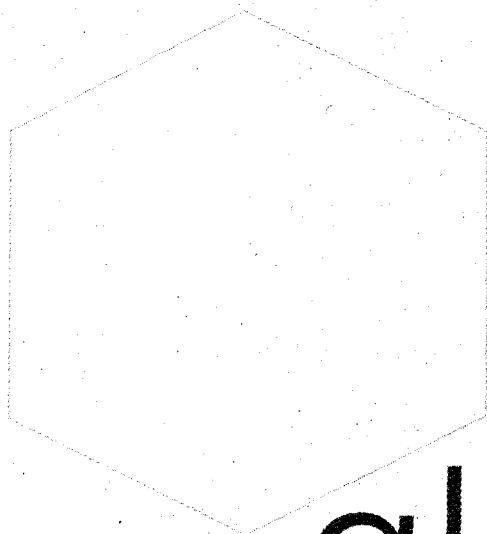
Tenure

The long-term and post-GATT (post-2005) scenario.

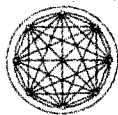


Driver

A global market strategy, a strong research focus and an integrated business model for risk-mitigating delivery.



global



Intensifying competition is the principal characteristic of the evolving international pharmaceutical industry.

This is the nature of the industry's transition:

- Companies are becoming more global in their factor and product market focus even as geographies are shrinking,
- The competitive landscape in India is changing with an impending respect for product patents forcing companies to look externally for avenues of growth, and
- A large number of companies are pursuing product innovation in the pursuit of long-term competitiveness.

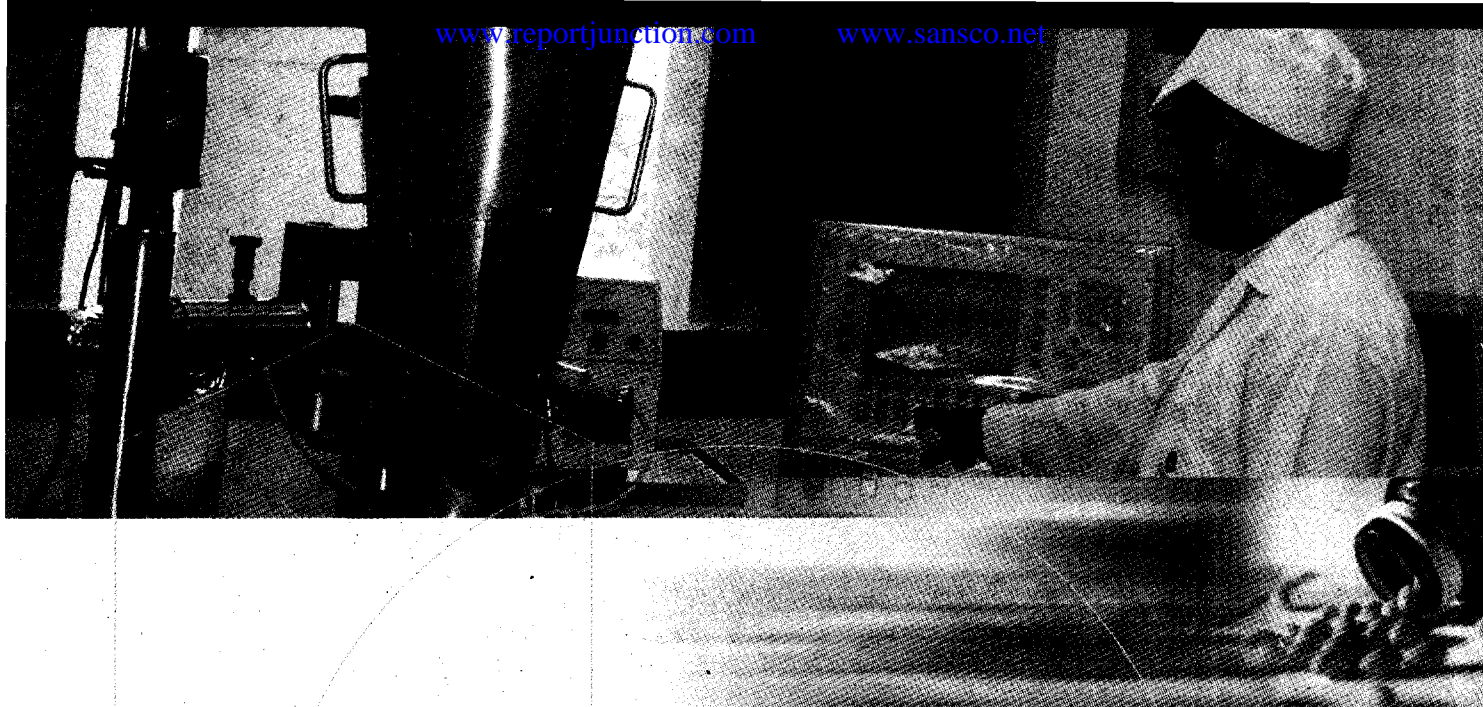
There is an underlying reason why

globalisation is inevitable for sustainable growth. The large volume generic molecules going off-patent are based in the developed markets. This is a vast segment: the estimated size of the US market alone is US \$ 40 billion while Europe and Japan are several times the size of the Indian market. Even the developing markets of Asia, Africa and Latin America are worth several billion US dollars.

These markets – large or rapidly growing – don't just offer the opportunity of increasing revenue. They provide the prospect of enhanced margins and sustainable

profit growth to all those companies that intend to leverage the low-cost Indian manufacturing advantage.

The benefit is indeed reciprocal. Global players stationed in regulated international markets also need to explore win-win alliances with Indian players. For a good reason: they need to replace their pipeline of patent-protected drugs and / or build a basket of off-patent drugs for the generic market by outsourcing from low-cost destinations like India. Going further, they need to prospect for potential partners in the area of formulation manufacture, bulk drug



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production and contract research. Of late, some of these pharmaceutical majors have also begun to look towards India for collaborators in joint IPR development with the objective to seize a competitive advantage in their existing markets at a low cost.

Over the years, Glenmark has strengthened its proactive international business strategy to capitalise on these emerging opportunities through the following initiatives:

- Its regulated market strategy is being addressed through its US and UK presence with the latter being

viewed as the entry point into the EU region.

- It has entered into an alliance with KV Pharmaceuticals to market its products in the US markets.
- It has developed its brand in the Caribbean Islands, Central America, Africa and South East Asia.
- A recent acquisition of Klinger Labs in Brazil will help the company jump-start its initiatives in the Latin American markets.
- It will continue to build front-end and customer-facing distribution systems in the international

geographies where it intends to market products under its own brand name.

Glenmark's global-focused business model has been directed to fulfil a number of corporate objectives: increasing revenue and enhanced profitability are among them. As these strategies translate into revenues, the company will progressively substitute its dependence on the Indian geography as its principal growth driver with a more diverse international presence, leading to a sustainable increase in shareholder value.

Research f ocused

An ongoing research and development focus is becoming an increasingly important driver of success in the pharmaceutical industry.

A cutting-edge R&D initiative is helping companies identify niches and build differentiated products. This is helping future-proof their presence in an increasingly competitive global environment.

To understand the growing importance of research, it is important to understand the two levels at which change is transpiring in the pharmaceutical industry:

Firstly, innovation and new product development are becoming increasingly important in the creation of new revenue streams.

Secondly, they are leading to the creation of IPR-rich products. The more the patented products with attractive commercial value, the stronger the long-term competitive edge, exactly in line with the requirements of a post-GATT environment in which companies will

need to possess commercially-viable proprietary products and technologies for success.

In response to these changes, Glenmark has drawn out a three-pronged proactive R&D initiative that covers the following:

- New chemical entity (NCE) research: The company is targeting the development of new molecules in the diabetes, obesity and asthma