A NEW WAY FOR
A NEW WORLD

Glenmark

ANNUAL REPORT 2008 - 2009

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FROM THE DESK OF THE CEO

Dear Shareholders,

It's been an exciting decade and an eventful year for all of us associated with Glenmark. As we look back from the threshold of 2010, we see the company growing from strength to strength over the past decade, exceeding expectations and constantly delivering on its promise of performance. Glenmark established it's identity as a research led, fully integrated, global pharmaceutical company. However, FY 0809 was a mixed year- the excitement of a rapidly progressing innovative pipeline clouded by a below par business performance.

The global economy is still reeling under the effect of the financial crisis and few saw it coming. We too started the year with an aggressive revenue guidance and were confronted mid-year by a nose-diving global economy. Iconic companies went down under and trillions of dollars have been pumped into the system by leading governments trying to bail out global giants.

What affected us at Glenmark was a mix of macro-environmental issues and certain unprecedented business events.

Factors impacting specialty business: Currencies in key markets decreased sharply vis-à-vis the dollar. With a substantial part of the specialty business coming from these markets, the impact on revenues was sudden and severe. Devalued currencies and troubled financial conditions impacted distributors in emerging markets leading to large scale trade de-stocking and extended cash cycles. At the same time the market witnessed a severe lack of liquidity in the system and tight credit availability, leading to a spike in cost of borrowing whereby rapidly expanding companies like ours were adversely affected.

On the R&D side the company was also impacted by the inability to monetize any portion of its pipeline in FY 0809. A financially conservative and cautious Big Pharma caused delays in out-licensing from our New Chemical Entity (NCE)/ New Biological Entity (NBE) portfolio. Further, the setback on GRC 6211 (part of TRPV1 portfolio out-licensed to Eli-Lilly) was the first reversal we faced on a fairly advanced NCE. Though disappointing, I must also comment that in the discovery domain true innovation is circumspect without occasional set-backs.

On the generics front, delays by the US Food & Drug Administration (FDA) in generic Abbreviated New Drug Applications (ANDA) approvals in the US led to below expected growth. Glenmark Generics was also hit by price erosion on Trileptal (Oxcarbazepine) in the US market. These factors had a significant impact on the generics business.

Several measures were taken to favourably impact business in the last two quarters of FY 0809. These ranged from re-structuring of operations in emerging markets such as Brazil & Russia in order to consolidate business, to stalling operations in new markets such as Australia & China where near-term payback would have been untenable. We deferred major capital spend and scaled back plans for any merger & acquisition in the near term. Steps were taken to enhance operational efficiency, improve working capital cycle, tighten fiscal discipline and maximize cash flow from operations. These corrective measures will positively impact financials in FY 0910.

Despite the macro headwinds, I believe that we have been prompt in confronting obstacles and have decided to take this juncture as an opportunity to focus on and strengthen our fundamentals.

Nurturing innovation at Glenmark, we have steered our rich, innovative pipeline further towards fruition. The strength of our intent to carry out high quality research has been proven by the steady progress of our NCEs and NBEs. The recently completed Phase II B trials of Melogliptin (DPP IV inhibitor indicated in Type II diabetes) demonstrated potential for offering class leading improvements in glycemic control and metabolic function. Global phase III trials are likely to start by end 2009. In addition to Melogliptin, we also expect Oglemilast (PDE IV inhibitor indicated in Asthma/ COPD) to enter phase III trials, subject to successful Phase II B results, in FY 0910. Of the other four molecules currently in clinics, two are likely to enter Phase II B in FY 0910. Notably, we became the first Indian company to get IND approval of an NBE from the USFDA, when we received the nod for Phase I for our novel biologic GBR500 (VLA-2 Antagonist).

Crofelemer, a molecule in-licensed by us from Napo Pharmaceuticals, USA, is also progressing well in Phase III trials in US and Phase II B in India. This is a potential first-in-class anti-secretory anti-diarrheal agent for multiple indications including HIV-associated diarrhoea. It has received fast-track designation from the FDA and we holds rights to 140 Rest of the World (RoW) countries, where the launches could begin in CY 2010.

We continue to be passionate about innovation, working on best-in-class targets as well as novel target areas. The near-term possibility of being part of the first Indian company to discover and take a new molecule to market keeps the team impassioned, driving them to surpass their own standards in discovery research.

Two organizations, one philosophy - This was the year of implementation of a first-of-its-kind business re-organisation in the Indian pharma market. FY 0809 witnessed both Glenmark Pharmaceuticals Ltd (GPL) and Glenmark Generics Ltd (GGL) progress well on their paths towards becoming future forces in their respective domains of proprietary and generic business. The reorganization has helped to promote sharper focus on specialty and generics as separate businesses with distinctive skill-set needs, objectives and growth imperatives, driven by aligned management teams.

In GPL, we consolidated existing markets and made a concerted effort to strengthen business fundamentals in key GPL markets. We grew the base business (excluding the out-licensing revenues) by 20% over FY 0708. All major markets registered strong secondary growth and new regions like Central & Eastern Europe (CEE) rapidly expanded business .

In GGL, we focused on efficiencies and grew the generics business by 25% over FY 0708. Despite a slowdown in ANDA approvals and Oxcarbazepine price erosion, we grew the US business by 30% over the previous year. Glenmark Generics Europe launched its first product, Perindopril, in Western Europe and continues to grow well.

Despite the mixed year Glenmark has faced in FY 0809, it gives me great pride to affirm that we have not dithered from the path we chose for ourselves nearly a decade back.

Heading in the right direction, we have not wavered from our commitment to high quality discovery research and our ambition of pioneering cutting-edge innovation out of India.

We have always worked towards growing our base business to a size and scale that enables us to fund our research activities ourselves, and we are close to realizing our aspirations. We are recognised as one of the leaders in innovation amongst Indian Pharma and for the first time harbour plans to invest a significant amount in the R&D effort in FY 0910, out of our own accruals, with a comfortable profit margin on the base business. This moves us several notches closer to being a self-reliant innovator who can carry a new molecule from ideation to fruition.

We are also sure that with expected improvement in working capital management & strong cash flows from base business, the financial profile and debt levels of the company will improve multifold in FY 0910.

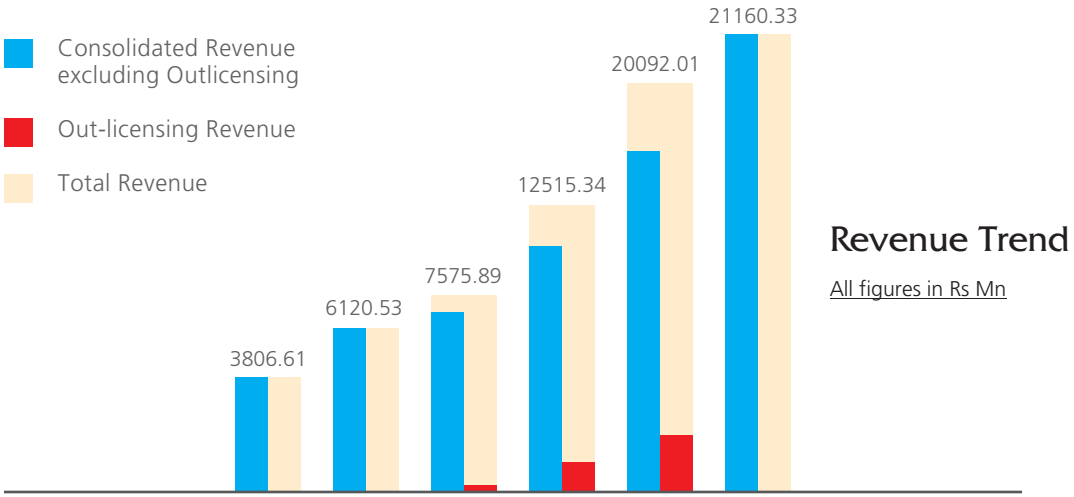
We are steadily gaining an identity as a serious innovator and in December 2008, Glenmark bagged the prestigious SCRIP awards for the "Best Pharma Company in the World SME" and the "Best Company in Emerging Markets" at the 2008 award function at London. Glenmark is the only Indian company to have received this prestigious recognition.

As we step into a new financial year, I re-affirm that the path we have chosen for Glenmark may be the one lesser taken, but is undoubtedly our passage to greater heights. We are well on our way to being an Innovator at par with the biggest and the best. With you reposing your faith in us, we are sure to achieve what we set out to do

- Challenge old dogmas and discover a new way for a new world.

Glenn Saldanha

KEY FINANCIALS

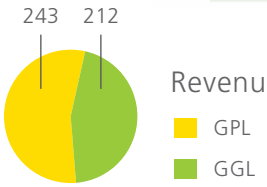


Revenue Trend

All figures in Rs Mn

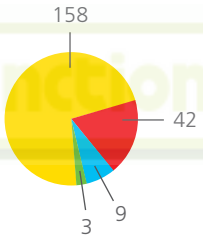
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Consolidated Revenue excluding Outlicensing	3806.61	6120.53	7310.26	11120.22	17689.28	21160.33
Out-licensing Revenue	0	0	265.63	1395.12	2,402.73	0
Total Revenue	3806.61	6120.53	7575.89	12515.34	20092.01	21160.33

All figures in USD Mn



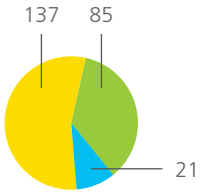
Revenue 0809 (USD Mn)

GPL
GGL



Glenmark Generics Ltd

North America/ US
Active Pharmaceutical Ingredients/ API
Oncology
Europe



Glenmark Pharmaceuticals Ltd

India
Rest of the World
Europe

	FY0405		FY0506		FY0607		FY0708		FY0809	
	Rs. Mn.	USD Mn	Rs. Mn.	USD Mn	Rs. Mn.	USD Mn	Rs. Mn.	USD Mn	Rs. Mn.	USD Mn
Turnover	6120.53	139.87	7575.89	171.09	12515.34	283.54	20092.01	498.81	21160.33	455.35
Other Income	52.29	1.19	128.20	2.90	156.99	3.56	458.20	11.38	1740.12	37.44
PBDIT	1609.8	36.79	1500.26	33.88	4419.85	100.13	8463.46	210.12	6289.95	146.97
Interest	172.63	3.95	147.20	3.32	384.08	8.70	631.68	15.68	1404.77	30.23
Depreciation	164.23	3.75	232.34	5.25	422.59	9.57	716.80	17.80	1026.83	22.09
PBT	1272.94	29.09	1120.72	25.31	3613.18	81.86	7114.98	176.64	2688.81	57.86
Tax	201.53	4.61	240.96	5.44	512.58	11.61	793..87	19.71	754.08	16.23
PAT	1071.41	9.49	879.76	19.87	3100.60	70.25	6321.11	156.93	1934.73	41.63

Average conversion rate for FY 0809 of Rs. 46.47 / USD 1.00
for FY 0708 of Rs. 40.28 / USD 1.00

HIGHLIGHTS FY 0809

For the financial year 2008-09, Glenmark's consolidated revenue increased to Rs. 21,160.33 Mn (USD 455.35 Mn) as against Rs. 20,092.01 Mn (USD 498.81 Mn), including out-licensing revenue received in previous year of Rs. 2,402.73 Mn. (USD 59.65) The base business (excluding outlicensing revenue) grew by 20%. Revenue from the generics business was at Rs. 9,857.43 Mn (USD 212.13 Mn), as against Rs. 7,903.28 Mn (USD 196.21 Mn), registering growth of 25%. The Specialty formulation business registered revenue of Rs. 11,302.90 Mn (USD 243.23 Mn) as against Rs. 9,786.00 Mn (USD 242.95 Mn), registering growth of 16%.

SCRIP AWARDS 2008

SCRIP, the leading pharmaceuticals magazine in the world crowned Glenmark as the
"Best Pharma Company in the World SME"
"Best Company in Emerging Markets"
SCRIP Awards Dec 2008, London.

Forbes

Glenmark recognized as one of
"Asia's 200 Best Under A Billion" companies
Forbes, Sept 2008

Glenmark Pharmaceuticals Limited (GPL)

- The company re-structured the GPL innovative research effort into 4 clearly demarcated centres of excellence: a. NCE discovery and pre-clinical development at Glenmark Research Centre, Mahape Navi Mumbai, India b. Biologics discovery and research at GSA Switzerland c. Clinical R&D for NCEs/ NBEs at Oxford, UK d. Global regulatory and global business development activities at New Jersey, USA
- Glenmark's novel molecule for Diabetes, Melogliptin, successfully completed Phase II B, demonstrating potential to be the best-in-class in achieving glycemic control with low incidence of hypoglycemia and neutral effect on body weight
- Glenmark's molecule for Neuropathic pain, Osteoarthritis - GRC 10693, successfully completed Phase I trials. GRC 10693 is a selective cannabinoid-2 [CB-2] receptor agonist and has first-in-class potential
- Another NCE for Osteoarthritic and Neuropathic Pain, GRC 15300, entered Phase I trials. Globally, this is the first TRPV3 molecule to enter clinical trials
- Crofelemer, in-licensed molecule from Napo Pharmaceuticals USA,progressed well in Phase III trials and was granted fast track designation by US-FDA. Crofelemer is a potential first-in-class anti-secretory anti-diarrheal agent for multiple indications including HIV-associated diarrhea
- Initiated operations and filing process for new products in Thailand, UAE, Egypt & Mexico. Marketing and sales teams were established and distributors appointed
- Successfully initiated and scaled up operations in Poland and Romania. Populated product portfolio in Central Nervous System/ Cardiology area in these markets as well as in Czech Republic and Slovakia

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Glenmark Generics Limited (GGL)

- Glenmark Generics Inc (GGI), USA filed 22 Abbreviated New Drug Applications (ANDAs) including several potential first-to-file para 4 applications
- GGI, USA, received 11 ANDA approvals from the United States Food and Drug Administration (U.S. FDA) including that for Ranitidine Tablets, Lithium carbonate capsules and others. GGI, USA, received Day 1 ANDA approval for Levetiracetam tablets from US FDA. Levetiracetam tablets are indicated as an adjunctive therapy for the treatment of partial onset seizures in adults and children with epilepsy
- GGI USA launched 11 products in the US market taking its portfolio to a total of 45 products. It enhanced its portfolio in pain and dermatology amongst others
- Glenmark Generics Europe Limited (GGEL) launched its first product in Western Europe via initiation of sales of Perindopril tablets in the United Kingdom & Netherlands
- GGEL filed 9 Marketing Authorization Applications and received 8 approvals
- New R&D facility dedicated to GGL became operational at Taloja, Navi Mumbai - India
- Filed 10 Drug Master Files (DMFs) during the year taking the tally to over 40 at the end of FY 0809

ASPIRATIONS FY 0910

Pioneering Transformation

by driving the GPL and GGL business models further on their distinctly different paths

Focused Innovation while moving up the value chain towards

launching innovative molecules globally

Focus on Financial Consolidation

enabling robust investment in research

Paving 'A New Way For A New World'