Glenmark

GLENMARK PHARMACEUTICALS LIMITED

(Incorporated in the Republic of India as a limited liability company under the Companies Act, 1956)

Glenmark Pharmaceuticals Limited (the "**Issuer**" or the "**Company**") is issuing up to [●] equity shares of face value of Re. 1 each (the "**Equity Shares**") at a price of Rs.[●] per Equity Share, including a premium of Rs.[●] per Equity Share, aggregating to Rs. [●] million (the "**Issue**").

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE ON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI REGULATIONS"). THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA.

ISSUE IN RELIANCE ON CHAPTER VIII OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

Invitations, offers and sales of Equity Shares shall only be made pursuant to this Preliminary Placement Document, Application Form and Confirmation of Allocation Note. See "Issue Procedure". The distribution of this Preliminary Placement Document or the disclosure of its contents to any person, other than Qualified Institutional Buyers, as defined in the SEBI Regulations ("**QIBs**"), and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India (the "**SEBI**"), the Reserve Bank of India (the "**RBI**"), the National Stock Exchange of India Limited (the "**NSE**"), the Bombay Stock Exchange Limited (the "**BSE**" and together with the NSE, the "**Stock Exchanges**") or any other regulatory or listing authority and is intended only for use by QIBs. This Preliminary Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Investments in equity shares involve a degree of risk and prospective investors should not invest any funds in this Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective investors are advised to read risk factors carefully before taking an investment decision in this Issue. Each prospective investor is advised to consult its advisors about the particular consequences to it of an investment in the Equity Shares being issued pursuant to this Preliminary Placement Document.

The information on the Company's website or any website directly or indirectly linked to the Company's website does not form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of the Company's outstanding Shares are listed on the NSE and the BSE. The closing price of the outstanding Shares on the NSE and the BSE on September 9, 2009 was Rs. 225.10 per Equity Share and Rs. 225.00 per Equity Share, respectively. Applications shall be made for the listing of the Equity Shares offered through this Preliminary Placement Document on each of the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the Company or the Equity Shares.

YOU MAY NOT BE AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of this Preliminary Placement Document will be delivered to the Stock Exchanges. A copy of the Placement Document will also be delivered to the Stock Exchanges. A copy of the Placement Document will also be delivered to SEBI for record purposes.

THIS PRELIMINARY PLACEMENT DOCUMENT HAS BEEN PREPARED BY THE COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PRELIMINARY PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Joint Global Coordinators and Book Running Lead Managers

ENAM

citi

This Preliminary Placement Document is dated September 10, 2009.

TABLE OF CONTENTS

NOTICE TO INVESTORS

The Company accepts full responsibility for the information contained in this Preliminary Placement Document and to the best of its knowledge and belief, having made all reasonable enquiries, confirms that this Preliminary Placement Document contains all information with respect to the Company, its subsidiaries and the Equity Shares, which is material in the context of this Issue. The statements contained in this Preliminary Placement Document relating to the Company, its subsidiaries and the Equity Shares are, in all material respects, true and accurate and not misleading, the opinions and intentions expressed in this Preliminary Placement Document with regard to the Company, its subsidiaries and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Company, its subsidiaries and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements.

Accordingly, neither the Joint Global Coordinators and Book Running Lead Managers nor any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Joint Global Coordinators and Book Running Lead Managers, as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Preliminary Placement Document acknowledges that such person has neither relied on the Joint Global Coordinators and Book Running Lead Managers nor on any person affiliated with the Joint Global Coordinators and Book Running Lead Managers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Company and its subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Joint Global Coordinators and Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of this offering or the accuracy or adequacy of this Preliminary Placement Document.

The distribution of this Preliminary Placement Document and the Issue may be restricted by law in certain jurisdictions. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Equity Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any other offering materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, investors must rely on their own examination of the Company, its subsidiaries and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document as legal, tax, accounting or investment

advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither the Company nor the Joint Global Coordinators and Book Running Lead Managers are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII of the SEBI Regulations and that it is not prohibited by the SEBI or any other statutory authority from buying, selling or dealing in securities. Each purchaser of Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from the Company and review information relating to the Company and the Equity Shares.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company and the Joint Global Coordinators and Book Running Lead Managers as follows:

- you are a Qualified Institutional Buyer as defined in Regulations 2(zd) of the SEBI Regulations and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI Regulations;

- if you are a resident in any other country other than India you are permitted by all applicable laws to acquire Equity Shares in such country;

- if you are allotted Equity Shares pursuant to the Issue, you shall, for a period of one year from the date of Allotment, sell the Equity Shares so acquired only on the floor of the Stock Exchanges;

- you are aware that the Equity Shares have not been and will not be registered under the SEBI regulations or under any other law in force in India. This Preliminary Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. This Preliminary Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of the Company and the Stock Exchanges;

- you are entitled to subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;

- you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Preliminary Placement Document) and will honour such obligations;

- neither the Company nor the Joint Global Coordinators and Book Running Lead Managers are making any recommendations to you, advising you regarding the suitability of any transactions they may enter into in connection with the Issue; your participation in the Issue is on the basis that you are not and will not be a client of the Joint Global Coordinators and Book Running Lead Managers and that the Book Running Lead Managers have no duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to

the Issue and are in no way acting in a fiduciary capacity;

- all statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. The Company assumes no responsibility to update any of the forward-looking statements contained in the Preliminary Placement Document;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the Equity Shares shall be on a discretionary basis;

- you have made, or been deemed to have made, as applicable, the representations set forth in the "Transfer Restrictions";

- you have been provided a serially numbered copy of this Preliminary Placement Document and have read the Preliminary Placement Document in their entirety;

- that in making your investment decision, (i) you have relied on your own examination of the Company, its subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) you have made your own assessment of the Company, its subsidiaries, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) you have consulted your own independent advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws, (iv) you have relied solely on the information contained in the Preliminary Placement Document and no other disclosure or representation by the Company or any other party and (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company and/or any of the Joint Global Coordinators and Book Running Lead Managers for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- you are not a Promoter and are not a person related to the Promoters, either directly or indirectly and your Bid does not directly or indirectly represent the Promoters or promoter group or person related to the Promoters/ promoter group of the Company;

- you have no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of the Company other than the rights acquired, if any, in the capacity of a lender not holding any Shares of the Company, which shall not be deemed to be a person related to the Promoter;

- you have no right to withdraw your Bid after the Bid Closing Date;

- you are eligible to apply for and hold Equity Shares so allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- the Bid submitted by you would not eventually result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "**Takeover Code**");

- to the best of your knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control as you, the Allotment under the Issue shall not exceed 50 per cent. of the Issue. For the purposes of this representation:

  a. the expression 'belongs to the same group' shall be interpreted by applying the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  b. 'control' shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

- you shall not undertake any trade in the Equity Shares credited to your Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- you are aware that applications have been made to the Stock Exchanges for in-principle approval for listing and admission of the Equity Shares to trading on the Stock Exchanges' market for listed securities and that the application for the final listing and trading approval will be made only after Allotment of the Equity Shares in the Issue, and there can be no assurance that such final approval will be obtained on time or at all;

- you are aware and understand that the Joint Global Coordinators and Book Running Lead Managers will have entered into a memorandum of understanding with the Company whereby the Joint Global Coordinators and Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable endeavours as agents of the Company to seek to procure policies for the Equity Shares;

- that the contents of this Preliminary Placement Document are exclusively the responsibility of the Company and that neither the Joint Global Coordinators and Book Running Lead Managers nor any person acting on their behalf has, or shall have, any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Joint Global Coordinators and Book Running Lead Managers or the Company or any other person and neither of the Joint Global Coordinators and Book Running Lead Managers nor the Company nor any other person will be

liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Joint Global Coordinators and Book Running Lead Managers or the Company and neither the Joint Global Coordinators and Book Running Lead Managers nor the Company will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- you agree to indemnify and hold the Company and the Joint Global Coordinators and Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and agreements in this section. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- that the Company, the Joint Global Coordinators and Book Running Lead Managers, their affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to the Joint Global Coordinators and Book Running Lead Managers on their own behalf and on behalf of the Company and are irrevocable;

- you understand that the Joint Global Coordinators and Book Running Lead Managers have no obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its respective obligations or any breach of any representations or warranties by the Company, whether to you or otherwise;

- that you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time, and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- that you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution; and

- that each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the Equity Shares in the Issue.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, (the "**FII Regulations**") an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities (all such offshore derivative instruments are referred to herein as "**P-Notes**") listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by an appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto. In terms of the FII Regulations, as amended with effect from May 22, 2008, no sub-account of an FII is permitted to directly or indirectly issue P-Notes.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company. The Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Joint Global Coordinators and Book Running Lead Managers and do not constitute any obligations or claims on the Joint Global Coordinators and Book Running Lead Managers. FII affiliates of the Joint Global Coordinators and Book Running Lead Managers may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document;

2. warrant that the Company's Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company; and

it should not for any reason be deemed or construed to mean that the Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a company incorporated with limited liability under the laws of India. Some of its subsidiaries are also incorporated in India. A substantial majority of the Company's directors and executive officers are residents of India and all or a substantial portion of the assets of the Company and such persons are located in India. As a result, it may not be possible for investors to affect service of process upon the Company or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside India.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure (the "Civil Code") on a statutory basis. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Indian Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

The United States has not been declared by the Indian Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. However, the United Kingdom, Singapore and Hong Kong have been declared by the Indian Government to be reciprocating territories. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgement and not by proceedings in execution. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution.

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Our financial statements included in this Preliminary Placement Document have been prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from USGAAP and IFRS. The Company does not provide a reconciliation of its financial statements to US GAAP and IFRS. Also see "*Risk Factors – Risks Factors Related to India - Significant differences exist between Indian Generally Accepted Accounting Principles ("Indian GAAP") and other accounting principles, such as US Generally Accepted Accounting Principles ("US GAAP") and International Financial Reporting Standards ("IFRS"), which may be material to investors' assessments of our financial condition*". In this Preliminary Placement Document, certain monetary amounts have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of figures which precede them.

Unless stated otherwise, the financial data in this Preliminary Placement Document is derived from our consolidated financial statements prepared in accordance with Indian GAAP. Our Fiscal Year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular Fiscal Year of the Company are to the twelve-month period ended on March 31 of that year.

All references to "us", "we" and "our" are to Glenmark Pharmaceuticals Limited and its subsidiaries on a consolidated basis, unless otherwise stated.

All references to "you", "offeree", "purchasers", "subscriber", "recipient", "investors" are to prospective investors in the Equity Shares. References in this Preliminary Placement Document to "India" are to the Republic of India and the "Government" are to the governments in India, central or state, as applicable.

EXCHANGE RATES

The Company prepares and publishes its financial statements in Rupees. All references to "Rupees" and "Rs." are to Indian Rupees and all references to "US Dollars" and "US$" are to United States Dollars. The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rates released by the RBI. The exchange rate as at March 31, 2009 was Rs. 50.95 = U.S. $1.00 and as at September 9, 2009 was Rs. 48.47 = U.S. $1.00. (*Source: www.rbi.org.in*).

Exchange rate (Rs. Per U.S.$ 1.00)				
Year/ Period	**Period End**	**Average**	**High**	**Low**
Year ended 2007	43.59	45.29	46.95	43.14
Year ended 2008	39.97	40.24	43.15	39.27
Year ended 2009	50.95	45.91	52.06	39.89
Three months ended June 30, 2009	47.87	48.67	50.53	46.84

Source: www.rbi.org.in

No representation is made that the Rupee amounts actually represent such amounts in U.S. Dollars or could have been or could be converted into U.S. Dollars at the rates indicated, any other rates or at all.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Preliminary Placement Document have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company not the Joint Global Coordinators and Book Running Lead Managers makes any representation as to the accuracy and completeness of that information.

FORWARD LOOKING STATEMENTS

All statements contained in this Preliminary Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import.

All statements regarding the Company's expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's/ its subsidiaries' business strategy, revenue and profitability and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Document (whether made by the Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company's/ its subsidiaries' actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of the Company's underlying assumptions prove to be incorrect, the Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

DEFINITIONS AND ABBREVIATIONS

Definitions of certain capitalised terms used in this Preliminary Placement Document are set forth below:

Term	Description
The "Company" or the "Issuer"	Glenmark Pharmaceuticals Limited, a public limited company incorporated under the Companies Act and having its registered office at B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai 400 026 and does not include its subsidiaries, unless otherwise stated
"We" or "us" or "our"	Unless the context otherwise requires, Glenmark Pharmaceuticals Limited and its subsidiaries, on a consolidated basis, unless otherwise stated
AGM	Annual General Meeting
Allocated, Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, in consultation with the Joint Global Coordinators and Book Running Lead Managers in compliance with Chapter VIII of the SEBI Regulations
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Issue
Allottees	QIBs to whom Equity Shares are allotted pursuant to this Issue
Application Form	The form (including any revision thereof) pursuant to which QIB shall submit a bid in this Issue
Articles/Articles of Association	The Articles of Association of the Company
Auditors	Price Waterhouse, Chartered Accountants, the statutory auditors of the Company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Bid	An indication of QIBs' interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares in the Issue
Bid Closing Date	September [●], 2009
Bid Opening Date	September 10, 2009
Bidding Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which prospective QIBs can submit their Bids
Board of Directors/Board	The board of directors of the Company or a committee constituted thereof
BOLT	BSE On-Line Trading
Joint Global Coordinators and Book Running Lead Managers	Joint Global Coordinators and Book Running Lead Managers to the Issue, in this case being Enam Securities Private Limited and Citigroup Global Markets India Private Limited
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN/Confirmation of Allocation Note	Note or advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price
CDSL	Central Depository Services (India) Limited
Civil Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 1956, as amended from time to time
Cut-off Price	The Issue Price of the Equity Shares which shall be finalised by the Company in consultation with the Joint Global Coordinators and Book Running Lead Managers
Depository	A body corporate registered under SEBI (Depositories and Participant) Regulations, 1996
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DPID	Depository Participant Identity

Term	Description
Director(s)	Director(s) of the Company, unless otherwise specified
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings per share, i.e., profit after tax for a Fiscal Year divided by the weighted average outstanding number of Equity Shares during that Fiscal Year
Equity Shares	Equity shares of the Company of face value of Re. 1 each
ESOS 2003	Employee Stock Option Scheme of the Company approved by its shareholders at their meeting on September 26, 2003
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 and read with rules and regulations framed thereunder and amended thereto
FII	Foreign Institutional Investor (as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, as amended from time to time
Financial Year/Fiscal Year/ FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated
Floor Price	The floor price of Rs. 221.00 for the Equity Shares, which has been calculated in accordance with Regulation 85 of the SEBI Regulations
FVCI	Foreign Venture Capital Investor (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI under the applicable laws in India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GGL	Glenmark Generics Limited
GoI/Government	Government of India, unless otherwise specified
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
India	The Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
Issue	The offer and sale of the Equity Shares to Qualified Institutional Buyers, pursuant to Chapter VIII of the SEBI Regulations
Issue Price	A price per Equity Share of Rs. [●]
Issue Size	The issue of [●] Equity Shares aggregating to Rs. [●] million
Memorandum/Memorandum of Association	The Memorandum of Association of the Company
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NSDL	The National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
Pay-in Date	The last date specified in the CAN sent to the QIBs
Placement Document	The Placement Document to be issued in accordance with Chapter VIII of the SEBI Regulations
Preliminary Placement Document	This Preliminary Placement Document dated September 10, 2009 issued in accordance with Chapter VIII of the SEBI Regulations

Term	Description
Promoters	The Promoters of the Company, being Saldanha Family Trust, Gracias Saldanha, B.E. Saldanha, Glenn Saldanha, Robin Pinto, Cheryl Pinto and Neha Saldanha
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2 (zd) of the SEBI Regulations
QIP	Qualified Institutions Placement under chapter VIII of the SEBI Regulations
RBI	The Reserve Bank of India
Registered Office	The registered office of the Company being B/2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai 400 026
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Mumbai
Rs./Rupees/INR	Rupees, being the lawful currency for the time being of India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
Securities Act	The US Securities Act of 1933
SICA	Sick Industrial Companies (Special Provisions) Act, 1995
Stock Exchanges/ Indian Stock Exchanges	NSE and BSE
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
United States/ USA	The United States of America
US GAAP	Generally accepted accounting principles in the Unites States of America
US$/ USD/ US Dollars	US dollars, the lawful currency for the time being of the Unites States of America

GENERAL INDUSTRY TERMS

Term	Description
ANDAs	Abbreviated New Drug Applications
API	Active Pharmaceutical Ingredients
CAGR	Compound annual growth rate
CDSCO	Central Drugs Standard Control Organisation
CGMP	Current Good Manufacturing Practice
CIS	Commonwealth of Independent States
CRAMS	Contract research and manufacturing services
DCA	Drugs and Cosmetics Act, 1940
DCGI	Drug Controller General of India
DMF	Drug Master Files
DPCO	Drug (Prices Control) Order, 1995
DTAB	Drug Technical Advisory Board
EMRs	Exclusive Marketing Rights
GATT	General Agreement on Tariffs and Trade
HMO	Health maintenance organisations
ICH	International Conference on Harmonisation
ICMR	Indian Council of Medical Research
IDA	International Dispensary Association
IEC	Institutional ethics committee
IMS	IMS Health Incorporated
MHRA	Medicines and Healthcare Products Regulatory Agency, U.K
MNC	Multinational Corporation

Term	Description
NBE	New biological entity
NCE	New chemical entity
NDDS	New Drug Delivery System
NPPA	National Pharmaceutical Pricing Authority
OTC	Over the counter
PCB	Pollution Control Board
TRIPS	Trade-Related Aspects of Intellectual Property Rights
USFDA	United States Food and Drug Administration
WHO	World Health Organisation
WTO	World Trade Organisation

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed terms appearing elsewhere in this Preliminary Placement Document, including under "Issue Procedure" and "Description of the Equity Shares".

Issuer	Glenmark Pharmaceuticals Limited
Face Value	Re. 1
Issue Price per Equity Share	Rs. [●]
Issue Size	[●] Equity shares aggregating to Rs. [●] million A minimum of 10% of the Issue Size i.e. up to [●] Equity Shares shall be available for Allocation to Mutual Funds only. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs
Floor Price	Rs. 221.00 per Equity Share.
Equity Shares issued and outstanding immediately prior to the Issue	250,868,118 Equity Shares, aggregating Rs. 250,868,118.
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Eligible Investors	QIBs as defined in clause 2 (zd) of the SEBI
Listing	The Company has made applications to each of the Stock Exchanges to obtain in-principle approvals for listing of the Equity Shares issued pursuant to the Issue.
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges.
Closing	The Allotment of the Equity Shares offered pursuant to this Issue shall be made on or about [●] (the "**Closing Date**").
Ranking	The Equity Shares being issued shall be subject to the provisions of the Company's Memorandum of Association and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividends. The Equity Shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date, in compliance with the Companies Act. The Equity Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Share held. See the "Description of the Equity Shares".
Voting Rights of Equity Shareholders	For details, see "*Description of the Equity Shares – Voting Rights*".
Dividends	For details, see "*Description of the Equity Shares – Dividend*".

Use of Proceeds	The net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to be approximately Rs. [●] million. For details of the use of proceeds, see "*Use of Proceeds*".
Lock-up	The Company will not, for a period of 180 days from the date of the Placement Document, without the prior written consent of the Joint Global Coordinators and Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (A) or (B) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction. The foregoing sentence shall not apply to: (I) any issuance or transfer of Equity Shares by the Company to any employee of the Company or its subsidiaries as a result of such employee exercising its employee stock option issued under an existing employee stock option plan and disclosed in the Placement Document, (II) any grant by the Company of an option, right or warrant to purchase or acquire Equity Shares in the Company to the employees of the Company and its subsidiaries as part of the employee stock option plan in existence as of the date of the Preliminary Placement Document and disclosed in the Placement Document, (III) any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law, and (IV) any issuance of Shares by the Company pursuant to requirements under existing obligations of the Company being the outstanding zero coupon resettable onward starting equity linked securities due in 2010 and the outstanding zero coupon resettable onward starting equity linked securities due in 2011. The Saldanha Family Trust and Glenn Mario Saldanha have also entered into a lock-up agreement for a period of 90 days from the date of the Placement Document on the terms as set out above.
Risk Factors	Prior to making an investment decision, prospective investors should carefully consider the matters discussed under "*Risk Factors*".

Security Codes:	ISIN	INE935A01035
	BSE Code	532296
	NSE Code	GLENMARK - EQ

SUMMARY OF BUSINESS

Overview

We are a research oriented, integrated pharmaceutical company incorporated in the Republic of India, with a presence in numerous markets around the world. We operate a specialty/proprietary business ("**Specialty Business**") which is focused on drug development and branded generic drugs and a pure generics business ("**Generics Business**") which operates in the unbranded generic drug market and the active pharmaceutical ingredients ("**APIs**") market (each as more fully described below). We offer a range of products across various therapeutic segments including dermatology, gynaecology, oncology, diabetes, pain management and cardiovascular disease.

We were incorporated in India on November 18, 1977 and became a public limited company on May 20, 1996.

Our Specialty Business is operated through the Company and focuses on new drug development and marketing of branded products. It is actively engaged in the development of new chemical entities ("**NCEs**") and new biological entities ("**NBEs**") and to out-licence them at appropriate junctures. To this effect, we have four research and development ("**R&D**") centres, dedicated to the discovery and development of NCEs and NBEs. As at March 31, 2009, we had successfully out-licenced three molecules to four partners and had received a total of U.S.$117 million in up-front and milestone payments. Since March 31, 2009 two of the four out-licencing agreements have been terminated. We have established branded products in, niche therapeutic segments including dermatology, gynaecology, diabetes, pain management and cardiovascular diseases. We recognise the value of investing in original research in order to generate intellectual property assets that will sustain our revenues and earnings in a product patent regime post the General Agreement for Trade and Tariffs. We believe that these intellectual property assets allow us to establish our brands in regulated international markets and facilitate our growth as a global company. Towards this end, we have invested steadily in building a pipeline of NCEs, new NBEs and platform technologies. Currently, we have a pipeline of seven NCEs and two NBE in various phases of development.

Within our Specialty Business, we operate a "branded generics" model. Our branded generics operations focus on the sale of our own branded, off-patent drugs. Important aspects of this business include brand building and prescription generation by way of marketing. We have a history of in-house brand development and, since incorporation, we have continued to launch new products at regular intervals. We first entered the dermatology market with the introduction of Candid Cream in 1979. We subsequently broadened our product range by introducing Candid–brand extensions in other therapeutic segments. In 1987, we launched Ascoril, a cough expectorant. Our products Candid B, Ascoril, Telma and Telma H are among our successful brands, ranked 106, 127, 140 and 204 respectively among the top 300 brands as of July 2009. (Source: ORG IMS Health Incorporated SSA July 2009).

Our Generics Business, operated through GGL, focuses on the generic drug markets in the United States of America ("**United States**"), parts of Europe and parts of Latin America, and on marketing and distribution of generic formulations and APIs. APIs are the principal ingredients for finished dosages and are also known as bulk actives or bulk drugs. APIs become formulations when the dosage is prepared for human consumption using additional inactive ingredients either in oral forms such as tablets, capsules, dry syrups or liquid orals or in sterile forms like injectable dry powder vials or liquid injectables. As of June 30, 2009, we have launched over 45 products in the United States generics market and have a further 45 abbreviated new drug applications ("**ANDAs**") pending approval. We also generated, in October 2008, our first sales in the United Kingdom – through sales of Perindopril tablets. In addition, we sell APIs in over 70 countries.

The Company has 33 subsidiaries, of which 32 are wholly-owned subsidiaries and, on a consolidated basis, we have, globally, more than 5,500 employees, over 25 representative offices and 12 manufacturing locations. We have over 2000 medical representatives located throughout India to market our products. We have established subsidiaries in Romania (Glenmark Pharmaceuticals s.r.l) and Poland (Glenmark Pharmaceuticals Sp. zo.o and Glenmark Distributors Sp. zo.o) and have established a presence in numerous

jurisdictions including Thailand, Egypt, the United Arab Emirates ("**UAE**"), Venezuela, Peru, Russia and the Commonwealth of Independent States ("**CIS**").

We have won a number of awards, recent ones being announced "Best Pharma Company in Emerging Markets" and "Best Pharma Company in the World – SME" at the 2008 SCRIP awards and being included in the Forbes "Asia's 200 Best Under a Billion" list of companies in September 2008 .

From fiscal year 2007 to fiscal year 2009, our consolidated sales have grown at a compound annual growth rate of 30 per cent.

We have, beginning in the fiscal year 2009, reorganised our business structure into two separate strategic business units, the Specialty Business is operated through the Company and the Generics business, operated through GGL. The purpose of the reorganisation was to focus on individual business areas to achieve optimum and effective management of resources, people and markets. Following the 2007-2008 reorganisation of our business units, the facilities that remain within the the Speciality Business (being those not specifically transferred to GGL) are the formulations manufacturing facilities at Baddi, Himachal Pradesh and Nasik, Maharashtra in India, the formulations manufacturing facilities at Sao Paulo, Brazil and Vysoke Myto in Czech Republic, the formulations development facility at Sinnar-Maharashtra in India, the R&D centre for NCEs at Mahape, Navi Mumbai in India, the R&D centre for NBEs at Canton of Neuchatel in Switzerland, the clinical R&D centre at Oxford in the United Kingdom. In addition, all investments carried out by the Company in the branded markets and all innovative intellectual property ("**IP**") relating to NCEs and NBEs, remain assets of the Company.

Key milestones

Year	**Milestone**
1977	The Company was incorporated in India under the Companies Act 1956.
1979	We entered the dermatology market with the introduction of Candid Cream.
1983	We commissioned our first manufacturing facility at Nasik, Maharashtra, India.
2000	We announced an initial public offer at the Bombay Stock Exchange and the National Stock Exchange. The issue was oversubscribed.
2001	We launched our API manufacturing business.
2002	We purchased our API manufacturing facility in Ankleshwar, Gujarat.
2004	We entered into our first out-licencing deal for discovery R&D with Forest Laboratories, Inc. in respect of Oglemilast, our chronic obstructive pulmonary disease ("**COPD**")/asthma molecule.
2004	We acquired an Agência Nacional de Vigilância Sanitária (National Health Surveillance Agency Brazil) ("**ANVISA**") approved manufacturing facility in Brazil.
2005	Our manufacturing facility in Goa received United States Food and Drug Administration ("**USFDA**") approval for the United States markets.
2005	We launched commercial sales operations in the United States.
2007	Our manufacturing facility in Baddi, Himachal Pradesh received USFDA and United Kingdom Medicines and Healthcare Products Regulatory Agency ("**UKMHRA**")

	approval for the manufacture of ointments and creams.
2007	We entered the Czech Republic and Slovakia markets through our acquisition of Medicamenta a.s. ("**Medicamenta**").
2008	We reorganised our business structure into two separate strategic business units.

Competitive strengths

The following are our key strengths which we believe enable us to compete in our principal markets:

- ***Strong NCE and NBE R&D capabilities.*** We have demonstrated our discovery research strength in the past by out-licencing three of our molecules for a cumulative payment (upfront and milestone) of U.S.$117 million. We completed out-licencing deals with Forest Laboratories, Inc. in 2004, with Teijin Pharma in 2005, with Merck KGaA in 2006 and with Eli Lilly & Co. in 2007. The out-licencing deals with Merck KgaA and Eli Lilly & Co. have since terminated.

  Currently, we have seven NCEs in clinical development and two NBEs in various stages of development. One of the NCEs, Crofelemer, is in-licenced. We are constantly looking for opportunities for partnering for the development of these pipeline molecules.

  We are committed to our discovery research efforts and have invested extensively in setting up a R&D centre for NCEs at Mahape, Navi Mumbai in India, a R&D centre for NBEs at Canton of Neuchatel in Switzerland and a clinical R&D centre at Oxford in the United Kingdom. We have research centres in India, where we undertake small molecule research, Switzerland, where we undertake biologics research, Oxford, where we undertake clinical research and the United States, where we carry out IP management, regulatory and global business development. Our R&D efforts are concentrated on analogue research in specific therapeutic segments which we believe offer out-licencing potential, such as the asthma, diabetes, osteoarthritic, multiple sclerosis and obesity segments.

  We are focused on attracting and retaining a dedicated and experienced R&D team. As of March 31, 2009, we had approximately 700 employees employed in R&D, including 600 scientists.

- ***Generics Business - Focus on niche segments***. We believe that we have several advantages in the generic formulations business based on high-technology formulations development and manufacture which is not easy to replicate. In particular, we are diversified into niche areas such as dermatology, hormones, oncology, modified release and controlled substances. Products within those areas can be difficult to manufacture, which can result in less competition and higher margins. We have formulations manufacturing facilities in Goa, India and have over 45 products in the United States market.

  We currently have over 45 USFDA ANDAs in the pipeline, of which 4 are intended to be sole first-to-file Paragraph IV filings. For example, we filed an abbreviated new drug application ("**ANDA**") with a Paragraph IV certification against the generic version of Schering Plough & Merck Shering Plough company LLC's hypercholesterolemia treatment Zetia (Ezetimibe) seeking regulatory approval to market a generic version of Ezetimibe (Zetia). In the event that we successfully challenge Schering's patents, we will be entitled to a 180 day exclusivity period. We received 180 day exclusivity for our Oxcarbazepine product in the North American market and we have filed first-to-file applications in respect of Tarka (a Trandolapril and Verapamil product), Malarone (a tablet-form Atovaquone and Proguanil Hydrochloride product) and Cutivate (a Fluticasone lotion) where we were sole first-to-file applicant. We also have another first-to-file opportunity in respect of Eszopiclone tablets. On March 20, 2009, Sepracor Inc. filed suit in the United States District Court seeking to prevent us (and nine other companies) from proceeding

with commercialisation of Eszopiclone tablets, currently marketed as Lunesta with annual sales of approximately U.S.$750 million in the United States. (Source: IMS sales data – March 2009).

- ***Branded generics business – focus on therapeutic segments***. We have established branded products in a number of therapeutic segments including dermatology, gynaecology, internal medicine, diabetes, pain management and cardiovascular diseases. We have been creating and launching new product offerings in order to augment our growth from our existing brands and also to provide a wide range of products within each of our targeted therapeutic segments. Between fiscal years 2004 and 2009, we introduced more than 100 new products into the Indian pharmaceutical market (for further details please see "*Specialty Business – Branded generics – Rest of the World – India*". We believe our ability to manufacture and introduce new products is enhanced by our ability to manufacture and develop APIs in-house.

  We currently have branded product operations in India, Asia Pacific, Africa/Middle East, Latin America, Russia and the Commonwealth of Independent States ("**CIS**") markets. We also have marketing and sales front-end, branded product operations in Central and Eastern Europe ("**CEE**").

- ***Manufacturing expertise***. We own and operate 12 manufacturing facilities across nine locations in India and three locations internationally. In order to serve our domestic and export markets, we have developed an infrastructure of formulations and API manufacturing facilities which have been built in accordance with the World Health Organization's ("**WHO**") current good manufacturing practice ("**cGMP**") guidelines. Each of our manufacturing facilities has separate quality control units to monitor the manufacturing quality of our products. Of the 12 facilities, the three facilities at Ankleshwar, Kurkumbh and Mohol are API manufacturing facilities. The remaining facilities, including those at Goa, Baddi and Nasik, are formulations facilities. International facilities are located in Brazil, the Czech Republic and Argentina.

  Our Ankleshwar, Goa and Baddi plants have received USFDA approval. Our formulations manufacturing facility at Goa has also obtained Canadian and South African cGMP approvals and our Baddi plant is approved by the UKMHRA. Our facility in Brazil has obtained ANVISA approval. Such approvals allow us to export our formulations to the United States and other countries on registration of products with the respective drug authorities.

  Our manufacturing expertise enables us to meet complex, potentially hazardous commercial production requirements, often on a large-scale. We have expertise in the manufacture of oral solids, semi-solids, hormones and oncology products including lyophilised and liquid injectables.

- ***Management focus.*** Management focus is evidenced through the reorganisation of the business into the Specialty Business and the Generics Business. We realigned our business with a view to ensuring enhanced focus on individual business areas and to ensure optimum and effective management of resources, people and markets.

Our strategy

Our strategic focus is on expanding our operations across all aspects of our business model. This includes development of the non-specialised businesses including the API manufacturing and pure generics businesses, the branded generics business and the specialty/proprietary branded business, including the development of NCEs and NBEs. In the Generics Business, the focus will be on forging IP challenges, maintaining low-cost API supply and enhancing distribution efficiency. In the Specialty Business, our strategic efforts will concentrate on brand building, prescription generation, marketing, developing novel drugs, enhancing medical and clinical skill bases and protecting our IP. Specifically we adopt the following strategies:

- ***Focus on higher-growth therapeutic segments in the branded generics market***. We intend to focus our branded generics strategy on markets we have identified as key, growth markets for our business, such as Brazil, Russia and CEE markets including Poland, Romania and the Czech Republic using a specialised approach. This will involve consolidating our position across existing territories and applying our existing business models across newer markets such as Egypt, Thailand, the UAE and Mexico. We intend to access these newer markets either by acquiring entities or products or by way of green-field entry by leveraging our branded generic model. We will look at launching our formulations in the relevant markets, supplemented by in-licenced products as are deemed necessary to strengthen the product suite. We have developed good relationships with medical professionals in India, and our established reputation with the specialists in particular segments offers opportunities to maintain our market position by building on our brand equity. We have replicated the same 'branded generic' model in the markets of the Asia Pacific, Africa/Middle East, Russia, the CIS, CEE and Latin America. We have over 800 sales personnel in these markets promoting our brands to doctors. We will continue with our product registration program and seek additional approvals and launches.

- ***Continue to invest in discovery research***. The focus of our proprietary branded business is on the advancement of one of our NCEs Melogliptin, which is a type II diabetes compound into Phase III of clinical development. Oglemilast (GRC 3866) recently completed an unsuccessful Phase IIb study for the treatment of COPD though it continues to be the subject of Phase IIb asthma trials, which are nearing completion. Similarly we are aiming to progress two more of our NCEs, Revamilast, which is a rheumatoid arthritis/multiple sclerosis/inflammatory disorder compound, and GRC 10693, which is a neuropathic pain/osteoarthritis/inflammatory pain compound, to Phase IIb of clinical development. Both Revamilast and GRC 10693 have successfully completed Phase I clinical trials. We aim to progress GBR500, which is a multiple sclerosis/inflammatory disorder compound, GBR 600, which is an anti-platelet compound and GRC 15300, which is an osteoarthritic pain/neuropathic pain compound, to Phase I level of clinical development. We are also preparing regulatory submissions and launch preparations for the anti-diarrhoeal drug Crofelemer, in respect of which we have commercial rights in over 140 countries. We continue to focus on novel targets in the areas of metabolism, inflammation, pain and oncology.

- ***Capitalise on partnering opportunities***. We intend to continue our focus on the development of NCEs and NBEs with a view to out-licencing them as appropriate. To date, we have successfully out-licenced three molecules to four partners and have received a total of U.S.$117 million in up-front and milestone payments. Two of the four out-licencing agreements have now been terminated. We intend to focus our R&D efforts on research in specific therapeutic segments which we believe offer out-licencing potential, such as the metabolic diseases, pain and inflammation therapeutic areas. Our policy is to develop promising molecules up to the early clinical stage and then out-licence to international pharmaceutical companies. The molecules are out-licensed primarily for the North American, European and Japanese regions. If the molecule is successful and reaches the market, we will receive royalties from subsequent drug sales in these markets. The royalties are in addition to upfront and milestone payments we receive as the molecule progresses through various stages of clinical development. For the rest of the world, the rights remain with us and we can launch the product on its own in these markets (which include India).

- ***Capitalise on the opportunities for generics in the regulated markets***. We intend to continue to exploit our low-cost advantage and development capabilities in the implementation of our expansion plans to overseas regulated markets. In the United States and European generics markets, we intend to continue to sell specialty APIs to companies and develop long-term business opportunities. We continue to focus on the filing of ANDAs in the United States and on the filing of drug master files ("**DMFs**") focused on differentiated and niche products. We have diversified into, and intend to seek Paragraph II, III and IV filings in niche areas such as dermatology, hormones, oncology, controlled substances and modified release medications. Paragraph II filings are filed post the expiry of the patent relating to the innovator brand, Paragraph III filings are filed prior to expiry of the patent relating to the innovator brand, but the product is launched post-expiry

of the patent and Paragraph IV filings are challenges by the filer of the innovator brand patent which, if successful, enable the filer to launch the product prior to the expiry of the patent. Products in these segments are often difficult to manufacture. The additional complexities in these segments can act as barriers to entry resulting in less competition and higher margins. In addition, we intend to submit a number of Paragraph IV challenges which could result in potential first-to-file exclusive opportunities. We intend to continue to focus on launching drugs going off-patent. As products come to the end of their patent-protected lifecycle in the developed markets, generic opportunities and API growth potential associated with those products will increase. In particular, we intend to increase our penetration in Western Europe through new product launches and Marketing Authorisation Applications ("**MAA**") in the European Union ("**EU**"). The commissioning of the injectables facility in Argentina (scheduled to be commissioned in September 2009) is designed to boost our pipeline of products in the oncology sector.

- ***Capitalise on Paragraph IV filing opportunities***. We intend to submit a number of Paragraph IV challenges which could result in potential first-to-file exclusive opportunities. These first-to-file submissions seek to challenge patents listed by third parties. Successful challenges can result in regulatory approval to launch generic versions of the drugs the subject of those patents and a 180 day exclusivity period.

SUMMARY FINANCIAL INFORMATION

The selected audited Income Statement and Balance Sheet data for the years ended March 31, 2007, March 31, 2008 and March 31, 2009 set forth below have been derived from the Company's audited consolidated financial statements and schedules thereto for the years ended March 31, 2007, March 31, 2008 and March 31, 2009, which have been prepared in accordance with Indian GAAP as applicable at the time of their initial preparation and have been audited by Price Waterhouse, Chartered Accountants, the Company's independent statutory auditor.

Consolidated Balance Sheet as at March 31, 2007, March 31, 2008 and March 31, 2009

		As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
		Rs. In ('000s)	Rs. In ('000s)	Rs. In ('000s)
I.	**SOURCES OF FUNDS**			
	1. SHAREHOLDERS' FUNDS			
	a) Capital	240,116	248,726	250,520
	b) Reserves and Surplus	6,623,534	14,930,003	15,731,044
		6,863,650	15,178,729	15,981,564
	2. MINORITY INTEREST	-	14,796	31,552
	3. LOAN FUNDS			
	a) Secured Loans	1,749,306	1,961,282	3,826,548
	b) Unsecured Loans	7,617,757	7,948,104	17,116,917
		9,367,063	9,909,386	20,943,465
	4. Deferred Tax Liability	812,690	1,145,547	1,054,748
	Less: Deferred Tax Asset	92,698	200,025	485,489
		719,992	945,522	569,259
		16,950,705	26,048,433	37,525,840
II.	**APPLICATION OF FUNDS**			
	1. FIXED ASSETS			
	a) Gross Block	7,095,490	11,241,021	18,385,786
	b) Less : Depreciation	1,165,094	2,055,881	2,723,341
	c) Net Block	5,930,396	9,185,140	15,662,445
	d) Capital Work-in-progress	2,173,888	3,372,287	5,454,080
		8,104,284	12,557,427	21,116,525
	2. INVESTMENTS	187,237	188,171	181,229
	3. CURRENT ASSETS, LOANS AND ADVANCES			
	a) Inventories	2,697,092	4,007,391	6,302,253
	b) Sundry Debtors	5,711,645	8,068,517	9,553,428
	c) Cash and Bank Balances	1,057,549	1,565,069	714,823
	d) Loans and Advances	1,588,046	2,869,032	4,220,877
		11,054,332	16,510,009	20,791,381
	Less : CURRENT LIABILITIES AND PROVISIONS			
	a) Current Liabilities	2,328,566	3,029,590	4,398,904
	b) Provisions	66,582	177,584	164,391
		2,395,148	3,207,174	4,563,295
	NET CURRENT ASSETS	8,659,184	13,302,835	16,228,086

		As at March 31, 2007	As at March 31, 2008	As at March 31, 2009
		Rs. In ('000s)	Rs. In ('000s)	Rs. In ('000s)
	TOTAL	16,950,705	26,048,433	37,525,840

Consolidated Profit and Loss Account for the year ended March 31, 2007, March 31, 2008 and March 31, 2009

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31 ,2009
	Rs. In ('000s)	Rs. In ('000s)	Rs. In ('000s)
INCOME			
Sales & Operating Income	12,515,336	20,092,005	21,160,332
Other income	156,992	458,202	1,740,116
	12,672,328	**20,550,207**	**22,900,448**
EXPENDITURE			
Cost of Sales	4,574,712	6,757,996	8,750,997
Selling and Operating Expenses	3,245,159	4,571,018	6,976,794
Depreciation/Amortisation	422,589	716,795	1,026,827
Interest (net)	384,076	631,680	1,404,766
Research and Development Expenses	432,609	757,730	882,703
	9,059,145	**13,435,219**	**19,042,087**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	3,613,183	7,114,988	3,858,361
Exceptional Item	-	-	1,169,548
PROFIT BEFORE TAX	**3,613,183**	**7,114,988**	**2,688,813**
Provision for Taxation			
- Current Year	329,984	857,114	651,299
- Mat Credit (Entitlment)/ Utilisation	(181,219)	(347,472)	395,278
- Deferred Tax	303,700	199,223	(383,148)
- Fringe Benefit Tax	39,731	85,000	81,373
- Prior Period Tax	20,387	-	9,282
NET PROFIT AFTER TAX BEFORE MINORITY INTEREST	**3,100,600**	**6,321,123**	**1,934,729**
Share of (profit)/loss transfer to Minority	-	204	(18,092)
NET PROFIT AFTER TAX & MINORITY INTEREST	**3,100,600**	**6,321,327**	**1,916,637**
Balance Profit Brought Forward	2,035,295	4,678,920	10,276,665
NET PROFIT AVAILABLE FOR APPROPRIATION	**5,135,895**	**11,000,247**	**12,193,302**
Dividend on Preference Shares	6,942	-	-
Tax on Dividend on Preference Shares	974	-	-
Interim Dividend on Equity Shares	95,756	171,545	-
Tax on Interim Dividend on Equity Shares	13,430	29,154	-
Proposed Dividend on Equity Shares	-	-	100,208
Tax on Proposed Dividend on Equity Shares	-	-	17,030
Transfer to Capital Redemption Reserve	200,000	-	-
Transfer to Foreign Currency Monetary Item Translation Difference Account	-	-	366,121
Transfer to General Reserve	140,000	522,883	494,490
BALANCE CARRIED TO BALANCE SHEET	**4,678,793**	**10,276,665**	**11,215,453**
Earnings Per Share (Rs.)			
Basic	25.98	25.84	7.7
Diluted	23.12	24.96	7.5
Face Value per Share	2.00	1.00	1.0

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below and under "Forward Looking Statements" before making an investment in the Equity Shares. If the following risks actually occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares.

Risks relating to our business

We are not in compliance with certain financial covenants in some loan agreements entered into by our subsidiary, which could result in the acceleration of the payment obligations on some or all of our outstanding indebtedness including our outstanding convertible bonds and other loans.

We are currently not in compliance with certain financial covenants in some loan agreements entered into by our subsidiary, Glenmark Holdings SA, Switzerland with Citicorp International Limited in its capacity as the agent of certain lenders for a loan facility of USD 100 million and with ICICI Bank Limited in its capacity as the agent of certain lenders for a loan facility of USD 13 million. Such non-compliance with the financial covenants constitutes an event of default under the respective loan agreements. The Company is a guarantor under each of the aforesaid facilities. The various remedies available to lenders, as a consequence of the aforesaid breaches, include, *inter alia*, cancellation of total commitments and acceleration of repayment of amounts outstanding under the finance documents. Whilst we have initiated steps to obtain waivers from the lenders, have not, until the date of this Preliminary Placement Document, obtained waivers under, or made amendments to, the relevant financing agreements. For details of the financial covenants in respect of which we are non-compliant, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

These defaults under the financing documents mentioned above have also triggered cross-default provisions under some of the other financing documents, including the outstanding zero coupon resettable onward starting equity linked securities due in 2010, the outstanding zero coupon resettable onward starting equity linked securities due in 2011 and certain other loans of the Company. Further, the non compliance with the financial covenants in the abovementioned financing documents being an event of default, are also events of default under the other facilities and entitle the respective lenders to enforce remedies under the terms of the financing documents. We have not obtained waivers under, or made amendments to, the relevant financing agreements. Further, there can be no assurance that all our lenders will agree to waivers or amendments on acceptable terms and the timelines for obtaining any such waivers or amendments are uncertain. As of the date of this Preliminary Placement Document, the Company has not initiated steps to seek waivers of the defaults from the trustee or the holders of the outstanding zero coupon resettable onward starting equity-linked securities due in 2010 or the outstanding zero coupon resettable onward starting equity-linked securities due in 2011.

If the obligations under any of our financing documents are accelerated, our financial condition and operations could be materially and adversely affected. In such event, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes. If the obligations under any of our financing documents are accelerated it may also result in a decline in the trading price of the Equity Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts as they fall due. For details of our total outstanding loans, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

If our research and development efforts do not succeed, this may restrict our ability to derive income from out-licensing and hinder the introduction of new products, both of which are critical to our business.

In order to remain competitive, we must develop, test and manufacture new products, which must meet regulatory standards and receive requisite regulatory approvals. To accomplish this, we commit substantial efforts, funds and other resources to research and development. In years ended March 31, 2007, 2008 and 2009, Glenmark Pharmaceuticals Limited ("**GPL**") spent Rs.513.73 million, Rs.659.12 million, Rs.619.04 million, respectively, on research and development ("**R&D**"), which amounted to 6.09%, 4.63%, 6.41%, respectively, of GPL's standalone total revenues for such periods. Our ongoing investments in new product launches and R&D for future products could result in higher costs without a proportionate increase in revenues. Delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage and therefore not reach the market could affect our collaborative arrangements with third parties, impact our goodwill and affect our operating results. The development and commercialisation process, especially for new chemical entities ("**NCEs**") is both time consuming and costly. On average, it takes approximately ten to 12 years to develop an NCE from the laboratory stage to a form ready for consumption by the patient. We estimate the cost of developing a product through the pre-clinical testing stage in India to be approximately US$2-3 million. We may or may not be able to take these innovations through the different testing stages without having to repeat the research. Our competitors may commercialise these innovations or similar new products before us. In addition, a number of our products are in an advanced stage of development (Phase II and Phase III clinical trials) where research and development costs are very high. It is possible that we may be unable to out-licence these products in the current difficult market conditions. This may have a material effect on our business and results of operation. For example, as a result of the recent failure of Phase IIb trials for the use of our compound Oglemilast (GRC 3886) as a treatment of chronic obstructive pulmonary disease, we are unlikely to receive further milestone payments from our development partner Forest Laboratories, Inc. While the risks of such failures are inherent in the discovery process, similar setbacks for other compounds in development could put our out-licencing/milestone payment income revenue streams at risk.

A limited number of therapeutic categories generate a significant portion of our total revenues and our business may be materially adversely affected if products in these therapeutic categories do not perform as well as expected or if substitute products become available or gain wider market acceptance.

We generate a significant portion of our total revenues in India from the sale of products in a limited number of principal therapeutic areas such as the dermatology and respiratory areas. If market growth in these therapeutic areas, or if profit margins for products sold in these therapeutic areas decline, our results of operations could be adversely affected. As a result of increased competition, pricing pressures or fluctuation in the demand or supply of our products, our revenues from these products may decline in the future. Similarly, in the event of any breakthroughs in the development or invention of alternative drugs for these therapeutic categories, we may be exposed to the risk of our products becoming obsolete, or being substituted to a greater or lesser extent, by these alternatives. Further, we may not be able to expand our presence in other therapeutic areas in the pharmaceutical industry. Any material adverse developments with respect to the sale or use of products in these therapeutic categories, or failure to successfully introduce new products in other therapeutic categories, could have a material adverse effect on our revenues.

Failure to successfully identify and conclude acquisitions or manage the integration of the businesses, technologies and products we acquire may cause our profitability and operations to suffer.

We have undertaken several merger and acquisition transactions (including, *inter alia*, the acquisitions of Medicamenta a.s., a pharmaceutical company based in the Czech Republic, Bouwer Barlett Pty. Ltd., a South African sales and marketing company and our manufacturing facilities in Sao Paolo, Brazil and Ankleshwar, India) and are constantly evaluating new opportunities and may make additional acquisitions in the future, if suitable opportunities arise. These may require significant investments which may not result in favourable returns. Acquisitions involve risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalised;
- integration and management of businesses, products, technologies or personnel may incur a significant expenditure of operating, financial and management resources;
- retention of select personnel;
- co-ordination of sales and marketing efforts;
- diversion of management's attention from other ongoing business concerns; and
- write-offs of investments.

If we are unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, our growth plans may not be met and our cash generation and profitability may decline.

Future acquisitions could dilute our shareholders' interest in us and could cause us to incur substantial debt, expose us to contingent liabilities and could negatively impact our profitability.

If we do not successfully commercialize our products under development, or if our commercialization is delayed, it will adversely affect our operating results.

Our future results of operations depend, to a significant extent, upon our ability to successfully commercialize additional active pharmaceutical ingredients and formulation products. The development and commercialization process is both time consuming and costly and involves a high degree of business risk. In order to develop a commercially viable product, we must demonstrate, through extensive pre-clinical and human clinical trials, that the products are safe and effective for use in humans. Our products currently under development, if and when fully developed and tested, may not perform as we expect, necessary regulatory approvals may not be obtained in a timely manner, if at all, and we may not be able to successfully and profitably produce and market such products.

Furthermore, even if we are successful in developing a new product, that product may become subject to litigation by third parties claiming our product infringes on their patents or may be otherwise unsuccessful in the market place due to the introduction of superior products by competitors. Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all.

To develop our product pipeline, we commit substantial time, efforts, funds and other resources for research and development, both through our own dedicated resources and our collaborations with third parties. Our investments in new product launches and research and development for future products could result in higher costs without a proportionate increase in revenues.

If we fail to accurately project demand for our products, we may encounter problems of inadequate supply or oversupply, which would adversely affect our financial condition and results of operations, as well as damage our goodwill and brand.

We project demand for our products based on rolling projections from our distributors, our understanding of anticipated hospital procurement spending and distributor inventory levels. If we overestimate demand, we may purchase more raw materials or components than required. If we underestimate demand, our third party suppliers may have inadequate raw material or product component inventories, which could interrupt our manufacturing and delay shipments, and could result in loss of business. If we under-stock one or more of our products, we may not be able to obtain additional units in a timely manner, which could adversely affect our goodwill and results of operations. In addition, if our products do not achieve widespread

consumer acceptance, we may be required to take significant inventory markdowns, or may not be able to sell the products at all, which would substantially affect our results of operations.

We expect to be dependent upon collaborative arrangements to complete the development or commercialisation of some of our product candidates. These collaborative arrangements may place the development or commercialisation of our product candidates outside our control, may require us to relinquish important rights or may otherwise be on terms unfavourable to us.

Given the high cost of carrying out novel drug discovery research, we need to rely on partners (such as Forest Laboratories, Inc) to carry out late-stage development of our drug pipeline. We may not be successful in entering into such collaborative arrangements with third parties. Our failure to enter into collaborative arrangements on favourable terms could delay or impair our ability to develop or commercialise our product candidates and could increase our costs of development or commercialisation. Dependence on collaborative arrangements to complete the development or commercialisation of some of our product candidates will subject us to a number of risks, including:

- we may not be able to control the amount and timing of resources that our collaborators may devote to the commercialisation or development of our product candidates;
- our collaborators may experience financial difficulties;
- we may be required to relinquish important rights, such as marketing and distribution rights;
- should a collaborator fail to develop or commercialise one of our compounds or product candidates, we may not receive any future milestone payments and will not receive any royalties for such compound or product candidate;
- business combinations or significant changes in a collaborator's business strategy may also adversely affect a collaborator's willingness or ability to complete its obligations under any arrangement;
- a collaborator could independently move forward with a competing product candidate developed either independently or in collaboration with others, including our competitors; and
- collaborative arrangements are often terminated or allowed to expire, which would delay the product's development and may increase the cost of developing our product candidates.

We are susceptible to product liability claims that may not be covered by insurance which may require substantial expenditure and may adversely affect our reputation and if successful, could require us to pay substantial sums.

We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits especially in the United States and Canada, whether or not such claims are valid. Even unsuccessful product liability claims would likely require us to spend money on litigation, divert management's time, adversely affect our goodwill and impair the marketability of our products. In addition, we cannot be certain that our product liability insurance will, in fact, be sufficient to cover such claims or our policy limits will be sufficient to cover such claims or that we will be able to maintain adequate insurance coverage in the future at acceptable costs. Further, we may not have taken insurance or may not have vendor extension covers from our strategic partners' insurance policies in the countries into which we export our products. A successful product liability claim that is excluded from coverage or exceeds our policy limits may require us to pay substantial sums and may affect our financial position adversely.

In addition, insurance coverage for product liability may become prohibitively expensive in the future. From time to time, the pharmaceutical industry has experienced difficulty in obtaining desired product liability insurance coverage. We currently export and in the future intend to increase our export of products

to the United States, a market noted for its litigious nature and high awards of damages. While we have a global product liability insurance policy for products sold by us, if any product liability claim not covered by insurance or exceeding the policy limits were sustained against us, it could adversely affect our business and financial condition. A deterioration in our quality controls could also result in product liability claims against us. The risk of product liability suits is also likely to increase as we develop our own new patented products in addition to making generic versions of drugs that have been in the market for some time.

If we cannot respond adequately to the increased competition we expect to face in the future in India and abroad, we will lose market share and our profits will decline.

The Indian Pharmaceutical industry is highly fragmented. Our products face intense competition from products developed, or under development, by other companies in India and abroad, including major pharmaceutical companies. We believe some of our competitors have broader product ranges, stronger sales and R&D teams and better segment positioning than us which enable them to compete more effectively. Many of our competitors have greater financial resources and marketing capabilities than we do. Some of our competitors, especially multinational pharmaceutical companies, have greater experience in clinical testing and human clinical trials of pharmaceutical products and in obtaining international regulatory approvals. Furthermore, following India's adoption of the new patent regime in 2005, more multinational corporations have increased their focus on India and more multinational corporations may enter the Indian markets. If they do, we may not be able to compete with them effectively. We may also fail to introduce key products in the market at the relevant time or at a competitive price. Our competitors may succeed in developing technologies and products that are more effective, more popular or cheaper than any we may develop or licence. Our Indian competitors, particularly, in the recent past have resorted to extensive price-based competition. Should this continue, this could render our technologies and products obsolete or uncompetitive, limit our ability to introduce new products, and could adversely affect our business and financial results. In addition, APIs are commodity products and their prices can fluctuate sharply over short periods of time due to changes in demand, the price of raw materials and manufacturing efficiencies. Price competition among suppliers both in India and abroad is intense, with increasing competition from pharmaceutical companies in China and elsewhere that often price their products at lower rates than us. We compete with some of our API customers in the formulations business, which could affect such customers' willingness to purchase our products. Increased competition could have a material adverse effect on our financial condition and results of operations.

Our high leverage and security created in favour of lenders may impair our ability to obtain future financing.

As at March 31, 2009 we had Rs. 20,943.46 million of total debt on a consolidated basis. As at March 31, 2009, our debt to equity ratio was 1.31:1. After giving effect to the use of proceeds for this offering (on the basis of the assumptions described in the "As adjusted" column in the table shown under "*Capitalization*", and in "*Use of Proceeds*"), our as adjusted debt to equity ratio would have been [●] as at March 31, 2009. See also "*Capitalization*". In the event that actual net proceeds from the Issue utilized for the repayment of existing indebtedness are lesser than anticipated, our debt profile may not be reduced to the extent anticipated. Our relatively high debt to equity ratio is principally due to investments we made in several strategic projects, the majority of which were funded by borrowings. Our high leverage may continue to constrain our ability to raise incremental financing or the cost at which we could raise such financing.

In addition, we have granted security in favour of our lenders over, among others, some of our immovable and movable property and our fixed and current assets pursuant to our loan and security agreements. If we are unable to fulfill our payment obligations under the loan agreements, our property and assets could be forfeited or transferred. These security arrangements also restrict our ability to grant security over our property and assets. The existing security in favor of our lenders over all or substantially all of our immovable and movable property and our fixed and current assets may furthermore substantially affect our ability to raise additional money and grant additional security.

Our performance is highly dependent upon regulatory policies of the markets in which we operate, including the United States, Western Europe, Africa, Asia, Russia/CIS, Latin America, Central and Eastern Europe and the regulatory policies of the World Health Organization.

Since the largest and fastest growing component of our revenue comes from product exports and services to developed and emerging markets our performance is highly dependent upon demand from and regulatory policies adopted in these markets. Demand in these markets is often driven by reimbursement policies of large health insurers and government benefits providers. As part of an effort to contain health care costs, governments and private insurers have sought to reduce the costs of prescription drugs. This effort may reduce the profitability of drug sales in developed country markets and the level of research and development undertaken by pharmaceutical companies that service those markets. These developments, in turn, could have a material adverse effect on our product sales and clinical research businesses.

Policy decisions by major developed country regulators, such as the United States Food and Drug Administration ("**USFDA**"), that have the effect of making it more difficult for producers and service providers from developing countries such as India to provide products into their markets or research services for other companies that service their markets, would have a material adverse effect on our businesses. Such policies could include limitations on outsourcing to developing countries, extension of product patent rights and limitations on the importation of APIs.

In addition, the World Health Organization ("**WHO**") is considering measures to implement a global strategy for dealing with counterfeit drugs. The WHO has tasked the International Medical Products Anti-Counterfeiting Taskforce ("**IMPACT**"), which is an independent group comprising drug maker lobbies, Interpol, the World Trade Organization, the World Intellectual Property Organization, the European Commission, ASEAN nations and the US Pharmaceutical Industry, to find ways to prevent the trade of counterfeit drugs. We have no control over any resolution the WHO may take with respect to counterfeit drugs. If the WHO implements a resolution with an overbroad definition of counterfeit drugs, it could create entry barriers to our APIs and generic formulations in the countries we export to. Such entry barriers could have a material adverse effect on our business operations and financial results.

If governmental regulations affecting our business change, we may incur additional costs to comply with the governmental regulations.

The cost of complying with government regulations can be substantial. Governmental authorities in the United States, Europe, India and other countries regulate the research, development, manufacture, testing and safety of pharmaceutical products. The regulations applicable to our existing and future products may change. There can be long delays in obtaining required clearances from regulatory authorities in any country after applications are filed. Our products require extensive clinical trials and other testing and government reviews and approvals before we can market them. Whether or not a product is approved in India or other jurisdictions, regulatory authorities in many of the markets to which we export products must approve that product before we can begin to market it in those countries. The time required to obtain approvals may be longer than we anticipate. In addition, although we currently subject our products to stringent quality control processes and a number of our products and facilities have passed the quality control tests set by various regulatory bodies around the world, including the USFDA, we cannot give assurances that our products will continue to pass such quality tests in the future. Any failure or delay in obtaining regulatory approvals or new standards or conditions that have to be met could adversely affect the marketing of the products we develop and our financial results.

Failure to comply fully with government regulations applicable to our research and development activities or the manufacture of our products may delay or prevent us from developing or manufacturing our products.

Some of the activities related to our research and development efforts, particularly with respect to animal and human testing and the manufacture and sale of pharmaceutical products, are heavily regulated. Governmental authorities in India, the United States and other countries regulate the R&D, testing and safety of pharmaceutical products. If we fail to comply fully with applicable regulations, then there could

be a delay in the submission or approval of potential new products for marketing approval. The regulations applicable to our existing and future products may change. In addition, the submission of an application to a regulatory authority does not guarantee that a licence to market the product will be granted. Each authority may impose its own requirements and/or delay or refuse to grant approval, even when a product has already been approved in another country. In our principal markets, the approval process for a new product is complex, lengthy and expensive. Whether or not a product is approved in India or other jurisdictions, regulatory authorities in many of these markets to which we export products must approve that product before we can begin to market it in those jurisdictions. The time taken to obtain approval varies by country but generally takes from six months to several years from the date of application. This registration process increases our cost of developing new products and increases the risk that we will not succeed in selling them successfully or profitably.

Also, governmental authorities, including the USFDA, heavily regulate the manufacture of our products. The USFDA approval of a new drug application prior to any commercial sale or shipment of a product requires not only the approval of the product itself but also pre-approval and post-approval inspections of product manufacturing and testing facilities. Our formulation and API plants have received approval to manufacture and test products for the international regulated and semi-regulated markets where we operate. If we fail to comply fully with such regulations whether presently or in future, then as a result of possible government-enforced shut-down of production facilities which will limit our supply of raw materials and result in product shortages, our ability to supply our products to key markets would be significantly impaired, which could in turn lead to a decrease in overall profitability. A failure to comply fully with such regulations could also lead to a delay in the approval of new products for the commercial sale or shipment of those products into the respective markets which could, in turn, result in a loss of revenue, and may serve as an inducement to bring law suits against us. Penalties for non-compliance with applicable domestic and foreign governmental law and regulations could be severe, including revocation or suspension of our business licence in a particular jurisdiction and imposition of penalties and criminal sanctions which could have an adverse effect on us.

The success of our operations in regulated and semi-regulated markets is dependent on a number of factors beyond our control.

We operate in a number of markets which in the pharmaceutical industry are considered to be heavily regulated, including the United States and Europe, for the sale and distribution of generic formulations and APIs. We have filed several Drug Master Files ("**DMFs**") for our APIs and an abbreviated new drug application ("**ANDA**") for our formulations with the USFDA. We expect to file more ANDAs for our formulations with the USFDA. We have made substantial investments for establishing new manufacturing facilities and upgrading our existing manufacturing facilities so that they comply with the standards set by the USFDA and other regulatory authorities. As and when innovator's patents exclusivity period for our products expire, we expect to sell and distribute such products in the United States. This strategy is dependent upon our obtaining approval of the USFDA for these and other products. Delays in filing DMFs and ANDAs, or in further inspection and approval of our facilities and products by the USFDA or other applicable regulatory authorities, could adversely affect this strategy and the timing thereof, which in turn could adversely affect our results of operations and prospects.

Our strategy of growth in the regulated markets may not result in additional revenue or operating income as anticipated. The costs involved in operating in these markets may be higher than expected and we may face significant competition in these regions. Furthermore, regulated markets such as the United States, Europe and Japan have experienced significant decreases in recent years in the prices of generic formulations and APIs, as well as strong competition among local and international players. In light of such factors, we agreed sales allowances to customers of Rs. 117 crores in the fiscal year 2009. Continuous price erosion could adversely reduce our sales revenue and profit potential after we have entered the regulated markets. As a result of these and other changes in our business environment, we cannot assure you that our business model will continue to be successful.

We also operate in semi-regulated markets across Africa, Asia, Latin America, Central and Eastern Europe and Russia/CIS. Our growth in these markets is dependent on our ability to create and market a branded

portfolio of products that are promoted by our sales personnel to doctors. Our strategy for growth in these markets may not result in additional revenue or income as anticipated on account of higher competition, delay in governmental approvals, increased regulation or price control.

We expect our strategy of growth to place significant demands on our management and other resources, and require us to continue developing and improving our operational, financial and other internal controls, both in India and elsewhere. If we are not able to manage our growth effectively, there may be a material adverse effect on our business, financial condition, liquidity or results of operations.

Any relevant policy changes may have an adverse effect on us.

Increasing expenditures for healthcare have been the subject of considerable public debate in India, the United States and other countries in which we sell our products. If our ability to freely set prices for our products is restricted by government regulation, healthcare legislation and pressure from third party payers, our profits will be reduced. Both private and governmental entities are seeking to find ways to reduce or contain healthcare costs. We currently sell APIs and generic formulation, in the United States and in European countries, and we look to expand our sales in those markets over the next few years. In India, the government has been actively reviewing prices for pharmaceuticals and margins offered to trade which has resulted in certain segments of the industry agreeing to a price-freeze for a certain period of time. Although these steps by the government have not substantially affected our revenue or profits to date, we cannot assure you that they will not adversely affect us in the future. We cannot predict the nature of the measures that may be adopted by governmental and private organizations or their impact on our revenues. If healthcare legislation or third party payer influence results in lower pharmaceutical prices, although the demand for our generic active pharmaceuticals may increase, our overall revenues may decrease and our profits could be adversely affected.

In addition, governments throughout the world heavily regulate the marketing of our products. Most countries also place restrictions on the manner and scope of permissible marketing to physicians, pharmacies and other health care professionals. The effect of such regulations may be to limit the amount of revenue that we may be able to derive from a particular product. Moreover, if we fail to comply fully with such regulations, then civil or criminal actions could be brought against us.

We are exposed to government price controls which could negatively affect our results of operations.

In addition to normal price competition, the prices of our pharmaceutical products are or may be restricted by price controls imposed by governments and healthcare providers in India, or in other countries to which we export our products. Price controls operate differently in different countries and can cause wide variations in prices between markets. Currency fluctuations can aggravate these differences. The existence of price controls can limit the revenues we earn from our products. For example, in India, prices of certain pharmaceuticals are determined by the Drug Prices Control Order ("**DPCO**"), promulgated by the Indian government and administered by the National Pharmaceutical Pricing Authority, or the NPPA. The trend in India is for the market prices of such products to be at par or lower than NPPA prescribed prices. Although we do not anticipate any material adverse impact on our product prices as a result of such administered prices given the recent liberalization, the future trends of such price controls cannot be predicted with certainty. If the prices of more of our products are administered or determined by the DPCO/ NPPA or other similar authorities outside India, it would have an adverse impact on our profitability.

If a regulatory agency amends or withdraws existing approvals to market our products, this may cause our revenues or profits to decline.

Regulatory agencies may at any time reassess the safety and efficacy of pharmaceutical products based on new scientific knowledge or other factors. Such reassessments, if applicable to our products, could result in the amendment or withdrawal of existing approvals to market our products, which in turn could result in a loss of revenues and/or profits, exposure to product liability claims, a loss of goodwill and write-offs of

related inventory, all of which could have a material adverse effect on our financial conditions and results of operations.

The regulatory framework in India is evolving and regulatory changes could have a material adverse effect on our business, results of operations and financial condition.

Until January 1, 2005, India did not grant or recognize pharmaceutical product patents and we were able to develop and sell some of our products in India and developing markets, although such products were protected by patents in certain jurisdictions. The patent laws in India have since been amended and the manufacturers are allowed to apply for patent protection for pharmaceutical products. These changes have adversely affected the products we produce as well as significantly increased the competition we face. For example, we were earlier unable to manufacture products, for which the patents had been filed on or after January 1, 1995 and for which patents had been granted after December 31, 1994, without a license from the patent holder. Typically, patents have a 20-year term and can be extended in certain circumstances. We could lose market share and our financial condition and results of operations could be adversely affected unless we could either develop our own patented products which did not infringe the patents of products patented after 1995 or were able to obtain a license of such products from the patent holders. The position has now changed and we are required only to pay reasonable royalty to the holder of a patent obtained after January 1, 2005 and do not have to obtain a license from them. This is subject to our making a significant investment in the product and our producing and marketing the product prior to January 1, 2005, up till the date of the patent holder's obtaining the patent. There is a possibility of the law changing again, or reverting to the earlier position, which would adversely affect us.

The Government of India has formulated a draft National Pharmaceutical Policy, 2006, in which it has recommended, amongst other things that patented drugs, such as formulations under product patents which are launched in India after January 1, 2005, would be subject to price negotiations before granting them marketing approval. The draft National Pharmaceutical Policy, 2006, has been circulated to various interested parties to elicit their views on drug price control mechanisms. It is expected that the National Pharmaceutical Policy, 2006 will be finalized after the consideration of the various comments and suggestions received by the Government of India. Currently, it is not certain how the regulatory changes envisaged by the draft National Pharmaceutical Policy will affect our operations, but any new regulation may have a material adverse effect on our business. Additionally, if prices are fixed below those currently prevailing, our operating revenues would be adversely affected.

The timing and content of any new regulation is uncertain and could be more extensive or restrictive than is currently envisaged in the draft National Pharmaceutical Policy, 2006. As a result, our past financial performance may not be indicative of our future results. In addition, on-going regulatory changes make it more difficult to predict what the regulatory environment and market will be in the future and make it difficult to plan for the medium and long term.

If we are unable to patent new products and protect our proprietary information, or if we inadvertently infringe on the patents of others, our business may be adversely affected.

While our business has traditionally focused on non-patented products, in the past few years, patents have become more significant to us. Part of our business and market strategy is based on developing and introducing generic versions after third party products go off-patent, using non-infringing processes. We also file and seek to obtain patents for new drugs and novel drug delivery systems under development. Our success will depend, in part, on our ability in the future to obtain patents, protect trade secrets and other proprietary information and operate without infringing on the proprietary rights of others. Our competitors may have filed patent applications, or hold issued patents, relating to products or processes that compete with those we are developing, or their patents may impair our ability to do business in a particular geographic area. We have filed a total of 177 patents in India, the United States and under the Patent Cooperation Treaty and have been granted ten patents. We cannot assure you that our pending applications will be approved, or the patents we have been granted will result in development of products that will eventually clear clinical research phases and achieve commercialisation. Any delays as a result of approvals of pending applications or delays in development may also affect our business operations and financial

results.

Historically, in addition to patents, we have relied on trade secrets, know-how and other proprietary information and we require our employees, vendors and suppliers to sign confidentiality agreements. However, these confidentiality agreements may be breached, and we may not be adequately remedied for any breach. Third parties may otherwise gain access to our proprietary information or may independently develop substantially equivalent proprietary information.

There has been substantial patent litigation in the pharmaceutical industry concerning the manufacture, use and sale of various products. In the normal course of our business, particularly as we operate in regulated markets, we may be subject to lawsuits, and the ultimate outcome of such litigation could adversely affect our business, financial condition and cash flow. Regardless of regulatory approval, should anyone commence a lawsuit against us with respect to any alleged patent infringement by us, whether because of the filing of an application for governmental approval, such as a patent filing, ANDA or a novel drug application, or otherwise, the expense of any such litigation and the resulting disruption to our business, whether or not we are successful, could adversely affect our business. The uncertainties inherent in patent litigation generally, and within the pharmaceutical industry in particular, make it difficult for us to predict the outcome of any such litigation and we may incur substantial costs as a result.

Our success outside of India is dependent on our marketing arrangements with partners for the sale and distribution of our products.

We market our formulations in over 70 countries including emerging markets such as Russia and CIS countries, Africa, Southeast Asia, the Middle East, Latin America and Central and Eastern Europe. Our products are marketed in some countries through agents, branch offices and subsidiaries.

We depend on third parties for marketing and distributing our products in markets where we operate. These arrangements may be terminated by either party providing the other with notice of termination or when the contract regarding the arrangement expires. We may not be able to negotiate or re-negotiate these third party arrangements or find suitable partners in the future. Any of these arrangements may not be available on commercially reasonable terms. Even if acceptable and timely marketing arrangements are available, the products we develop may not be accepted in the marketplace. Additionally, our marketing partners may make important marketing and other commercialisation decisions with respect to products we develop without our input. These and other such factors could have an adverse effect on our revenues or net income.

Our strategy for future growth is dependant on our ability to market our products in regulated markets such as the United States and Europe, and on increasing the volume of our exports. We may incur substantial costs in expanding our operations in international markets. If our expansion is unsuccessful, we may incur losses in these markets and the costs of expansion will lower our profits. Similarly, if any of the emerging markets to which we export should increase the costs related to a filing of a dossier, require special clinical studies, or impose new regulations, our costs could increase and our profits could be reduced as we take such steps as are necessary to respond to the new regulations.

If we do not effectively manage our international operations or the operations of our foreign subsidiaries and joint ventures, these operations may incur losses or otherwise adversely affect our business and results of operations.

Currently, we generate a significant part of our total sales and operating revenue through subsidiaries and joint ventures in international markets. We expect to increase our revenue generated from our international operations in the future. We operate our business through our wholly-owned subsidiaries in some countries, and we also rely on co-marketing arrangements with companies located in such overseas jurisdictions to enable us to accelerate the licensing of our products in such markets, or to provide additional marketing opportunities in relation to our products. As a result, we are subject to risks related to our international expansion strategy, including risks related to complying with a wide variety of national and local laws, restrictions on the import and export of certain intermediates, drugs, technologies and

multiple and possibly overlapping tax structures. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture. If we do not effectively manage our international operations and the operations in these subsidiaries, we may lose money in these countries and it may adversely affect our business and results of operations.

We have made and may in the future make additional capital commitments to subsidiaries, joint ventures and associates, affecting our liquidity and capital resources.

We have made and continue to make significant capital investments, loans, advances and other commitments to support certain of our subsidiaries, joint ventures and associates. We may make additional capital expenditures in the future, which may be financed through additional equity or debt, including through the debt of subsidiaries and joint ventures. If the business and operations of these subsidiaries and joint ventures do not perform as expected, we may not derive the anticipated benefits or our investments may be required to be written down or written off. Additionally, certain loans and advances due to us may not be repaid or may need to be restructured or we may be required to outlay further capital under our commitments to support such companies. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Actual demand for our products may vary from anticipated or required levels resulting in over - production of our products.

If demand from our partners and/or customers slows, we could, in the future, produce quantities of our formulations and API in excess of actual demand. A number of factors may reduce the end-user demand for our products including an over-supply on account of increased competition, among other things. Although we have capabilities to store certain levels of excess output, a sustained decrease in demand from our partners may result in us being required to cease production for a period of time, which may have an adverse effect on business, financial condition and results of operations.

Various factors could adversely affect our expected production levels and production costs..

Manufacturers of pharmaceutical products such as our formulations and API often encounter difficulties in production. These problems include difficulties with production costs and yields, product quality (caused by, among other things, process failure, equipment failure, human errors or other unforeseen events during the production cycle) and shortages of qualified personnel, as well as compliance with regulatory requirements, including current Good Manufacturing Practice ("**cGMP**") requirements. Because of the many steps involved in the production of our products, any interruption in one of the steps in the manufacturing process could cause resultant delays in the entire production cycle. In addition, any material labor problems, such as a work stoppage or mechanical failure or malfunction could lead to delays in production. Any of these problems could cause us to delay or suspend our production and may entail higher costs or other significant damages. Furthermore, if our suppliers fail to deliver necessary manufacturing equipment or raw materials or adequately perform the services we outsource to them, we would likely be unable to meet production deadlines and might be in breach of our supply and license agreements, which could have a material adverse effect on business, financial condition and results of operations.

If there are delays and/or failure in supplies or variation in costs of raw materials, services or finished goods from third parties, we might be unable to meet our production needs which may adversely affect our business and results of operations.

In some of our key business operations, such as the manufacture, formulation and packaging of products, we rely on and have regular supply contracts with third parties for the timely supply of specified raw materials, equipment, contract manufacturing, formulation or packaging services and maintenance services. In addition, many of our products are dependent on highly specialised raw materials and as an increasing number of our products will be sold in the regulated markets we will need to source substantially all of our

requirements for the above raw materials, as well as packing materials such as vials and stoppers, from USFDA approved suppliers. For this, we believe we have made adequate supply arrangements, and we also believe that comparable supplies of these raw materials are currently available from other established suppliers. Although we actively manage these third party relationships to ensure continuity of supplies on time and to our required specifications, some events beyond our control could result in the complete or partial failure of supplies or in supplies not being delivered on time. However, if we are unable to continue to obtain adequate supplies of these raw materials in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these raw materials, it may result in a loss of our production capacity and our business and results of operations may be materially and adversely affected. In addition, the prices of our raw materials are influenced by demand and supply. If unanticipated supply shortages occur, our operations may be adversely affected.

If we were to experience a supply or manufacturing interruption, we might be unable to meet the needs of our API and formulations businesses, and our needs for APIs for our formulations business might conflict with those of our API customers.

We rely on third parties for the timely supply of specified raw materials, contract manufacturing, equipment, formulation or packaging services, and maintenance services. Although we actively manage these third party relationships to ensure continuity of supplies and to our required specifications, some events beyond our control could result in the complete or partial failure of supplies or in supplies not being delivered on time. In particular, some of the APIs and formulations that we manufacture, distribute and sell are dependent on highly specialized raw materials. A shortage in our supply of raw materials could result in a loss of API and formulation production capacity. In addition, a raw material shortage could result in a conflict between the API needs of our own formulation operations and the needs of customers of our API business, some of whom are also our competitors in the formulations business. In addition, a loss of contract manufacturing capacity at facilities owned by third parties could adversely affect our day to day operations. In the event of a raw material shortage or the loss of production capacity, we could potentially lose business from adversely affected customers.

Defects in our products leading to a recall by us of our products together with the lack of back-to-back product warranty and product liability assurances from some of our suppliers could adversely affect our business, results of operations and financial condition.

Defects, if any, in our products could require us to undertake product recalls. This could require us to expend considerable resources in correcting the problems and could adversely affect the demand for our products. Defects in our products that arise from defective raw materials supplied by external suppliers may or may not be covered under warranties provided by them. An unusual number or amount of warranty claims against a supplier could adversely affect us as we depend on a limited number of suppliers for raw materials. If a supplier fails to meet quality standards, it could expose us to the risk of product liability claims. Any defects in our products could also result in customer claims for damages. In defending such claims, substantial costs may be incurred and adverse publicity generated. Management resources could be diverted away from the business towards defending such claims. Such product recalls may cause our business, results of operations and financial condition to suffer.

If we are unable to defend patent challenges, we may be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or we may be subject to substantial liabilities that would lower our profits.

We cannot fully assure you that our products, including our generic pharmaceutical formulations, do not infringe valid third party intellectual property rights. Our competitors or other companies may endeavour to assert patent and other intellectual property rights in order to delay or prevent generic competition. As a result, we may become involved in extensive litigation regarding our generic pharmaceutical formulations. If we are unsuccessful in defending against these suits, we may be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or to damages, which may be substantial. Either event could adversely affect our financial position, results of operations or liquidity.

In relation to our generic pharmaceutical business, at times, companies in this business may seek approvals to market generic products before the expiration of applicable patents, based upon the belief that such patents are invalid, unenforceable, or would not be infringed by such company's products. As a result, such a company may face the risk of significant patent litigation. Depending upon a complex analysis of a variety of legal and commercial factors, if such company wins a lower court decision in such patent litigation, it may, in certain circumstances, elect to market a generic product even though an appeal of the lower court decision is pending. While it is not our current policy to launch a generic product on such "at risk" basis, should we or our marketing partner elect to proceed in this manner in the future based on scientific analysis or business judgment, we could face the risk of incurring substantial patent liability damages in the future.

Our management team and other key personnel are critical to our operations. If we are unable to continue to attract and retain such personnel, our operations could be negatively affected.

We are dependent on members of our senior management team as well as members of our scientific, technical and business staff and our employees for the smooth operation of our business. These personnel possess technical and business capabilities that are difficult to replace. The loss of any of these principal members of our scientific or management staff, or failure to attract or retain other key scientific, technical and business employees, could prevent us from pursuing our business objectives or developing and commercialising our products. Recruiting and retaining qualified scientific personnel to perform research and development work are critical to our success. Qualified personnel are difficult to attract and retain. We may not be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel among pharmaceutical and healthcare companies, universities and non-profit research institutions. Although we believe we enjoy good relations with our staff and employees, no assurance can be given that relations will not be disrupted either as a result of disputes or negative external factors.

Our operations are subject to environmental, employee, health and safety laws and regulations.

Our operations are subject to various national and state environmental laws and regulations relating to environmental protection in the various locations in India and internationally where we operate. For example, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities to the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions. See also " – *The manufacture and storage of pharmaceutical and chemical products is subject to environmental regulation and risk*". There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations in India have become increasingly stringent, and it is possible that they will become significantly more stringent in the future. If any of our plants or operations are shut down, we may continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs notwithstanding the closure of any such plant or operation. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations may impose new liabilities on us or result in the need for additional investment in environmental protection equipment, either of which could affect our business, financial condition or prospects.

We are also subject to laws and regulations of the countries in which we operate that govern relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Furthermore, the success of our business is contingent upon, among other things, receipt of all required licenses, permits and authorizations, including local land use permits, manufacturing permits, building and zoning permits and environmental, health and safety permits. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a plant or could result in the loss of an existing license. Inability to renew expired licenses and approvals, failure to comply with applicable regulatory requirements and/or failure to comply with the conditions of our licenses

and approvals may result in their expiry, withdrawal or cancellation which may have a material adverse effect on our financial condition and results of operations.

If we experience labour problems, our production capacity and overall profitability could be negatively affected.

We believe we enjoy good relations with our staff and employees. However no assurance can be given that relations will not be disrupted either as a result of disputes or negative external factors. For instance, some of our employees in our manufacturing plant at Nasik, India are members of the Glenmark Pharmaceuticals Employees Union, Nasik, an internal employees union which does not have any affiliations with any organisations outside of our Nasik plant.

Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

We are controlled by members of the Saldanha family, who may take actions that are not in the Shareholders' best interests.

Our promoters, who comprise members of the Saldanha family, owned approximately 52.08% of our issued Shares as of June 30, 2009. As a result, this group has the ability to exercise significant control over most matters requiring approval by shareholders, including the election and removal of directors and significant corporate transactions. This control could delay, defer or prevent a change in control in us, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if that was in our best interest. In addition, sale of a large number of Equity Shares by our promoters could adversely affect the market price of our Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of our Equity Shares.

If there is a change in accounting or tax policies applicable to us, it may affect our reported results of operations. For example, the government of India has taken actions to curtail or eliminate tax benefits that we have historically benefited from.

New or revised accounting or tax policies promulgated from time to time by relevant United States or Indian authorities may significantly affect our reported results of operations.

We have historically benefited from significant tax incentives provided under Indian tax laws. The principal applicable incentives are tax deductions comprising of 150% of our research and development expenditure, tax deductions on profits derived from products exported by us, tax deductions on accrual of profit from units/locations in notified area and depreciation on fixed assets. As a result of these incentives, a portion of our income is not subject to Indian tax and, accordingly, our effective tax rate is below the existing Indian statutory income tax rate of 30% plus an applicable surcharge and cess on tax. Some of these tax incentives are being phased out progressively. Over time, the overall benefits of these tax incentives will decrease with a resulting increase in our effective tax rate. We are unable to assess at this time the exact implications of these tax policies. We cannot assure you as to what action the current or future governments of India will take regarding tax incentives and its tax policies generally.

Various risks and restrictions associated with our debt financing may cause liquidity problems for us.

The agreements in respect of some of our debt contain certain covenants including compliance reporting requirements and other restrictions which may limit our ability to borrow additional money, make capital expenditure and investments, declare dividends, merge or incur additional liens. We may similarly need to obtain the consent of some or all of our lenders to undertake some or all of these activities. Some of our lenders have a right to convert the loans into our equity upon the occurrence of an event of default. In addition, we are subject to a number of risks associated with debt financing, including the risk that cash flow from operations will be insufficient to meet required payments of principal and interest; the risk that the payment of interest on and the repayment of our foreign currency loans may be adversely affected if the rupee depreciates; the risk that, to the extent that we maintain floating rate indebtedness, interest rates will fluctuate; and the risk that it may not be possible to obtain refinancing on favourable terms when required. In particular, we have a number of working capital financings and other short-term debt facilities which have been extended to us by various banks on a yearly basis. While we have in the past been successful in negotiating with banks to roll-over or refinance our short-term debt instruments and obtain sufficient credit, we cannot assure you that we will be able to continue to do so in the future, which may result in liquidity problems for us and we will need to find alternate sources of funding. Although we anticipate that we will be able to repay or refinance existing debt (including certain loans with proceeds from this offering), and any other indebtedness when it matures, there can be no assurance that we will be able to do so.

Our working capital requirements are higher than the industry average.

Our relatively high working capital cycle is a function of the growth and geographic spread of our businesses across India, United States, Western Europe, Central and Eastern Europe, Africa, Asia, Russia/CIS and Latin America. The credit terms offered to our trading partners, i.e., the distributors vary by geography depending upon the local country norms as well as the company's position in the country vis-à-vis that of the distributor. In the last few quarters, we saw an increase in our working capital cycle on account of an absence of credit with the distributor that was brought about by the global recession.

Going forward, we may not be in a position to recover some of these dues and could face a risk of bad debts as well as further lengthening of the working capital cycle. Our inability to fund further increases in working capital may have an impact on our growth rates for the future.

Exchange rate fluctuations may affect our business.

Our financial statements are prepared in Indian rupees. A substantial portion of our net revenue and most of our imports are incurred in foreign currencies and in particular U.S. dollars. Although our exposure to exchange rate fluctuations is in part naturally hedged in terms of our exports and imports and although we hedge a portion of the resulting net foreign exchange position through the use of forward exchange contracts or derivatives, we are still affected by fluctuations in exchange rates among the U.S. dollar, the Indian rupee and other currencies. We are particularly affected by fluctuations in the exchange rate between the U.S. dollar and the Indian rupee. Any significant fluctuation in exchange rates may affect our profitability. In addition, our operations in emerging economies result in us being susceptible to high currency volatility in those economies.

As at March 31, 2009, we had foreign currency borrowings, of Rs.8,222.00 million denominated principally in U.S. dollars. Since January 1, 2007 the value of the U.S. dollar against the Rupee has declined by 15.55%. There is no guarantee the value of the U.S. dollar will not continue to decline. Depreciation of the Indian rupee against the U.S. dollar increases the Indian rupee cost to us of servicing and repaying our foreign currency borrowings and other financing arrangements.

Any disruption in global or domestic logistics could affect our operations.

As a manufacturing business our success depends on the smooth supply and transportation of various materials and inputs from different domestic and global sources to our plants, and of the products from our

plants to our customers located globally, logistics of all of which are subject to various uncertainties and risks. Disruptions of transportation services because of weather related problems, strikes, lock-outs, terrorism, inadequacies in the road infrastructure and port facilities, or other events could impair our ability to receive materials and other inputs and supply products to our customers. Although we have not encountered any significant disruptions in such logistics to date, we cannot assure you that such disruptions will not occur in the future.

The manufacture and storage of pharmaceutical and chemical products is subject to environmental regulation and risk.

We are exposed to the risk of incurring liability for damages or the costs of remedying environmental problems if we fail to comply with environmental regulations. We handle dangerous materials including explosive, toxic and combustible materials. If improperly handled or subjected to the wrong conditions, these materials could hurt our employees and other persons, cause damage to our properties and harm the environment. This in turn could subject us to significant litigation which could lower our profits in the event we were found liable. Although we seek to have in place appropriate systems, procedures and operating practices to mitigate such risks, no assurance can be given that our operations would not be materially adversely affected if such events were to occur.

We are subject to the risk of loss due to fire because the materials we use in our manufacturing processes are highly flammable. We are also subject to the risk of other natural calamities or general disruptions affecting our production facilities and distribution chain.

We use highly flammable materials such as sodium azide and acetyl chloride in our manufacturing processes and are therefore subject to the risk of loss arising from fires. Although we have implemented industry acceptable risk management controls at our manufacturing locations and continuously seek to upgrade them, the risk of fire associated with these materials cannot be completely eliminated. In the past, we have had minor interruptions in production as a result of fire. In addition to fire, natural calamities such as floods, earthquakes, rains and heavy downpours could disrupt our distribution chain and damage our storage facilities. We maintain insurance policies to guard against losses caused by fire and other natural calamities. Our insurance coverage for damages to our properties and disruption of our business due to these events may not be sufficient to cover all of our potential losses. If any of our manufacturing facilities were to be damaged as a result of fire or other natural calamities, it would temporarily reduce our manufacturing capacity and adversely affect our business operations. In addition, unanticipated mechanical and electrical failures which may also require us to shut-down our production facilities for a significant period of time, could have a material adverse effect on our business results of operations and financial condition.

Our business, financial condition and results of operations and our share price may be materially and adversely affected by the outcome of litigation.

In the ordinary course of business, we may become involved in various claims, lawsuits and governmental and administrative proceedings, some of which may be significant. The filing of such proceedings, adverse judgements or determinations in one or more of these potential proceedings could have a material adverse effect on our business, financial condition, results of operation and our share price. Currently there are eight civil suits pending against us in India. For further details in relation to legal proceedings pending against us, please see the section entitles "*Legal Proceedings*" in this Preliminary Placement Document. For example, on August 18, 2009, GlaxoSmithKline PLC filed a patent-infringement suit in the United States District Court for the District of Delaware against our subsidiary Glenmark Generics Inc., USA ("**GGI**"). The suit is in respect of our ANDA for atovaquone and proguanile hydrochloride tablets. The drug is a generic version of GlaxoSmithKline's Malarone, a malaria prevention and treatment drug. If we unsuccessfully challenge the patent suit, we will be unable to launch the applicable product in the market. A day after GlaxoSmithKline plc filed the patent infringement lawsuit there was a significant decline in price of our shares listed on the Bombay Stock Exchange.

We cannot provide any assurance regarding the outcome of legal proceedings pending against us. Any

adverse outcome may affect our ability to carry out our operations and may adversely affect our business, financial condition, results of operation and equity share price.

Out-licensing Risk

Out-licensing of novel chemical and biological entities that are discovered by our R&D efforts is a key part of our business plan and strategy. However, our ability to conclude new out-licensing deals is dependent on factors beyond our control including, among others, the ability to find a partner, the global business environment, availability of adequate data on the molecule and matching expectations on valuations.

In the event we are not able to conclude any out-licensing deals, our ability to fund future R&D efforts may be hampered.

We have issued convertible instruments which are outstanding.

On January 6, 2006, we issued U.S.$30,000,000 Zero Coupon Resettable Onward Starting Equity-linked Securities (the "**Bonds**") due 2011. The Bonds will be convertible at the option of the holders of the Bonds at any time on or after November 11, 2007 and prior to the close of business on November 29, 2010 into our newly issued Shares. The Bonds may be redeemed, in whole and not in part, at our option at any time on or after January 10, 2010, subject to the satisfaction of certain conditions. The Bonds may also be redeemed in whole at any time at our option in the event of certain changes relating to taxation in India. The maturity date of the Bonds is January 11, 2011. As of the date of this Preliminary Placement Document, there are Bonds in the amount of U.S.$30,000,000 outstanding.

On February 7, 2005, we issued US $20,000,000 Zero Coupon Convertible Bonds due 2010 (the "**Tranche 1 Bonds**") and US$50,000,000 Zero Coupon Resettable Onward Starting Equity-linked Securities due 2010 (the "**Tranche 2 Bonds**"). The Tranche 1 Bonds are convertible at the option of the holders of the Tranche 1 Bonds at any time on or after March 28, 2005 and prior to the close of business on January 2, 2010 into our newly issued equity shares. The Tranche 2 Bonds are convertible bonds that will be convertible only after the initial conversion price is determined on November 14, 2006. The Tranche 2 Bonds will be convertible at the option of the holders of the Tranche 2 Bonds at any time on or after November 15, 2006 and prior to the close of business on January 2, 2010 into our newly issued Shares. The maturity date of the Tranche 1 Bonds and the Tranche 2 Bonds is February 16, 2010. As of the date of this Preliminary Placement Document, there are Tranche 1 Bonds in the amount of U.S.$1,000,000 outstanding and Tranche 2 Bonds in the amount of U.S.$5,000,000 outstanding.

Any conversion or redemption of the Bonds, the Tranche 1 Bonds or the Tranche 2 Bonds whether prior to or at the end of their maturity period will have an impact on our financial results of the relevant year.

The availability of spurious drugs such as drugs passed off by others as our products could adversely affect the goodwill of our products.

We are also exposed to the risk that entities in India and elsewhere could pass off their products as ours, including spurious or pirated products. For example, certain entities could imitate our brand name, packaging material or attempt to create look-alike products. This would not only affect our market share due to replacement of demand for our products, whereby we may not be able to recover our initial development costs, but could also adversely affect the goodwill of our products. The proliferation of unauthorized copies of our products, and the time lost to defending claims and complaints about spurious products, could decrease our revenue and have a material adverse effect on our goodwill, business, financial condition and results of operations.

We may not maintain our historical dividend payment record in the future.

While we have paid dividends in the past, there can be no assurance as to whether we will pay dividends in the future and, if so, the level of such future dividends. Our declaration, payment and amount of any future

dividends is subject to the discretion of the Board, and will depend upon, among other factors, our earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws in India from time to time.

We have contingent liabilities and our financial condition and profitability could be adversely affected if any of these contingent liabilities materialize.

As of March 31, 2009, contingent liabilities disclosed in the notes to our financial statements aggregated to Rs.4,714.43 million. If any of these contingent liabilities materialize, our profitability may be adversely affected.

Recent deterioration in the economy and capital markets may adversely affect our future results of operations.

In the second half of 2008, the world was hit by one of the largest financial crisis in human history. As widely reported, the global credit markets and financial services industry have been experiencing a period of upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, uncertainty about economic stability and an unprecedented level of intervention by governments and monetary authorities. However, the nature of the global crisis was such that every market in the world was impacted simultaneously and we faced challenges across all markets and on several fronts in an extremely short period of time.

The impact of the credit squeeze seen around the world led to a longer working capital cycle in both the emerging as well as developed markets. Major devaluation in currencies in most operating markets has resulted in increase in cost of products in the market place which has led to destocking of products by the logistic chain subsequently extending the credit period for sales realisation.

There can be no assurance that there will not be further deterioration in the global economy, credit and financial markets and confidence in economic conditions. While the ultimate outcome of these events cannot be predicted, it may have an adverse effect on us and our ability to consummate leveraged acquisitions, borrow or raise additional funds in the capital markets and potentially to draw on our existing revolving credit facilities or otherwise. Similarly, our customers and suppliers may experience financial difficulties or be unable to borrow money to fund their operations which may adversely affect their ability to purchase our products, or to pay for our products they do purchase on a timely basis. Such disruptions and deterioration in the capital and credit markets could have an adverse effect on our business, financial condition and results of operations.

Risks Relating to India

Terrorist attacks, regional hostilities, social unrest and other acts of violence or war in India, South Asia and other regions could adversely affect the financial markets and investor confidence, adversely affecting our business, results of operations, financial condition and cash flows.

Certain events that are beyond our control, such as terrorist attacks, regional hostilities, social unrest and other acts of violence or war, including those involving India or other countries, may adversely affect domestic, regional or worldwide financial markets and could potentially lead to an economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. South Asia has, from time to time, experienced instances of civil unrest, political tensions and hostilities among neighbouring countries. India recently witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions between India and Pakistan. Also, since 2003, there have been military hostilities and/or continuing civil unrest and instability in Iraq, Afghanistan and Pakistan. Events of this nature in the future, as well as civil unrest within other countries in Asia, could influence the Indian economy by disrupting travel and communications. Such political and social tensions could create a

perception that investing in India-based companies involves a great degree of risk, which could have an adverse effect on our business, future financial performance and price of the Equity Shares.

India has, from time to time, also experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. The occurrence of any of the foregoing could create a greater perception that investment in Indian companies involves a higher degree of risk and could adversely affect our financial performance or the market price of the Equity Shares, even if unrelated to our business.

Political instability and significant changes in the Government's policy could impact economic conditions in India generally, and our financial results and prospects in particular.

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or social developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalisation and financial sector reforms. The current coalition Government came into power in May 2009. The Government has announced its general intention to continue India's current economic liberalization and deregulation policies. However, the rate of economic liberalization could change and there can be no assurance that such policies will be continued. A change in the Government or in the Government's future policies could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

The occurrence of natural and man-made disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions and pandemic disease, in Asia or elsewhere could have an adverse effect on our business and results of operations.

India has experienced natural calamities such as earthquakes, floods, drought and a tsunami in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy and our business and financial condition.

The outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a negative impact on the economies, financial markets and business activities in the countries in which our end markets are located, which could have an adverse effect on our business. The outbreak in 2003 of Severe Acute Respiratory Syndrome in Asia, the outbreak of avian influenza, or bird flu, across Asia and Europe and the outbreak of H1N1 in many countries around the world have adversely affected a number of countries. We can give no assurance that a future outbreak of an infectious disease or any other serious public health concerns will not have an adverse effect on our business.

Any downgrading of India's debt rating by an international rating agency may adversely affect our ability to raise financing.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and their commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund our growth on favourable terms or at all.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to a report released by the Reserve Bank of India, India's foreign exchange reserves totalled US$252 billion as at March 31, 2009. A decline in this reserve could impact the valuation of the local currency and could result in reduced liquidity and higher interest rates which could adversely affect our future financial performance and the market price of our Equity Shares.

It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and majority of our Directors and executive officers reside in India. A substantial majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to:

(i) effect service of process outside of India upon us and such other persons or entities; or

(ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

See "*Enforcement of Civil Liabilities*".

A general backlash against outsourcing, as well as a climate of political protectionism in the United States, may adversely impact our business.

Some organizations have expressed publicly their concerns about a perceived association between offshore outsourcing to India and the loss of jobs in the United States. For example, since January 2003, legislation has been introduced in more than 20 states as well as by the U.S. federal government that would restrict government agencies from outsourcing the manufacture of products or the provision of services (with particular emphasis on information technology, or IT, services) to companies located outside the United States, or would cut state subsidies to private companies which engage in such outsourcing. Any changes to existing laws or the enactment of new legislation restricting offshore outsourcing may adversely impact the ability to do business in the United States, particularly if these changes are widespread.

Our business and activities will be regulated by the Competition Act, 2002 as and when it is notified.

The Parliament has enacted the Competition Act, 2002 (the "**Act**") for the purpose of preventing practices having an adverse effect on competition under the auspices of the Competition Commission of India. Although enacted, the Act has not yet fully come into force (although certain limited provisions of the Act have been notified). Under the Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement, inter alia, which directly or indirectly determines purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Act and the Competition Commission of India will affect industries in India.

If inflation rises in India or the price of oil rises, we may not be able to increase the prices of our product in order to pass our increased costs along to our customers, and our profits would decline.

For the week ended August 22, 2009, the wholesale price index, India's main gauge of inflationary trends, was at 240.7, 0.21% lower than the equivalent week in the previous year. The international price of crude oil on September 2, 2009 was US$67 per barrel. If domestic inflation and the international price of oil rise, there could be a consequential increase in the cost of our inputs. We may not be able to pass these added costs to our customers by increasing the prices of our products which could affect our profits.

A third party could be prevented from acquiring control of us because of the anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control over us, even if a change of control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Under Indian takeover regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares and voting

rights or control over a company, whether individually or acting in concert with others. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of us. For more information, see "*The Indian Securities Market – Takeover Code*".

Our ability to freely raise foreign capital may be constrained by Indian law.

As a pharmaceutical company, while we are classified by the Indian government for automatic approval of foreign direct equity investment, we do require regulatory approvals to raise more than U.S.$500 million of foreign currency denominated indebtedness outside India in a single transaction. The need to obtain such regulatory approval could constrain our ability to raise the most cost effective funding, which may adversely affect our future growth. We cannot assure you that any required approvals will be given when needed or at all or that such approvals if given will not have onerous conditions.

Current Indian government policy allows 100% foreign ownership of Indian companies in the pharmaceutical sector. However, the Indian government may change this policy in the future, and restrict the shareholding of foreign investors. If such change restricted our ability to issue and foreign investors' ability to hold shares above a specified limit, we may be restricted in our ability to raise additional funding through equity issuances in the future.

Risks Relating to the Equity Shares

An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the Issue of Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the issue of Shares in the Issue, Qualified Institutional Buyers subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Bombay Stock Exchange and the National Stock Exchange (the "**Indian Stock Exchanges**") and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares.

You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

The sale of Shares by any holder may give rise to tax liability in India and in the country of your residency (where Double Taxation Agreement provisions do not exist), as discussed in "*Taxation*".

There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to ours; and
- significant developments in India's economic liberalization and deregulation policies.

There is no assurance regarding the continuity of the existing active or liquid market for our Equity Shares or the ability of investors to sell Equity Shares or the prices at which the investors may be able to sell the Equity Shares.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. There is no assurance that the market for our Equity Shares will not be subject to similar disruptions. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

Future issues or sales of shares by us may significantly affect the trading price of the Equity Shares.

A future issue of shares by us or the disposal of shares by any of our major shareholders, or the perception that such issues or sales may occur, may significantly affect the trading price of the Equity Shares. Other than the obtaining of consent from shareholders, some of our lenders prior to altering our capital structure and any regulatory consent that may be required under applicable law, there are no restrictions on our ability to issue shares, and there can be no assurance that we will not issue shares. There are restrictions on daily movements in the price of the shares, which may adversely affect a shareholder's ability to sell, or the price at which such shareholder can sell, shares at a particular point in time.

You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution unless we have obtained government approval to issue without such rights. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by you, your proportional interest in us would be reduced.

Significant differences exist between Indian Generally Accepted Accounting Principles ("Indian GAAP") and other accounting principles, such as US Generally Accepted Accounting Principles ("US GAAP") and International Financial Reporting Standards ("IFRS"), which may be material to investors' assessments of our financial condition.

We have prepared our financial statements and the financial information contained in this Preliminary Placement Document in accordance with Indian GAAP. Indian GAAP requirements differ in certain respects from those of US GAAP and IFRS. We have not presented a reconciliation of our financial statements to US GAAP in this Preliminary Placement Document. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP, US GAAP and IFRS as applied to our financial statements. As there are differences between Indian GAAP, US GAAP and IFRS, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with US GAAP or IFRS instead of Indian GAAP. Prospective investors should consult their own professional advisors for an understanding of the differences between Indian GAAP, US GAAP and IFRS and how they might affect the financial information contained in this Preliminary Placement Document.

There may be less information available about companies listed on Indian securities markets than about companies listed on securities markets in other countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. Moreover, under the terms of the listing

agreement which every listed company enters into with the relevant stock exchange, certain information needs to be disclosed to the stock exchange which is then made available to the general public. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be less publicly available information about Indian public companies, including us, than is regularly disclosed by public companies in other countries with more mature securities markets. For example, we are not required to and do not publish consolidated financial information other than on an annual basis for our fiscal year ending March 31. As a result you may have access to less information about our business, results of operations and financial conditions, and those of our competitors that are listed on the Indian Stock Exchanges and other stock exchanges in India, on an ongoing basis than you may have in the case of companies subject to reporting requirements of other more developed countries.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

Financial instability and volatility in securities markets in other countries, could disrupt our business and adversely affect the price of our Equity Shares

Although economic conditions are different in each country, the Indian market and Indian economy are influenced by economic and market conditions in other countries and investors' reactions to developments in one country may have an adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector in particular. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The Company's Articles of Association, regulation of its Board of Directors and Indian law govern the Company's corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

MARKET PRICE INFORMATION

The Company's Equity Shares are listed on the BSE and the NSE. The Equity Shares of the Company were first listed in February 2000. The stock market data given below is for periods subsequent to such date. As the Company's Equity Shares are actively traded on the BSE and NSE, the stock market data has been given separately for each of these stock exchanges. The Company has 250,868,118 outstanding Equity Shares.

A. The following tables set forth the reported high and low closing prices of the Company's Equity Shares on the NSE and the BSE and the number of Equity Shares traded on the days such high and low prices were recorded, for the fiscal years 2008 and 2009.

The BSE:

The high, low and average market prices of the Equity Shares of the Company during the preceding three years:

BSE							
Period	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Equity Shares)**	**Average (Rs.)**
Fiscal Year ended March 31, 2007	January 22, 2007	658.25	678,031	June 15, 2006	238.5	115,393	425.35
April 1, 2007 to September 9, 2007*	September 4, 2007	731.10	263,052	April 2, 2007	592.76	100,182	665.85
September 10, 2007 to year ended March 31, 2008	January 2, 2008	605.75	98,594	September 10, 2007	367.30	136,750	481.11
Fiscal Year ended March 31, 2009	June 13, 2008	708.30	367,102	February 5, 2009	120.85	2,359,671	446.11

(Source: www.bseindia.com)
** Ex-date for the split in the face value of the Equity Shares from Rs. 2 to Re. 1 pursuant to the resolution of the Board dated June 11, 2007 and the shareholders' resolution dated July 27, 2007*

The NSE:

NSE							
Period	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Equity Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Equity Shares)**	**Average (Rs.)**
Fiscal Year ended March 31, 2007	January 22, 2007	658.4	986,337	June 14, 2006	236.15	68,206	425.78
April 1, 2007 to September 9, 2007*	September 4, 2007	731.60	472,460	April 2, 2007	589.75	167,192	665.88
September 10, 2007 to year ended March 31, 2008	January 2, 2008	605.75	149,34	September 10, 2007	367.35	237,150	482.26
Fiscal Year ended March 31, 2009	June 13, 2008	710.10	564,804	February 5, 2009	120.85	4,277,266	446.49

(Source: www.nse-india.com)
** Ex-date for the split in the face value of the Equity Shares from Rs. 2 to Re. 1 pursuant to the resolution of the Board dated June 11, 2007 and the shareholders' resolution dated July 27, 2007.*

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

The following tables set forth the reported high and low closing prices of the Equity Shares on the NSE and the BSE, the number of the Equity Shares traded on the days such high and low prices were recorded and the volume of securities traded in each month during the last six months.

The BSE:

Monthly high and low prices and trading volumes on the NSE and the BSE for the six months preceding the date of filing of this Preliminary Placement Document:

BSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Equity Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Equity Shares)**	**Average (Rs.)**
March 2009	March 30	159.50	1,161,417	March 12	126.30	381,149	143.30
April 2009	April 21	207.95	743,048	April 1	156.30	279,795	186.30
May 2009	May 25	251.95	1,400,067	May 14	165.30	424,550	199.79
June 2009	June 4	258.95	1,387,460	June 18	202.80	760,576	226.95
July 2009	July 24	271.10	718,476	July 1	209.60	515,196	238.70
August 2009	August 5	269.55	1,731,700	August 21	207.00	1,249,017	238.39

(Source: www.bseindia.com)

The NSE:

NSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Equity Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Equity Shares)**	**Average (Rs.)**
March 2009	March 30	159.70	2,122,483	March 12	127.05	1,060,679	143.35
April 2009	April 21	207.10	1,614,771	April 1	155.60	730,216	186.43
May 2009	May 25	252.15	2,852,809	May 14	165.65	1,164,087	199.88
June 2009	June 4	257.75	2,929,546	June 18	202.75	1,830,264	226.76
July 2009	July 24	271.15	1,328,850	July 1	210.80	1,819,932	238.61
August 2009	August 5	269.80	3,743,479	August 21	207.30	3,726,787	238.45

(Source: www.nse-india.com)

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

B. The following tables set forth the details of the volume of business transacted during the last six months on the NSE and the BSE.

(No. of Equity Shares.)

Period	BSE	NSE
March 2009	14,370,387	24,136,611
April 2009	8,484,413	18,542,097
May 2009	12,261,433	29,208,665
June 2009	20,237,533	45,159,599
July 2009	14,165,966	34,014,216
August 2009	19,580,071	50,739,030

(Source: www.bseindia.com, www.nse-india.com)

(in Rs. million)

Period	BSE	NSE
March 2009	2,112.89	3,516.09
April 2009	1,629.81	3,537.67
May 2009	2,636.47	6,175.85
June 2009	4,671.66	10,394.84
July 2009	3,490.75	8,321.44
August 2009	4,667.57	12,043.38

(Source: www.bseindia.com, www.nse-india.com)

C. The following table sets forth the market price of the Equity Shares on the NSE and the BSE on the first working day following the Board meeting approving the Issue.

(in Rs. per Equity Share)

Date	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
July 28, 2009	262.50	267.20	245.80	258.00	259.40	267.85	245.50	258.35

(Source: www.bseindia.com; www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be Rs. [●] million. After deducting the Issue expenses of approximately Rs. [●] million, the net proceeds of the Issue will be approximately Rs. [●] million (USD [●]). For further information, see "Placement".

Purpose of Issue

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds from the Issue to repay long-term debt and for general corporate purposes.

In accordance with the policies approved by our Board of Directors and as permissible under applicable laws and government policies, our management will have flexibility in deploying the proceeds received by the Company from the Issue. Pending utilisation for the purposes described above, the Company intends to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies as approved by the Board of Directors from time to time.

CAPITALISATION

The following table shows, as at March 31, 2009:

- the Company's actual consolidated capitalisation; and
- the Company's consolidated capitalisation as adjusted for the Issue, and the application thereof.

This table should be read in conjunction with the Company's consolidated financial statements as of and for the year ended March 31, 2009 and the related notes, the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial statements and information contained in this Preliminary Placement Document.

(In Rs. Million)

	As at March 31, 2009	
	Actual	**As adjusted**
Shareholders' Funds		
Share capital[(1)]	250.52	[●]
Reserves and Surplus		
Capital Reserve	1.00	[●]
Securities Premium Account	3,184.45	[●]
General Reserves	1,494.34	[●]
Foreign currency monetary item translation difference account	(178.26)	
Capital Redemption Reserve	200.00	
Exchange fluctuation Reserves	(185.94)	
Profit and Loss Account Balance	11,215.45	
Total Reserves and Surplus	15,731.04	
Total Shareholders' Funds	**15,981.56**	[●]
Loan Funds		
Secured Loans	3,826.55	[●]
Unsecured Loans		
Foreign Currency Convertible Bonds	1,835.28	[●]
Short Term Loan from Banks	15,235.81	[●]
Security Deposit	45.83	
Total Unsecured Loans	17,116.92	[●]
Total Debt	**20,943.47**	**[●]**
Total Capitalisation	**36,925.03**	**[●]**

(1) Does not reflect 3,602,960 Equity Shares issuable upon the exercise of 3,602,960 options outstanding as at March 31, 2009. See "*Board of Directors and Senior Management – Employee Stock Option Scheme*"

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon the recommendation of its board of directors and approval by a majority of its shareholders, who have the right to decrease, but not to increase, the amount of the dividend recommended by the board of directors at the annual general meeting. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. Additionally, our Articles of Association grant discretion to our Board of Directors to declare and pay interim dividends from our profits as appear to it to be justified. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depositary on the date specified as the "record date" or "book closure date". A listed company in India may declare and disclose the dividend it issues only on a per share basis.

Equity Shares

The Equity Shares to be issued in this Issue shall qualify for any dividend that is declared in respect of the financial year in which they have been allotted. Dividends declared by us on the Equity Shares during the last three fiscal years have been presented below.

	For the year ended March 31, 2009	For the period commencing September 10, 2007* till the year ended March 31, 2008	For the period commencing April 1, 2007 till September 9, 2007	For the year ended March 31, 2007
Face value of Equity Shares (Rs./Re. Per Equity Share)	1.00	1.00	2.00	2.00
Interim dividend on Equity Shares (Rs./Re. Per Equity Share)	Nil	0.70	Nil	0.80
Final dividend on Equity Shares (Rs./Re. Per Equity Share)	0.40**	Nil	Nil	Nil
Total dividend on Equity Shares (Rs. million)	100.21	171.55	Nil	95.76
Dividend tax (Rs./Re. million)	17.03	29.15	Nil	13.43

** Effective dated for the split in the face value of the Equity Shares from Rs. 2 to Re. 1 pursuant to the resolution of the Board dated June 11, 2007 and the resolution shareholders' dated July 27, 2007*

*** Subject to shareholders' approval at the ensuing meeting to be held on September 25, 2009*

Preference Shares

Dividends declared on our Preference Shares during the last three fiscal years have been presented below.

	Fiscal Year Ended March 31,		
	2009	2008	2007
Face value of Preference Shares (Rs. Per Equity Share)	100	100	100
Interim dividend on Preference Shares (Rs. million)	Nil	Nil	Nil
Final dividend on Preference Shares (Rs. million)	Nil	Nil	6.94
Total dividend on Preference Shares (Rs. million)	Nil	Nil	6.94
Dividend rate	Nil	Nil	7%
Dividend tax (Rs. million)	Nil	Nil	0.97

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

Under current Indian tax laws, dividends are not subject to income tax in India in the hands of the recipient. However, a company is liable to pay a "dividend distribution tax" currently at the rate of 15% (plus surcharge at 10% and education cess on dividend distribution tax and surcharge at the rate of 3%) on the total amount distributed as dividend. The effective rate of dividend distribution tax is approximately 17%. See "Taxation".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Unless the context otherwise requires, the "Group" refers to Glenmark Pharmaceuticals Limited and its consolidated subsidiaries and joint venture and "GPL" refers to the Company or Glenmark Pharmaceuticals Limited on a stand-alone basis excluding its subsidiaries and joint venture. Further, for the purpose of this section, all references to the terms "we", or "us" or "our", unless specified to the contrary, refers to the "Group".

The following discussion of the Group's financial condition and results of operations is based on the Group's audited consolidated financial statements as of and for the years ended March 31, 2007, March 31, 2008 and March 31, 2009, including the schedules, annexes and notes thereto and the reports thereon, which appear elsewhere in this Preliminary Placement Document.

The Group's consolidated financial statements are extracted by the management from the audited consolidated financial statements which were prepared in conformity with Indian GAAP for the years ended March 31, 2007, March 31, 2008 and March 31, 2009, which differs in certain significant respects from IFRS and other accounting and auditing standards with which prospective investors may be familiar with in other countries. The consolidated financial statements of the Group are included in this Preliminary Placement Document and are referred to herein as the "Consolidated Financial Statements". The Group does not provide a reconciliation of its consolidated financial statements to IFRS or a summary of principal differences between Indian GAAP and IFRS relevant to its business. Furthermore, the Group has not quantified or identified the impact of the differences between Indian GAAP and IFRS. As there are significant differences between Indian GAAP and IFRS, there may be substantial differences in the Group's results of operations, cash flows and financial position if it were to be prepared in accordance with IFRS instead of Indian GAAP.

The significant accounting policies applied in the preparation of the Group's consolidated financial statements are as set forth in notes to the Group's consolidated financial statements included in this Preliminary Placement Document. Prospective investors should review the accounting policies applied in the preparation of its consolidated financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and how they might affect the financial information contained in this Preliminary Placement Document.

The forward looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussions in "Forward Looking Statements" and "Risk Factors".

Background

Overview

We are a research oriented, integrated pharmaceutical company incorporated in the Republic of India, with a presence in numerous markets around the world. We operate a specialty/proprietary business ("**Specialty Business**") which is focused on drug development and branded generic drugs and a pure generics business ("**Generics Business**") which operates in the unbranded generic drug market and the active pharmaceutical ingredients ("**APIs**") market (each as more fully described below). We offer a range of products across various therapeutic segments including dermatology, gynaecology, oncology, diabetes, pain management and cardiovascular disease.

We were incorporated in India on November 18, 1977 and became a public limited company on May 20, 1996.

Our Specialty Business is operated through GPL and focuses on new drug development and marketing of branded products. It is actively engaged in the development of new chemical entities ("**NCEs**") and new biological entities ("**NBEs**") and to out-licence them at appropriate junctures. To this effect, we have four research and development ("**R&D**") centres, dedicated to the discovery and development of NCEs and NBEs. As at March 31, 2009, we had successfully out-licenced three molecules to four partners and had received a total of U.S.$117 million in up-front and milestone payments. Since March 31, 2009 two of the four out-licencing agreements have been terminated. We have established branded products in, niche therapeutic segments including dermatology, gynaecology, diabetes, pain management and cardiovascular diseases. We recognise the value of investing in original research in order to generate intellectual property assets that will sustain our revenues and earnings in a product patent regime post the General Agreement for Trade and Tariffs. We believe that these intellectual property assets allow us to establish our brands in regulated international markets and facilitate our growth as a global company. Towards this end, we have invested steadily in building a pipeline of NCEs, new NBEs and platform technologies. Currently, we have a pipeline of seven NCEs and two NBE in various phases of development.

Within our Specialty Business, we operate a "branded generics" model. Our branded generics operations focus on the sale of our own branded, off-patent drugs. Important aspects of this business include brand building and prescription generation by way of marketing. We have a history of in-house brand development and, since incorporation, we have continued to launch new products at regular intervals. We first entered the dermatology market with the introduction of Candid Cream in 1979. We subsequently broadened our product range by introducing Candid–brand extensions in other therapeutic segments. In 1987, we launched Ascoril, a cough expectorant. Our products Candid B, Ascoril, Telma and Telma H are among our successful brands, ranked 106, 127, 140 and 204 respectively among the top 300 brands as of July 2009. (Source: ORG IMS Health Incorporated SSA July 2009).

Our Generics Business, operated through Glenmark Generics Limited ("**GGL**"), focuses on the generic drug markets in the United States of America ("**United States**"), parts of Europe and parts of Latin America, and on marketing and distribution of generic formulations and APIs. APIs are the principal ingredients for finished dosages and are also known as bulk actives or bulk drugs. APIs become formulations when the dosage is prepared for human consumption using additional inactive ingredients either in oral forms such as tablets, capsules, dry syrups or liquid orals or in sterile forms like injectable dry powder vials or liquid injectables. As of June 30, 2009, we have launched over 45 products in the United States generics market and have a further 45 abbreviated new drug applications ("**ANDAs**") pending approval. We also generated, in October 2008, our first sales in the United Kingdom – through sales of Perindopril tablets. In addition, we sell APIs in over 70 countries.

GPL has 33 subsidiaries, of which 32 are wholly-owned subsidiaries and, on a consolidated basis, we have, globally, more than 5,500 employees, over 25 representative offices and 12 manufacturing locations. We have over 2000 medical representatives located throughout India to market our products. We have established subsidiaries in Romania (Glenmark Pharmaceuticals s.r.l) and Poland (Glenmark Pharmaceuticals Sp. zo.o and Glenmark Distributors Sp. zo.o) and have established a presence in numerous jurisdictions including Thailand, Egypt, the United Arab Emirates, Venezuela, Peru, Russia and the Commonwealth of Independent States.

We have won a number of awards, recent ones being announced "Best Pharma Company in Emerging Markets" and "Best Pharma Company in the World – SME" at the 2008 SCRIP awards and being included in the Forbes "Asia's 200 Best Under a Billion" list of companies in September 2008 .

From fiscal year 2007 to fiscal year 2009, our consolidated sales have grown at a compound annual growth rate of 30 per cent.

We have, beginning in the fiscal year 2009, reorganised our business structure into two separate strategic business units, the Specialty Business is operated through GPL and the Generics business, operated through GGL. The purpose of the reorganisation was to focus on individual business areas to achieve optimum and effective management of resources, people and markets. Following the 2007-2008 reorganisation of our business units, the facilities that remain within the Speciality Business (being those not specifically

transferred to GGL) are the formulations manufacturing facilities at Baddi, Himachal Pradesh and Nasik, Maharashtra in India, the formulations manufacturing facilities at Sao Paulo, Brazil and Vysoke Myto in Czech Republic, the formulations development facility at Sinnar-Maharashtra in India, the R&D centre for NCEs at Mahape, Navi Mumbai in India, the R&D centre for NBEs at Canton of Neuchatel in Switzerland, the clinical R&D centre at Oxford in the United Kingdom. In addition, all investments carried out by GPL in the branded markets and all innovative intellectual property ("**IP**") relating to NCEs and NBEs, remain assets of GPL.

Key milestones

Year	**Milestone**
1977	GPL was incorporated in India under the Companies Act 1956.
1979	We entered the dermatology market with the introduction of Candid Cream.
1983	We commissioned our first manufacturing facility at Nasik, Maharashtra, India.
2000	We announced an initial public offer at the Bombay Stock Exchange and the National Stock Exchange. The issue was oversubscribed.
2001	We launched our API manufacturing business.
2002	We purchased our API manufacturing facility in Ankleshwar, Gujarat.
2004	We entered into our first out-licencing deal for discovery R&D with Forest Laboratories, Inc. in respect of Oglemilast, our chronic obstructive pulmonary disease/asthma molecule.
2004	We acquired an Agência Nacional de Vigilância Sanitária (National Health Surveillance Agency Brazil) approved manufacturing facility in Brazil.
2005	Our manufacturing facility in Goa received United States Food and Drug Administration ("**USFDA**") approval for the United States markets.
2005	We launched commercial sales operations in the United States.
2007	Our manufacturing facility in Baddi, Himachal Pradesh received USFDA and United Kingdom Medicines and Healthcare Products Regulatory Agency ("**UKMHRA**") approval for the manufacture of ointments and creams.
2007	We entered the Czech Republic and Slovakia markets through our acquisition of Medicamenta a.s.
2008	We reorganised our business structure into two separate strategic business units.

Factors Affecting Results of Operations - A number of factors affected the Group's financial performance during each of Fiscal 2007, Fiscal 2008 and Fiscal 2009. These factors may affect the Group's financial performance in the future, and include:

With respect to the Specialty Business:

- devaluation of currencies sharper vis-à-vis the dollar impacted our revenues;

- devaluation of currencies in key markets against the dollar and troubled financial conditions leading to large scale trade de-stocking and extended cash cycles; and
- a lack of liquidity in the market and tight credit availability leading to a spike in cost of borrowing.

With respect to R&D:

- our inability to monetize any portion of our research pipeline in Fiscal 2009; and
- delays or setbacks in out-licensing from NCE/NBE portfolio.

With respect to the Generics Business:

- delays by the USFDA in generic ANDA approvals in the US; and
- price erosions on our products in the US market.

General factors:

- general economic conditions within and outside India;
- the availability of finance on favorable terms for our business and for our customers; and
- competition.

For further details, see "Risk Factors" and "Our Business".

Significant Accounting Policies

Basis of preparation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. However, it was not practicable to use uniform accounting policies for depreciation in the case of certain subsidiaries. For further details, please see "*Financial Statements*".

The Consolidated Financial Statements have been prepared on the following basis:

(a) In respect of subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per Accounting Standard - AS 21 "Consolidated Financial Statements".

In case of Joint Venture Companies, the financial statements have been consolidated as per Accounting Standard - AS - 27 "Financial Reporting of Interests in Joint Ventures".

(b) The excess of cost to the Company of its investment in the subsidiary company over the Company's share of net assets of the subsidiary company is recognised in the financial statements as Goodwill, which is amortised/tested for impairment, if any, at each balance sheet date. The excess of Company's share of net assets of the subsidiary company over the cost of acquisition is treated as Capital Reserve.

(c) The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent subsidiary relationship comes into existence.

(d) The translations of financial statements into Indian Rupees relating to non-integral foreign operations have been carried out using the following procedures:

- assets and liabilities have been translated at closing exchange rates at the year end; and
- income and expenses have been translated at an average of monthly exchange rates.

The resultant translation exchange gain/(loss) has been disclosed as Exchange Fluctuation Reserve under Reserves and Surplus.

(e) The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the requisite disclosure.

Fixed Assets, Depreciation and Amortisation

(a) Fixed assets are stated at cost less accumulated depreciation and amortisation. The Group capitalises all costs relating to the acquisition and installation of fixed assets. Expenditure of revenue nature, incurred in setting up of new projects, is capitalised as an indirect cost towards construction of the fixed assets.

(b) 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.

(c) Fixed assets having aggregate cost of Rs 5,000 or less are depreciated fully in the year of acquisition. The Group has estimated the useful life of its assets as follows:

Category	**Estimated useful life (in years)**
Plant and machinery	8-20
Vehicles	5-6
Equipments and Air Conditioners	4-20
Furniture and Fixtures	10
Brands	5-10

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

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.

Impairment of Assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the

Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Foreign Currency Transactions

(a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

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

Investments

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

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 first-in-first out 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.

Long-term Employee Benefits

In case of Defined Contribution plans, the Company's contributions to these plans are charged to the Profit and Loss Account as incurred. Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of 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. The liability for leave encashment and compensated absences is provided on the basis of valuation, as at Balance Sheet date, carried out by an independent actuary.

Revenue Recognition

The Group recognises revenue on dispatch of goods to customers. Revenues from services are recognized on completion of such services. Revenue from IP asset/Marketing rights is recognized on transfer of ownership/right to use in accordance with the terms of relevant agreements. Revenue from contract research being in the nature of product development activities is recognized as per the terms of the agreement. Revenues are recorded at invoice value, inclusive of excise duty and sales-tax, but net of returns and trade discounts.

Research and Development

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.

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 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.

Fringe Benefit Tax

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

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 Group's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

Provisions and Contingent Liabilities

The Group 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.

Results of Operations

The following table sets forth select financial data from the profit and loss account of the consolidated financial statements for the fiscal years 2007, 2008 and 2009, the components of which are also expressed as percentages of total income for such periods.

	Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
Income Statement	**Rs. Million**	**% of Total Revenue**	**Rs. Million**	**% of Total Revenue**	**Rs. Million**	**% of Total Revenue**
Income:						
Sales and Operating Income	12,515.34	98.76	20,092.01	97.77	21,160.33	92.4
Other income	156.99	1.24	458.20	2.23	1,740.12	7.60
Total Income	**12,672.33**	**100**	**20,550.21**	**100**	**22,900.45**	**100**
Expenditure:						
Cost of Sales	4,574.71	36.10	6,758.00	32.89	8,751.00	38.21
Selling and Operating Expenses	3,245.16	25.61	4,571.02	22.24	6,976.79	30.47
Depreciation/Amortisation	422.59	3.33	716.80	3.49	1,026.83	4.48
Interest (net)	384.08	3.03	631.68	3.07	1,404.77	6.13
Research and Development Expenses	432.61	3.41	757.73	3.69	882.70	3.85
Total Expenditure	**9,059.15**	**71.49**	**13,435.23**	**65.38**	**19,042.09**	**83.15**
Profit before Tax and Exceptional Items	**3,613.18**	**28.51**	**7,114.98**	**34.62**	**3,858.36**	**16.85**
Exceptional Items	-	-	-	-	1,169.55	5.11
Profit before Tax	**3,613.18**	**28.51**	**7,114.98**	**34.62**	**2,688.81**	**11.74**
Provision for Taxation:						
-Current Year	329.98	2.60	857.11	4.17	651.30	2.84
-MAT credit (Entitlement) / Utilisation	(181.22)	(1.43)	(347.47)	(1.69)	395.28	1.73
-Deferred Tax	303.70	2.40	199.22	0.97	(383.15)	(1.67)
-Fringe Benefit Tax	39.73	0.31	85.00	0.41	81.37	0.36
-Prior Period Tax	20.39	0.16	-	-	9.28	0.04
Net Profit after Tax before Minority Interest	**3,100.60**	**24.47**	**6,321.12**	**30.76**	**1,934.73**	**8.45**
Share of (profit) / loss transfer to Minority	-	-	0.20	-	(18.09)	(0.08)
Net Profit after Tax & Minority Interest	**3,100.60**	**24.27**	**6,321.32**	**30.76**	**1,916.64**	**8.37**
Balance Profit Brought Forward	2,035.30	16.06	4,678.92	22.77	10,276.67	44.88
Net Profit Available for Appropriation	**5,135.90**	**40.53**	**11,000.24**	**53.53**	**12,193.31**	**53.24**
- Dividend on Preference Shares	6.94	0.05	-	-	-	-

	Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
Income Statement	**Rs. Million**	**% of Total Revenue**	**Rs. Million**	**% of Total Revenue**	**Rs. Million**	**% of Total Revenue**
-Tax on Dividend on Preference Shares	0.97	0.01	-	-	-	-
-Interim Dividend on Equity Shares	95.76	0.76	171.55	0.83	-	-
-Tax on Interim Dividend on Equity Shares	13.43	0.11	29.15	0.14	-	-
-Proposed Dividend on Equity Shares	-	-	-	-	100.21	0.44
-Tax on Proposed Dividend on Equity Shares	-	-	-	-	17.03	0.07
-Transfer to Capital Redemption Reserve	200.00	1.58	-	-	-	-
-Transfer to Foreign Currency Monetary Item Translation Difference Account	-	-	-	-	366.12	1.60
-Transfer to General Reserve	140.00	1.10	522.88	2.54	494.49	2.16
Balance Carried to Balance Sheet	**4,678.80**	**36.92**	**10,276.66**	**50.01**	**11,215.46**	**48.97**

Income

Our total income comprises of sales and operating income and other income. Sales and operating income includes:

- sale of goods and intellectual property assets; and
- income from services.

Other income includes:

- lease rent;
- dividend received on non trade investments;
- exchange gain;
- export incentive; and
- miscellaneous income.

Sales and Operating Income

We generate income through our pharmaceutical business which consists of a specialty/proprietary business which focuses on new drug development and marketing of branded products and a generics business, operated through Glenmark Generics Limited ("**GGL**"), a substantially owned subsidiary of GPL, which focuses on launching drugs which have gone off-patent and on marketing and distribution of active pharmaceutical ingredients ("**APIs**") and generic formulations. The total income from such operations in the fiscal year 2007, fiscal year 2008 and fiscal year 2009 was Rs. 12,515.34 million, Rs. 20,092.01 million and Rs. 21,160.33 million, respectively, which was 98.76%, 97.77% and 92.40% of our total income in such respective periods.

The major source of our future sales and operating income is our ongoing and forthcoming projects, which are described in "*Summary of Business*".

Other Income

The total income from the other sources detailed above in fiscal year 2007, fiscal year 2008 and fiscal year 2009 was Rs. 156.99 million, Rs. 458.20 million and Rs. 1,740.12 million, respectively, which was 1.24%, 2.23% and 7.60% of our total income in such respective periods.

Expenditure

Our total expenditure comprises of the following:

Cost of Sales

Cost of sales expenses consists of salaries, wages, bonus and allowances, contribution to provident and other funds, labour charges, consumption of raw and packing materials, purchase of traded goods, excise duty, sales tax, power, fuel and water charges, consumption of stores and spares, repairs and maintenance (plant, machinery and buildings), rent, rates and taxes, other manufacturing expenses and increase/decrease of inventory. We incurred cost of sales amounting to Rs. 4,574.71 million, Rs. 6,758.00 million and Rs. 8,751.00 million in fiscal year 2007, fiscal year 2008 and fiscal year 2009, respectively.

Selling and Operating Expense

Selling and operating expenses consist of salary, bonus and allowances, contribution to provident and other funds, staff welfare expenses, directors' salaries, allowances and commission, incentive and commission, sales promotion expenses, export commission, commission on sales, travelling expenses, freight outward, telephone expenses, rates and taxes, provision for doubtful debts, provision for doubtful advances, bad debts written off, insurance premium, electricity charges, rent, legal and professional expenses, repairs and maintenance (others), auditors' remuneration and expenses, loss on sale of fixed assets, amortization of pre-operative / preliminary expenses and other operating expenses. We incurred selling and operating expenses amounting to Rs. 3,245.16 million, Rs. 4,571.02 million and Rs. 6,976.79 million in fiscal year 2007, fiscal year 2008 and fiscal year 2009, respectively.

Depreciation / Amortisation

Depreciation amounted to expenses of Rs. 422.59 million, Rs. 716.80 million and Rs. 1,026.83 million in fiscal year 2007, fiscal year 2008 and fiscal year 2009, respectively.

Interest (net)

Our net interest expense on term and other loans from banks (net of interest income on deposits with banks) amounted to Rs. 384.08 million, Rs. 631.68 million and Rs. 1,404.77 million in fiscal year 2007, fiscal year 2008 and fiscal year 2009, respectively.

Research and Development Expenses

Research and development expenditure consists of salary, bonus and allowances, contribution to Provident and other funds, staff welfare expenses, Directors' remuneration, incentive and commission, consumable and chemicals, electricity charges, repairs and maintenance (building and others), insurance premium and other expenses. We incurred research and development expenses of Rs. 432.61 million, Rs. 757.73 million and Rs. 882.70 million in fiscal year 2007, fiscal year 2008 and fiscal year 2009, respectively.

Results of Operations

Fiscal Year 2008 compared to Fiscal Year 2009

Income

Our total income increased by 11.44% from Rs. 20,550.21 million in fiscal year 2008 to Rs. 22,900.45 million in fiscal year 2009. Sales and operating income increased by 5.32% from Rs. 20,092.01 million in fiscal year 2008 to Rs. 21,160.33 million in fiscal year 2009. Other income increased by 279.77% from Rs. 458.20 million in fiscal year 2008 to Rs. 1,740.12 million in fiscal year 2009, primarily due to exchange gain.

Expenditure

Our total expenditure increased by 41.73% from Rs. 13,435.22 million in fiscal year 2008 to Rs. 19,042.09 million in fiscal year 2009.

Cost of sales increased by 29.49% from Rs. 6,758.00 million in fiscal year 2008 to Rs. 8,751.00 million in fiscal year 2009. This increase was primarily due to increases in consumption of raw and packing materials from Rs. 3,630.16 million in fiscal year 2008 to Rs. 4,917.53 million in fiscal year 2009, purchase of traded goods from Rs 2,099.18 million in fiscal year 2008 to Rs. 3,774.90 million in fiscal year 2009, and salaries, wages bonus and allowances from Rs. 298.24 million in fiscal year 2008 to Rs. 485.02 million in fiscal year 2009. These items increased due to increases in salaries, wages, bonuses and allowances, labour charges and power and fuel costs. In addition to the foregoing, there was an increase in inventory of Rs. 2,111.70 million in fiscal year 2009, compared to an increase in inventory of Rs. 1,007.07 million in fiscal year 2008.

Selling and operating expenses increased by 52.63% from Rs. 4,571.02 million in fiscal year 2008 to Rs. 6,976.79 million in fiscal year 2009, primarily due to increases in salaries and other employee benefits, sales promotion expenses and other operating expenses.

Depreciation / amortisation expenses increased by 43.25% from Rs. 716.80 million in fiscal year 2008 to Rs. 1,026.83 million in fiscal year 2009 due to an increase in gross block of fixed assets.

Net interest expenses increased by 122.39% from Rs. 631.68 million in fiscal year 2008 to Rs. 1,404.77 million in fiscal year 2009, primarily due to an increase in borrowings on account of capital expenditure, brand acquisition and increased working capital requirements, as well as an increase in interest rates, including on bank loans. Interest on bank loans increased by 105.12% from Rs. 710.42 million in fiscal year 2008 to Rs. 1,457.21 million in fiscal year 2009. Interest income on bank deposits decreased by 33.40% from Rs. 78.74 million in fiscal year 2008 to Rs. 52.44 million in fiscal year 2009, as a result of a decrease in funds deposited with banks.

Research and development expenses increased by 16.49% from Rs. 757.73 million in fiscal year 2008 to Rs. 882.70 million in fiscal year 2009. This increase was primarily as a result of an increase in other expenses from Rs. 122.84 million in fiscal year 2008 to Rs. 502.74 million in fiscal year 2009.

Profit before Tax and Exceptional Items

As a result of the foregoing, profit before tax and exceptional items decreased by 45.77% from Rs. 7,114.98 million in fiscal year 2008 to Rs. 3,858.36 million in fiscal year 2009.

Exceptional Items

In fiscal year 2009 we had exceptional items of Rs. 1,169.55 million as a result of a one-time additional sales allowance given to a customer during that period. We had no exceptional items in fiscal year 2008.

Profit before Tax

As a result of the foregoing, profit before tax decreased by 62.21% from Rs. 7,114.99 million in fiscal year 2008 to Rs. 2,688.81 million in fiscal year 2009.

Provision for Taxation

Our provision for taxation decreased by 5.01% from Rs. 793.87 million in fiscal year 2008 to Rs. 754.08 million in fiscal year 2009, primarily due to a decrease in deferred tax charge from a Rs. 199.22 million expense in fiscal year 2008 to a Rs. 383.15 million credit in fiscal year 2009.

Net Profit after Tax before Minority Interest

As a result of the foregoing, our net profit after tax before minority interest decreased by 69.39% from Rs. 6,321.12 million in fiscal year 2008 to Rs. 1,934.73 million in fiscal year 2009.

Share of Profit/Loss Transfer to Minority

In fiscal year 2008 a loss share of Rs. 0.20 million was transferred to the minority. In fiscal year 2009 a profit share of Rs. 18.09 million was transferred to the minority.

Net Profit after Tax and Minority Interest

Net profit after tax and minority interest decreased by 69.68% from Rs. 6,321.33 million in fiscal year 2008 to Rs. 1,916.64 million in fiscal year 2009.

Restatement of long term Foreign Currency Monetary items.

The Ministry of Corporate Affairs, through its notification dated March 31, 2009, has relaxed the provisions of Accouning Standard(AS) 11 "The Effects of Changes in Foreign Exchange Rates" for treating the exchange gain /loss arising on restatement of long term foreign currency monetary items. The Company has opted to follow the changes as per the above notification for its foreign currency long term loans. Accordingly, exchange gain of Rs.3.92 million for fiscal year 2008 has been reduced from General Reserve and exchange loss of Rs.24.54 million for fiscal year 2009 on restatement of the foreign currency loan is added to the cost of assets and will be depreciated over the useful life of the assets. Losses arising from the effect of change in foreign exchange rates on foreign currency loan/ bond not relating to acquisition of depreciable capital assets amounting to Rs.1,195.59 million for fiscal year 2009 and gain of Rs.905.92 million for fiscal year 2008, are transferred to Foreign Currency Monetary Item Translation Difference Account. Rs.114.46 million has been amortised during the year. Had the Company not adopted these changes, the depreciation for fiscal year 2009 would have been lower by Rs.1.06 million and the profit would be have been lower by Rs.1,081.13 million.

Fiscal Year 2007 compared to Fiscal Year 2008

Income

Our total income increased by 62.17% from Rs. 12,672.33 million in fiscal year 2007 to Rs. 20,550.21 million in fiscal year 2008. Sales and operating income increased by 60.54% from Rs. 12,515.34 million in fiscal year 2007 to Rs. 20,092.01 million in fiscal year 2008, primarily due to increased sales revenue from the United States and other Generics Business markets. Other income increased by 191.87% from Rs. 156.99 million in fiscal year 2007 to Rs. 458.20 million in fiscal year 2008, primarily due to exchange gain.

Expenditure

Our total expenditure increased by 48.31% from Rs. 9,059.15 million in fiscal year 2007 to Rs. 13,435.22 million in fiscal year 2008.

Cost of sales increased by 47.73% from Rs. 4,574.71 million in fiscal year 2007 to Rs. 6,758.00 million in fiscal year 2008. This increase was primarily due to increases in consumption of raw and packing materials from Rs. 2,712.12 million in fiscal year 2007 to Rs. 3,630.16 million in fiscal year 2008 and purchase of traded goods from Rs 1,266.65 million in fiscal year 2007 to Rs. 2,099.18 million in fiscal year 2008.

These items increased due to an increase in sales. In addition to the foregoing, there was an increase in inventory of Rs. 1,007.07 million in fiscal year 2008 compared to an increase in inventory of Rs. 814.58 million in fiscal year 2007.

Selling and operating expenses increased by 40.86% from Rs. 3,245.16 million in fiscal year 2007 to Rs. 4,571.02 million in fiscal year 2008, primarily due to an increase in sales.

Depreciation / amortisation expenses increased by 69.62% from Rs. 422.59 million in fiscal year 2007 to Rs. 716.80 million in fiscal year 2008 due to an increase in the gross block of fixed assets.

Net interest expenses increased by 64.47% from Rs. 384.08 million in fiscal year 2007 to Rs. 631.68 million in fiscal year 2008, primarily due to an increase in borrowings on account of capital expenditure and increased working capital requirements as well as increased interest rates on bank loans. Interest on bank loans increased by 78.38% from Rs. 398.26 million in fiscal year 2007 to Rs. 710.42 million in fiscal year 2008. Interest income on bank deposits increased by 455.29% from Rs. 14.18 million in fiscal year 2007 to Rs. 78.74 million in fiscal year 2008, as a result of an increase in funds deposited with banks.

Research and development expenses increased by 75.15% from Rs. 432.61 million in fiscal year 2007 to Rs. 757.73 million in fiscal year 2008. This increase was primarily as a result of increases in consumables and chemicals from Rs. 127.33 million in fiscal year 2007 to Rs. 349.22 million in fiscal year 2008 and salaries, bonuses and allowances from Rs. 151.83 million in fiscal year 2007 to Rs. 214.42 million in fiscal year 2008 due to higher salaries for our employees and an increase in headcount.

Profit before Tax

As a result of the foregoing, profit before tax increased by 96.92% from Rs. 3,613.18 million in fiscal year 2007 to Rs. 7,114.98 million in fiscal year 2008.

Exceptional Items

We had no exceptional items in fiscal years 2007 and 2008.

Provision for Taxation

Our provision for taxation increased by 54.88% from Rs. 512.58 million in fiscal year 2007 to Rs. 793.87 million in fiscal year 2008, primarily due to an increase in current year tax from Rs. 350.37 million in fiscal year 2007 to Rs. 857.11 million in fiscal year 2008.

Net Profit after Tax (before Minority Interest)

As a result of the foregoing, our net profit after tax increased by 103.87% from Rs. 3,100.60 million in fiscal year 2007 to Rs. 6,321.12 million in fiscal year 2008.

Share of Profit/Loss Transfer to Minority

In fiscal year 2007 no profit/loss transfer was made to a minority. In fiscal year 2008 a loss share of Rs. 0.20 million was transferred to the minority.

Financial Condition, Liquidity and Capital Resources

Liquidity

The Group broadly defines liquidity as its ability to generate sufficient funds from both internal and external sources to meet its obligations and commitments. The Group's primary liquidity requirements have been to finance its working capital requirements for its operations and for capital expenditures and

investments. The Group has financed its capital requirements primarily through funds generated from its operations, equity/equity related issuance and borrowings.

Cash Flows

The table below summarizes the Group's cash flow for the periods indicated:

(In Rs. Million)

Particulars	Fiscal Year	Fiscal Year	Fiscal Year
Net cash generated from operating activities	932.41	3,717.83	159.08
Net cash (used in) investing activities	(2,687.82)	(5,098.57)	(9,501.60)
Net cash generated from financing activities	1,756.97	1,888.26	8,492.28
Net cash increase / (decrease) in cash and cash	1.56	507.52	(850.24)

Operating Activities

Net cash generated from operating activities was Rs. 159.08 million in fiscal year 2009. Net cash generated from operating activities consisted of profit before tax of Rs. 2,688.81 million as adjusted for certain items including interest expenses of Rs. 1,457.21 million and a number of non-cash items such as depreciation / amortisation of Rs. 1,026.83 million. This amount was partially offset by adjustments for changes in working capital from Rs. 3,845.59 million in fiscal year 2008 to Rs. 3,876.64 million in fiscal year 2009, which was primarily due to an increase in inventories of Rs. 1,310.30 million in fiscal year 2008 compared to an increase of Rs. 2,294.86 million in fiscal year 2009.

Net cash generated from operating activities was Rs. 3,717.83 million in fiscal year 2008. Net cash generated from operating activities consisted of profit before tax of Rs. 7,114.99 million as adjusted for certain items including interest expenses of Rs. 710.42 million and a number of non-cash items such as depreciation / amortisation of Rs. 716.80 million. This amount was partially offset by adjustments for changes in working capital from Rs. 3,262.71 million in fiscal year 2007 to Rs. 3,845.59 million in fiscal year 2008, which was primarily due to an increase in sundry debtors of Rs. 1,950.32 million in fiscal year 2007 compared to an increase of Rs. 2,507.58 million in fiscal year 2008.

Net cash generated from operating activities was Rs. 932.41 million in fiscal year 2007. Net cash generated from operating activities consisted of profit before tax of Rs. 3,613.18 million as adjusted for certain items including interest expenses of Rs. 398.26 million and a number of non-cash items such as depreciation / amortisation of Rs. 422.59 million. A cash loss was generated from adjustments for changes in working capital of Rs. 3,262.71 million in fiscal year 2007.

Investing Activities

Net cash used in investing activities was Rs. 9,501.60 million in fiscal year 2009. We used Rs. 7,662.73 million for the purchase of fixed assets, which was partially offset by Rs. 183.50 million and Rs. 6.94 million we generated from the sale of fixed assets and investments respectively.

Net cash used in investing activities was Rs. 5,098.57 million in fiscal year 2008. We used Rs. 3,580.62 million for the purchase of fixed assets and Rs. 0.93 million for the purchase of investments, which was partially offset by Rs. 53.61 million we generated from the sale of fixed assets.

Net cash used in investing activities was Rs. 2,687.82 million in fiscal year 2007. We used Rs. 2,797.04 million for the purchase of fixed assets, which was partially offset by Rs. 86.37 million and Rs. 9.75 million we generated from the sale of fixed assets and investments respectively.

Financing Activities

Net cash generated from financing activities was Rs. 8,492.28 million in fiscal year 2009, which primarily included Rs. 8,059.15 million generated from proceeds from short term borrowings. This amount was partially offset by Rs. 1,441.05 million used for interest payments.

Net cash generated from financing activities was Rs. 1,888.26 million in fiscal year 2008, which primarily included Rs. 1,986.91 million generated from proceeds from the fresh issue of share capital (including securities premium). This amount was partially offset by Rs. 710.34 million used for interest payments.

Net cash generated from financing activities was Rs. 1,756.97 million in fiscal year 2007, which primarily included Rs. 1,811.70 million generated from proceeds from short term borrowings. This amount was partially offset by Rs. 391.88 million used for interest payments.

Capital Expenditure

For details regarding the Group's capital expenditure, see "*Financial Statements*".

Indebtedness

The following table sets forth the Group's secured and unsecured debt position as at March 31, 2009.

(In Rs. Million)

	Amount outstanding as at March 31, 2009
Secured Loans:	
Term Loan	873.08
Working Capital Facilities	2,860.90
Other Loans	92.57
Total (A)	**3,826.55**
Unsecured Loans:	
Short Term Loan from Banks	15,235.81
Foreign Currency Convertible Bonds	1,835.28
Security Deposit	45.83
Total (B)	**17,116.92**
Total (A+B)	**20,943.47**

The term loan is secured by way of exclusive charge on the Group's fixed assets, both present and future. Our working capital facilities are secured by way of hypothecation of stocks, raw materials, packing materials, finished goods, work in progress, receivables and by way of an equitable mortgage on fixed assets at our manufacturing facility at Nasik and our research and development centre at Sinnar, Nasik. Our other loans are secured by way of hypothecation of certain premises, equipment and vehicles.

Contingent Liabilities

The following table sets forth the contingent liabilities of the Group not provided for, on a consolidated basis as of the dates indicated.

(In Rs. Million)

	As of March 31, 2008	**As of March 31, 2009**
Bank Guarantees	26.37	71.53
Disputed Income Tax / Excise Duty / Sales Tax	30.18	33.77
Claims against the Group not acknowledged as debts[(a)]	0.28	0.38
Open letters of credit[(b)]	8.66	92.73
Sundry debtors factored with recourse option[(c)]	1,000.00	2,800.00
Guarantees for Rent	-	7.69
Indemnity Bond	187.55	331.88
Corporate Guarantee	1,078.11	1,376.46

[(a)] In respect of labour/industrial disputes
[(b)] The total amount related to a letter of credit outstanding as at March 31, 2009
[(c)] The amount related to credit facilities given by the bank against debtors

Related Party Transactions

The Group has entered into, and from time to time will enter into, transactions with other companies in the Group on an arm's length basis. For details in relation to related party transactions, see "*Financial Statements*".

Default under credit facilities and convertible bonds

Our subsidiary, Glenmark Holdings SA, Switzerland, has entered into two loan facilities, the first with a syndicate of lenders (for whom Citicorp International Limited acts as agent) for U.S.$100 million pursuant to a facility agreement dated March 23, 2007 (the "**Syndicated Facility**") and the second with ICICI Bank Limited, Bahrain Branch for U.S.$13 million pursuant to a facility agreement dated March 26, 2007 (the "**ICICI Facility**" and, together with the Syndicated Facility, the "**Facilities**"). The Company is a guarantor in respect of the Facilities. Although the Facilities are disbursed in US dollars, the terms of the relevant facility agreements entered into in respect of the Facilities (the "**Facility Agreements**") require the Company to comply with certain financial covenants by converting the US dollar amounts into Indian rupees for the purpose of computation. In the last year alone, the dollar-rupee exchange rate has seen approximately 27% strengthening of the dollar as a result of which the Group has been found to be in technical default of the following covenants in these facilities:

Syndicated Facility

(a) the total borrowings of the Group, are not to exceed Rs.20 billion (approximately U.S.$459.55 million) calculated in accordance with the provisions of the relevant Facility Agreement. As at March 31, 2009, the total borrowings of the Group totalled approximately Rs.20.94 billion (approximately U.S.$410.81 million).

(b) the ratio of total borrowings of the Group to EBITDA (as defined in the relevant Facility Agreement) was not to be greater than 3.00:1 for the fiscal year 2009. For the fiscal year 2009, this ratio was 3.33:1.

ICICI Bank Limited, Bahrain

The Group's consolidated total debt to net cash accruals ratio is not to exceed 6.00:1 during the term of the facility. As at March 31, 2009 (one of the dates on which the Company is required to examine compliance with the financial covenants), this ratio was 7.82:1.

Possible consequences of default under credit facilities and convertible bonds

The terms of the Facility Agreements require the lender(s) to issue a notice upon an event of default in order to seek repayment or enforce the relevant security. A number of remedies are available to the lenders pursuant to the terms of the Facility Agreements, including, *inter alia*, cancellation of the commitments in their entirety, acceleration of repayment of amounts outstanding under associated finance documents.

The Company has initiated steps to seek a waiver of the abovementioned technical defaults under the Syndicated Facility and the ICICI Facility.

The abovementioned technical defaults under the Facility Agreements have triggered cross-default provisions under some of our other financing documents, including the outstanding Zero Coupon Resettable Onward Starting Equity-linked Securities due in 2010, the outstanding Zero Coupon Resettable Onward Starting Equity-linked Securities due in 2011 and certain other loans of the Company. Further, the non compliance with the financial covenants in the Facility Agreements being an event of default, are also events of default under other lending facilities, they entitle the respective lenders to enforce remedies under the terms of the relevant financing documents. While we have initiated steps to obtain waivers from the lenders, there can be no assurance that all our lenders will agree to waive or amend the terms of the relevant financing documents on acceptable terms and the timelines for obtaining any such waivers or amendments

are uncertain. As of the date of this Preliminary Placement Document, the Company has not initiated steps to seek waivers of the defaults from the trustee or the holders of the outstanding zero coupon resettable onward starting equity-linked securities due in 2010 or the outstanding zero coupon resettable onward starting equity-linked securities due in 2011.

If the obligations under any of our financing agreements are accelerated pursuant to our failure to rectify a default, our financial condition and operations could be materially and adversely affected. In such an event, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements or be used for other general corporate purposes. If the obligations under any of our financing documents are accelerated it may also result in a decline in the trading price of the Equity Shares and you may lose all or part of your investment. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay our debts as they fall due.

Quantitative and Qualitative Disclosure about Market Risk

Risk Management

We are exposed to market risk as a result of our manufacturing and borrowing activities. We are exposed to market risk from changes in both foreign currency exchange rates and interest rates. We face foreign exchange risk to the extent our revenues, costs, assets or liabilities are denominated in currencies other than Indian rupees. Our interest rate risk results from changes in interest rates which may affect the cost of our financing. We do not use financial instruments such as foreign currency options, interest rate swaps or forward rate agreements to manage our market risk. Also, we do not hold or issue derivative or other financial instruments for trading purposes.

Commodities Risk

We are exposed to market risk with respect to commodity prices from our purchase and sale of pharmaceutical ingredients and formulations, as well as raw material components for pharmaceutical ingredients and formulations. Prices for these raw material components can fluctuate sharply over short periods of time. The prices of our raw materials generally fluctuate in line with commodity price cycles, though the prices of raw materials used in our active pharmaceutical ingredients business are generally more volatile. Raw material expense forms the largest portion of our operating expenses. The cost of raw materials consumed represented 23.24% of our revenues in fiscal year 2009. We evaluate and manage our commodity price risk exposure through our operating procedures and sourcing policies. In the normal course of business, we purchase our raw materials under annual supply contracts based on prevailing market conditions. We do not use any derivative financial instruments or futures contracts to hedge our remaining exposure to fluctuations in commodity prices. We do not apply hedging techniques with respect to changes in the purchase and sale prices of our pharmaceutical ingredients. Accordingly, significant increases in the prices of our raw materials could affect our results of operations.

Interest Rate Risk

We are exposed to market risk with respect to changes in interest rates related to our borrowings. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to international base rates such as LIBOR and borrowings where the interest rate is reset based on changes in interest rates set by RBI. We have not entered into agreements to hedge risks associated with changes in interest rates.

As of March 31, 2009, we had outstanding floating rate loans of Rs. 9,905.57 million or 47.30% of our total debt. Our borrowings from banks in India amounting to Rs. 3,518.85 million or 16.80% of our indebtedness, was exposed to risk in the form of policy changes by the RBI with respect to interest rates. The interest rates on these borrowings follow the RBI's policies which are generally announced through its credit policy measures twice a year. Accordingly, our interest rate risk is affected primarily by the short-term interest rates set by Indian banks.

Foreign Currency Exchange Rate Risk

We are exposed to exchange rate risk primarily from our receivables and other assets and foreign currency debt and payables which are denominated in foreign currencies.

66.19% of our revenues in fiscal year 2009 were derived from overseas markets. Our foreign currency revenue from our United States subsidiary and direct exports from India are denominated primarily in US dollars.

As of March 31, 2009, we had foreign currency borrowings of Rs. 8,222.00 million, denominated principally in US dollars. Fluctuations in the value of the US dollar and other currencies against the rupee can affect the relative value of our receivables, payables and debt and increase our payment obligations relative to our income. The value of the rupee to the dollar is determined by the foreign exchange markets, although RBI, which is the central bank of India, monitors the exchange rates closely and may intervene in the market from time to time.

Inflation

In recent years, although India has experienced major fluctuation in inflation rates, inflation has not had material impact on our business and results of operations.

INDUSTRY OVERVIEW

The information presented in this section has not been prepared or independently verified by us, the Joint Global Coordinators and Book Running Lead Managers, or any of our or their respective affiliates or advisors.

Overview of the global pharmaceutical markets

According to data from IMS Health Incorporated ("**IMS**"), the world pharmaceutical market size was estimated to be almost U.S.$743 billion in 2008, with growth of 5.1% in 2008 as compared to growth of 6.6% in 2007 and 7.0% in 2006. This slowdown in growth was projected to continue into 2009 characterised by increasing pressure on healthcare budgets around the world in the face of the global financial crisis, which is expected to drive the introduction of additional cost-containment measures during the next five years, and patents expiring on a number of major pharmaceutical brands. (Source: IMS Prognosis Report – Global (2009))

The following table provides a summary of global pharmaceutical industry growth from 2003 to 2008:

Global Sales	2003	2004	2005	2006	2007	2008
Total World Market U.S.$ billion	536.2	577.2	619.8	663.3	706.8	742.8
Growth Over Previous year (using constant exchange rates)	10.0%	7.7%	7.4%	7.0%	6.6%	5.1%

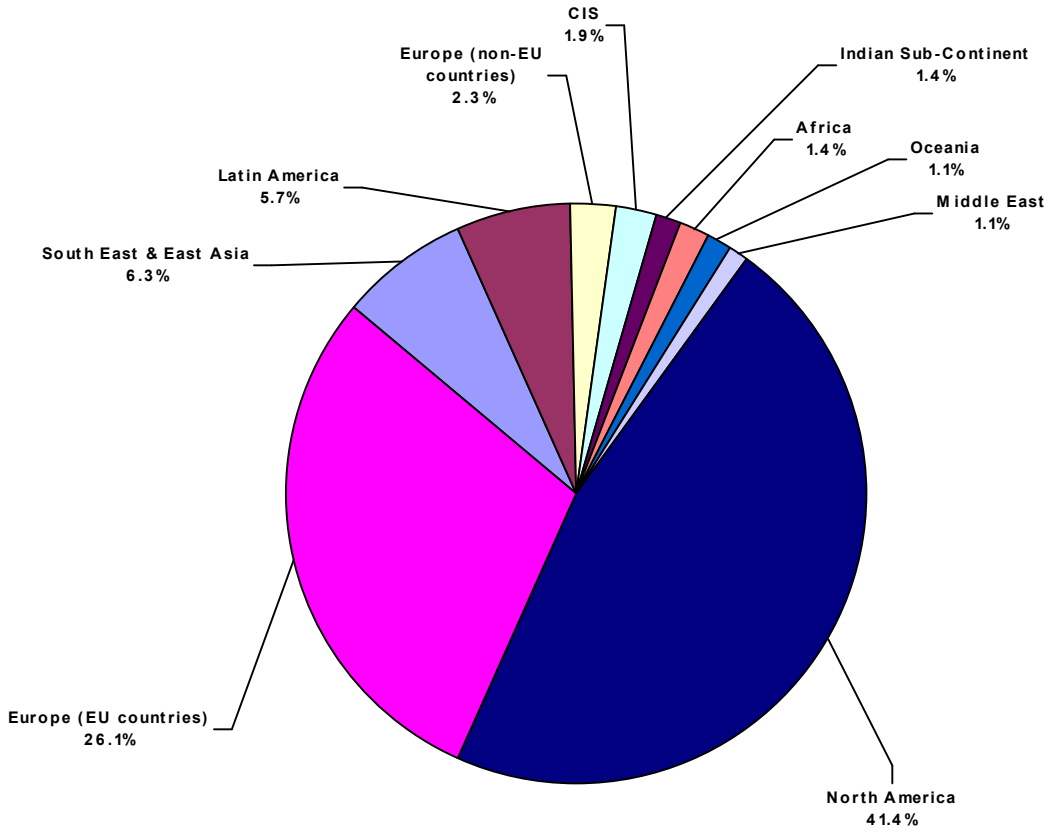
(Source: IMS Prognosis Report – Global (2009))

However, the global pharmaceutical market is still expected to grow sales to U.S.$922 billion in 2013, at a compound annual growth rate ("**CAGR**") of 4.4%. Much of this growth is expected to be fuelled by the markets in South East and East Asia, the Indian subcontinent, the Commonwealth of Independent States ("**CIS**") and Latin America, with the key growth driver in many cases being expanding access to healthcare provision. The traditional growth markets of North America, Japan and Europe are expected to exhibit subdued growth. (Source: IMS Prognosis Report – Global (2009)).

According to data from IMS, the North American market remained the largest single pharmaceutical market, valued at U.S.$307.3 billion in 2008. However, the North American market is projected to only grow at a CAGR of 0.2% from 2008 to 2013. This projected slowdown (and the projected growth of markets outside North America, namely those in South East and East Asia, the Indian subcontinent, CIS and Latin America) is expected to reduce the North American market's contribution to global pharmaceutical sales to 33.7% in 2013, down from 41.4% in 2008. (Source: IMS Prognosis Report – Global (2009)). For a further description of the North American pharmaceutical industry, see "*—The North American pharmaceutical market*".

The following chart provides a summary of pharmaceutical sales for the year 2008 in selected key markets:

World Pharmaceutical Market 2008
Share of US$ Sales by Region



(Source: IMS Prognosis Report – Global (2009))

According to IMS, the Indian subcontinent pharmaceutical industry was estimated to be worth U.S.$10.7 billion in 2008 and is projected to grow at a CAGR of 12.2% from 2008 to 2013. Currently, the Indian subcontinent ranks 7th equal (with Africa) in value terms in the global pharmaceutical industry. (Source: IMS Prognosis Report – Global (2009)) For a further description of the Indian subcontinent pharmaceutical industry, see "—*The Indian subcontinent pharmaceutical market*".

Pharmaceutical Market

The global pharmaceutical market may be classified into two categories: the Regulated Markets and Unregulated/Semi-regulated Markets. Regulated Markets, such as the United States for example, typically have greater government regulation such as intellectual property protection and product patent recognition. As a result, they have greater stability for both volumes and prices. Semi-regulated Markets typically have less regulation and may lack effective product patent protection laws. Given the low entry barriers, competition in these markets can be intense. However, regulatory bodies in hitherto Semi-regulated Markets are becoming increasingly demanding with respect to pharmaceutical filings and approvals.

Pharmaceutical Types and Terminology

The main types or categories of pharmaceuticals are bulk actives and formulations. Bulk actives, or active pharmaceutical ingredients ("**APIs**"), also known as bulk drugs, are the medicinally active ingredients that are made into a formulation or dosage form. Formulations, which are sometimes referred to as dosage forms, are pharmaceuticals that are administered to, or taken by, the patient. Formulations may be sold either by prescription or over-the-counter. Specialty prescription formulations are brands in chronic therapy areas such as psychiatry, neurology, cardiovascular and diabetology. These are sold to the patient on prescription, as opposed to over-the-counter medication which is sold directly. A NME is a new molecule developed by a pharmaceutical company. A new drug delivery system ("**NDDS**") is a new way of delivering a known molecule for advantages such as better patient compliance or better absorption.

International patent regulation

The production, marketing and sale of APIs and pharmaceutical formulations is subject to approval by national agencies and other entities in different countries that regulate the testing, manufacturing, safety and promotion of such APIs and formulations. The regulations applicable to such APIs and formulations include certain regulations and standards applicable to our APIs and pharmaceutical formulations.

In order for an invention to be patentable it must be "new", as defined in the relevant country's patent law. In most countries, if the invention has been described in a printed publication anywhere in the world, or if it has been in public use or on sale in that country before the effective filing of the applicant's invention, a patent cannot be obtained. Since the rights granted by a national patent extend only throughout that country and have no effect in a foreign country, an inventor who wishes to obtain patent protection in other countries must apply for a patent in each of the other countries or in regional patent offices. Almost every country has its own patent law, and a person desiring a patent in a particular country must make an application for a patent in that country, in accordance with the requirements of that country. The patent laws of many countries differ in various respects.

There is a treaty relating to patents, which is adhered to by more than 140 countries, including the United States, India, Russia and China, known as the Paris Convention for the Protection of Industrial Property. It provides that each country guarantees to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens.

There are two other major international treaties that allow applicants to file a single application in a centralised location and designate member countries in which the applications may issue. One of those, known as the Patent Cooperation Treaty, is presently adhered to by over 140 countries, including the United States, India and Russia. The treaty facilitates the filing of patent applications on the same invention in member countries by providing, among other things, centralised filing procedures and a standardised application format. The Patent Cooperation Treaty procedure allows the applicant to file one application (an "**international application**") in a receiving office, and have that application acknowledged as a regular national filing in as many countries that are signatories to the Patent Cooperation Treaty as the applicant designates. The receiving office does not issue patents from these applications. However, each Patent Cooperation Treaty application may be converted into national stage patent applications and filed in each of the Patent Cooperation Treaty member countries selected by the applicant upon filing of the Patent Cooperation Treaty application.

The other international treaty, known as the European Patent Convention, is administered by the European Patent Office. Under this Convention, the examination of an application filed in the European Patent Office has two parts. Firstly, after filing in a proper European Patent Office, a search report is issued based on a survey of existing patents, patent publications and scientific publications. Next, the application is

examined to determine whether any of the prior APIs cited in the search would preclude the grant of a patent, or whether there is any other reason for refusing allowance. If prosecution results in the grant of a patent, the patent is published again and treated as a group of patents, one in each of the designated countries (if all the formalities for that country are completed).

Intellectual property rights as applied to pharmaceuticals

Pharmaceutical products can be protected by patents in a number of ways. Two of these include product patents and process patents.

Product Patents

Pharmaceutical product patents protect a particular molecular structure, compound, combination, composition, product, formulation, dosage form, kit or the like, and in most jurisdictions prevent anyone else from making, using, offering for sale or selling a pharmaceutical product that embodies the patented molecular structure, compound, combination, composition, product, formulation, dosage form, kit or the like, without permission.

Process Patents

Pharmaceutical process patents protect only the method by which a product is made, not the molecular structure of the product itself. If someone can make the same product by a different, non-infringing process (often referred to as "**designing around**"), then the holder of a process patent cannot prevent the product from being reproduced.

Different countries have different intellectual property and patent regimes. Most Regulated Markets recognise product patents as well as process patents. The United States, Europe, Japan and South Africa are the major markets within this category. These markets typically provide the innovator with patent protection of 20 years from the date of filing the patent application.

Hitherto Semi-regulated Markets are also moving towards more stringent patent regulation; from a regime of process patents to a regime of product patents. Some, such as Brazil, currently have strictly regulated product patent regimes. India has also begun to grant product patents since 2005. At the same time several countries, including some in the African subcontinent, still do not recognise product patents.

A number of Emerging Markets have joined (such as Brazil and India) or are about to join the World Trade Organization ("**WTO**"). As World Trade Organisation members, these countries are required to accept the provisions of the General Agreement on Tariffs and Trade ("**GATT**"). GATT provisions require signatory countries to provide product patent protection to innovator companies. The WTO permits Emerging Markets a transitional period to adapt their legislation to introduce product patent protection gradually. Notwithstanding that, due to GATT provisions, it is expected that Emerging Markets will, in time, become more regulated in terms of intellectual property protection. Some Emerging Markets currently allow pharmaceutical companies to manufacture, launch and market reproductions of drugs that are patented in the developed markets. This may result in more than one company marketing the same product.

The Generics Markets

When a drug goes off-patent, its price typically falls. This is often the case with blockbuster drugs (drugs having sales of more than U.S.$1 billion), which can witness significant competition as a number of players seek to market the product within a short period of time. In the case of certain niche molecules, prices may not erode as substantially due to lower competition due to the complexity and difficulty of manufacture of these molecules.

Products that are marketed by different companies but which contain the same active ingredients are known as "**Generics**". For the Generics manufacturer, the costs of developing its generic products and getting an

approval to make and sell its products are considerably lower than for patented drug manufacturers. In addition, Generic pharmaceutical companies generally spend significantly less in order to market their products. As a result, such companies can offer the same product at a greatly reduced price. Additionally, the introduction of generic products, which offer consumers a choice, results in greater competition in the market, which can also help lower prices of drugs for consumers.

Generics that are marketed under different brands by different companies are known as "**Branded Generics**". "**Pure Generics**" are not marketed under a brand, but rather use a generic or non-proprietary name. Producers of Generic drugs, including us, may sell their products in Unregulated/Semi-regulated Markets (until those markets recognise product patents), and also in Regulated Markets (where the patent has expired or has been found invalid or unenforceable).

In a Branded Generics market, many versions of the same drug will be marketed by different pharmaceutical companies under their own brands. India, Brazil and Russia are all examples of predominantly Branded Generics markets. Brand promotion and marketing are important competitive factors in a Branded Generics market, and the first company to launch a generic version of a particular product tends to take a significant share of the market. For this reason, speed to market is considered critical for gaining market share. However, entry barriers are high for brands from reputed companies, as well as products in specialty therapy areas where the treatment is critical or lifelong, as a prescription in these therapy areas is less likely to be switched. Similarly, products involving differentiated technology are less likely to be switched, and may command a premium over other products. Generic products with popular brands can gain significant market share and can command large pricing premiums over similar products marketed under different brands. Consequently, pharmaceutical companies in Branded Generics markets expend considerable resources on building brands and strengthening relationships with doctors, often involving a large sales force. This sales force may include a "medical representative" who will build relationships with, and promote the products to, the doctors.

In a Pure Generics market, the trade and health maintenance organizations ("**HMOs**") are the key influence in the dispensing decision (as opposed to the doctors). The United States, the United Kingdom and, to a large extent, Germany are examples of predominantly Pure Generics markets. Low-cost manufacturing and an efficient distribution network, coupled with strong relationships with the wholesalers and distributors, are the keys to succeeding in such markets. Pharmaceutical companies in Pure Generics markets do not require a fully-fledged marketing force to liaise with the doctors (as in the case of Branded Generics markets). Instead they tend to use a small sales team, which will typically build relationships with the wholesalers and distributors of the generic products.

The Indian subcontinent pharmaceutical market

The Indian subcontinent currently accounts for approximately 1.4% of the world pharmaceutical market. Pharmaceutical sales in the region are dominated by India and Pakistan, which account together for over 90% of total sales. The Indian subcontinent pharmaceutical market is expected to grow at a CAGR of 12.2% between 2008 and 2013, reaching the U.S.$19 billion mark and 2.1% of world pharmaceutical sales in 2013 (Source: IMS Prognosis Report – Global (2009)).

Demand for pharmaceuticals in India is expected to increase due to population growth, the pursuit by manufacturers of broader market coverage and increased access to basic healthcare which are expected to drive growth in sales volumes (Source: IMS Prognosis Report – Global (2009)).

The expected global slowdown in the Regulated Markets and its causative factors are also likely to provide opportunities for Indian pharmaceutical companies, due to their key strengths such as low-cost manufacturing, advanced chemistry skills and complex chemical synthesis capabilities.

According to IMS, the Indian pharmaceutical industry may see its share of the market increase further during the first half of the period between 2008 and 2013, particularly for local Branded Generics, as the economic slowdown affects levels of patient purchasing power. (Source: IMS Prognosis Report – Global (2009)).

Further, there are promising opportunities in contract research and manufacturing services ("**CRAMS**") and the Indian government is actively trying to promote the growth of the industry through favourable regulatory and tax initiatives.

The following table illustrates forecast sales and CAGR of pharmaceuticals in India by key therapeutic classes.

Therapeutic class	A	B	C	D	G	J	L	M	N	R
Sales for 2008 (U.S.$ million)	1,639	302	716	316	297	1,450	59	411	473	610
Sales for 2013 (U.S.$ million)	2,880	566	1457	545	553	2,712	164	672	856	1,030
CAGR (2008 to 2013)	11.9	13.4	15.3	11.5	13.3	13.3	22.5	10.3	12.6	11.1

Therapeutic class: (A) Alimentary Tract & Metabolism, (B) Blood & Blood-forming organs, (C) Cardiovascular system, (D) Dermatologicals, (G) Genito-urinary system & sex hormones, (J) Systemic anti-infectives, (L) Antineoplastic & Immunomodulating agents, (M) Musculo-skeletal system, (N) Central Nervous system, (R) Respiratory system.

(Source: IMS Prognosis Report – Global (2009))

Patent Protection. Historically, India granted patent protection only to processes. As a result, if a drug company could find an alternative process to produce the same formulation as a competitor, that company could sell its product in India without fear of patent infringement suits. This has enabled Indian pharmaceutical companies to manufacture and market patented drugs by designing around the patented processes, without incurring the initial cost of drug development and clinical research. This, along with low manufacturing costs, allows Indian pharmaceutical companies to enjoy a significant advantage in production cost over their foreign competitors both in India and other emerging markets. As a result of such lower costs, multinational corporations are less able to compete effectively against Indian companies in those markets.

In 1995, under GATT, India became a signatory to the Agreement on Trade-Related Aspects on Intellectual Property Rights ("**TRIPS**"). This agreement requires India to recognise product patents in addition to process patents, which were granted under the Indian Patent Act, 1970. The new regime provides for:

- Recognition of product patents for 20 years as opposed to a seven-year protection for process patents.
- Patent protection to be extended to cover imported products, which is not currently the case.
- Under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer.

India was granted a ten-year grace period to comply with product patent laws under the WTO agreement because it is a developing country. Therefore, the actual product patent regime came into force only on January 1, 2005, by way of the Patents (Amendment) Ordinance, 2004 which was subsequently replaced by the Patents (Amendment) Act 2005 (which was deemed to have come into force on January 1, 2005). Where some of these patented drugs reached the market before 2005, India provided the innovator company with exclusive marketing rights ("**EMRs**"), for a maximum period of five years during the transitional period (for drugs for which an Indian patent application had been filed after January 1, 1999 provided certain other requirements are met). The period of the patent is calculated from the date of filing of the relevant patent application for a period of 20 years from that date. Exclusive marketing rights have now been done away with. As long as a manufacturer has made a significant investment in the product and has produced and marketed the product prior to January 1, 2005, the manufacturer is required only to pay reasonable royalty to the holder of a patent obtained after January 1, 2005.

Drugs described by Indian patents issued prior to 1995 are not covered by the new patent laws. Indian companies are expected to be able to reproduce all compounds described by patents issued prior to 1995, provided the process patent is not infringed and no product patent has been obtained.

However, we expect that this new law will shift the focus of Indian companies from Pure Generics, prompting them to focus on differentiated products, novel drug-delivery systems and discovery-led research to introduce patented molecules. We also expect pharmaceutical multinationals to develop renewed interest in the Indian pharmaceutical market due to the more conducive intellectual property regime.

Research and Development (R&D). India's strengths in R&D lie in the country's rich scientific base and low cost infrastructure, skilled labour and raw materials. India has one of the largest English speaking scientific bases in the world, with several leading biology and chemistry institutes with capabilities in organic chemical synthesis and natural products screening.

Government price controls. The National Pharmaceutical Pricing Authority ("**NPPA**"), an independent public authority established by the Government, has the authority to fix the prices of APIs and formulations. The NPPA has traditionally imposed price ceilings on drugs which are considered to be essential for public health, or of use in national health programmes, such as the blindness treatment programme or the tuberculosis eradication programme. These price ceilings require drug manufacturers to sell the controlled products below a set price, which is periodically revised from time to time, depending largely on raw material costs. If a company seeks to revise the price of its drug, an application has to be made to the NPPA in a prescribed format. The NPPA also independently monitors and revises prices.

Quality. No drug can be imported, manufactured, stocked, sold or distributed in India unless it meets the quality standards laid down in the Drugs and Cosmetics Act 1940. All the companies have to comply with Schedule M of this Act, which outlines various requirements for the manufacturing of good quality drugs and pharmaceuticals by applying current good manufacturing practice ("**cGMP**"). cGMP has to be followed for the control and management of manufacturing and quality control testing of drugs and each licensee is required to evolve appropriate methodology, systems and procedures which are to be documented and maintained for inspection and reference. Further, the manufacturing premises are to be exclusively used for production of drugs and no other manufacturing activity is to be undertaken in such a facility.

Contract Research and Manufacturing Services (CRAMS). This is becoming a promising opportunity for the Indian pharmaceutical industry. Global pharmaceutical companies are finding pioneering ways to attain cost efficiencies across the value chain and India remains one of the preferred outsourcing destinations, with advantages such as cGMP and United States Food and Drug Administration ("**USFDA**") compliant facilities, good manufacturing capabilities, a sound R&D base, superior information technology capability, cost efficiency and a pool of highly skilled personnel.

Regulation: Following de-licensing of the pharmaceutical industry, industrial licensing for most of the drugs and pharmaceutical products have been done away with. Manufacturers are free to produce any drug duly approved by the Drug Control Authority. The government is also trying to promote the growth of the industry by providing a tax exemption on all services carried out by contract research and the clinical trials industry.

The North American pharmaceutical market

The North American market, is the largest market in the world for pharmaceuticals. The United States, the world's largest single pharmaceuticals market, recognises both product and process patents. Strong patent protection, advanced medical infrastructure, high per capita gross domestic product, the availability of health insurance and an aging population are all contributory factors to the large market for pharmaceutical products. However, growth in the United States pharmaceutical market is slowing due to the global financial crisis, the increasing penetration of generics, a reduction in number and size of blockbuster drugs

as patents expire and the shifting of medical costs to the patients. (Source: IMS Prognosis Report – Global (2009))

The United States is a highly regulated and developed market, with high barriers to entry and strict quality standards for pharmaceutical products which are sold there. The USFDA, also requires that a company's manufacturing methods conform to cGMP, as defined in the US Code of Federal Regulations. Companies that are able to meet quality standards, have advantages of backward integration and good quality product development therefore have a significant advantage in the United States market.

Patented drugs. The profit margins of patented drugs are generally much higher than those of generic drugs. These higher profit margins help innovator companies recover the expenditure incurred in developing such products. As a result, when the innovator sets its price for the brand name pharmaceutical, it seeks to recover development costs, as well as the money spent to market the product and the cost of failures of the molecules that had to be dropped in different stages of research, while still returning a profit.

Generic product opportunity. The generic drug market is likely to be driven by a favourable political and regulatory climate, patent expiry on significant pharmaceutical products, the need to lower healthcare costs and the increasing tendency of cost conscious health insurers to insist on cheaper generic products where these are available Although the United States offers a generics opportunity, it is also subject to serious competition and pricing challenges, especially when multiple generic companies compete with respect to the same molecule. (Source: IMS Prognosis Report – Global (2009)).

The following table illustrates projected sales and CAGR of pharmaceuticals in the United States by key therapeutic classes.

Therapeutic class	**A**	**B**	**C**	**D**	**G**	**J**	**L**	**M**	**N**	**R**
Sales for 2008 (US$ million)	34,601	18,723	34,044	6,033	15,103	28,331	32,775	13,566	63,339	21,853
Sales for 2013 (US$ million)	34,340	19,319	22,718	5,605	16,609	28,561	41,494	13,190	64,665	19,643
CAGR (2008 to 2013)	-0.2	0.6	-7.8	-1.5	1.9	0.2	4.8	-0.6	0.4	-2.1

Therapeutic class: (A) Alimentary Tract & Metabolism, (B) Blood & Blood-forming organs, (C) Cardiovascular system, (D) Dermatologicals, (G) Genito-urinary system & sex hormones, (J) Systemic anti-infectives, (L) Antineoplastic & Immunomodulating agents, (M) Musculo-skeletal system, (N) Central Nervous system, (R) Respiratory system.

(Source: IMS Prognosis Report – Global (2009))

BUSINESS

Overview

We are a research oriented, integrated pharmaceutical company incorporated in the Republic of India, with a presence in numerous markets around the world. We operate a specialty/proprietary business ("**Specialty Business**") which is focused on drug development and branded generic drugs and a pure generics business ("**Generics Business**") which operates in the unbranded generic drug market and the active pharmaceutical ingredients ("**APIs**") market (each as more fully described below). We offer a range of products across various therapeutic segments including dermatology, gynaecology, oncology, diabetes, pain management and cardiovascular disease.

We were incorporated in India on November 18, 1977 and became a public limited company on May 20, 1996.

Our Specialty Business is operated through the Company and focuses on new drug development and marketing of branded products. It is actively engaged in the development of new chemical entities ("**NCEs**") and new biological entities ("**NBEs**") and to out-licence them at appropriate junctures. To this effect, we have four research and development ("**R&D**") centres, dedicated to the discovery and development of NCEs and NBEs. As at March 31, 2009, we had successfully out-licenced three molecules to four partners and had received a total of U.S.$117 million in up-front and milestone payments. Since March 31, 2009 two of the four out-licencing agreements have been terminated. We have established branded products in, niche therapeutic segments including dermatology, gynaecology, diabetes, pain management and cardiovascular diseases. We recognise the value of investing in original research in order to generate intellectual property assets that will sustain our revenues and earnings in a product patent regime post the General Agreement for Trade and Tariffs. We believe that these intellectual property assets allow us to establish our brands in regulated international markets and facilitate our growth as a global company. Towards this end, we have invested steadily in building a pipeline of NCEs, new NBEs and platform technologies. Currently, we have a pipeline of seven NCEs and two NBE in various phases of development.

Within our Specialty Business, we operate a "branded generics" model. Our branded generics operations focus on the sale of our own branded, off-patent drugs. Important aspects of this business include brand building and prescription generation by way of marketing. We have a history of in-house brand development and, since incorporation, we have continued to launch new products at regular intervals. We first entered the dermatology market with the introduction of Candid Cream in 1979. We subsequently broadened our product range by introducing Candid–brand extensions in other therapeutic segments. In 1987, we launched Ascoril, a cough expectorant. Our products Candid B, Ascoril, Telma and Telma H are among our successful brands, ranked 106, 127, 140 and 204 respectively among the top 300 brands as of July 2009. (Source: ORG IMS Health Incorporated SSA July 2009).

Our Generics Business, operated through GGL, focuses on the generic drug markets in the United States of America ("**United States**"), parts of Europe and parts of Latin America, and on marketing and distribution of generic formulations and APIs. APIs are the principal ingredients for finished dosages and are also known as bulk actives or bulk drugs. APIs become formulations when the dosage is prepared for human consumption using additional inactive ingredients either in oral forms such as tablets, capsules, dry syrups or liquid orals or in sterile forms like injectable dry powder vials or liquid injectables. As of June 30, 2009, we have launched over 45 products in the United States generics market and have a further 45 abbreviated new drug applications ("**ANDAs**") pending approval. We also generated, in October 2008, our first sales in the United Kingdom – through sales of Perindopril tablets. In addition, we sell APIs in over 70 countries.

The Company has 33 subsidiaries, of which 32 are wholly-owned subsidiaries and, on a consolidated basis, we have, globally, more than 5,500 employees, over 25 representative offices and 12 manufacturing locations. We have over 2000 medical representatives located throughout India to market our products. We have established subsidiaries in Romania (Glenmark Pharmaceuticals s.r.l) and Poland (Glenmark Pharmaceuticals Sp. zo.o and Glenmark Distributors Sp. zo.o) and have established a presence in numerous

jurisdictions including Thailand, Egypt, the United Arab Emirates ("**UAE**"), Venezuela, Peru, Russia and the Commonwealth of Independent States ("**CIS**").

We have won a number of awards, recent ones being announced "Best Pharma Company in Emerging Markets" and "Best Pharma Company in the World – SME" at the 2008 SCRIP awards and being included in the Forbes "Asia's 200 Best Under a Billion" list of companies in September 2008 .

From fiscal year 2007 to fiscal year 2009, our consolidated sales have grown at a compound annual growth rate of 30 per cent.

We have, beginning in the fiscal year 2009, reorganised our business structure into two separate strategic business units, the Specialty Business is operated through the Company and the Generics business, operated through GGL. The purpose of the reorganisation was to focus on individual business areas to achieve optimum and effective management of resources, people and markets. Following the 2007-2008 reorganisation of our business units, the facilities that remain within the Speciality Business (being those not specifically transferred to GGL) are the formulations manufacturing facilities at Baddi, Himachal Pradesh and Nasik, Maharashtra in India, the formulations manufacturing facilities at Sao Paulo, Brazil and Vysoke Myto in Czech Republic, the formulations development facility at Sinnar-Maharashtra in India, the R&D centre for NCEs at Mahape, Navi Mumbai in India, the R&D centre for NBEs at Canton of Neuchatel in Switzerland, the clinical R&D centre at Oxford in the United Kingdom. In addition, all investments carried out by the Company in the branded markets and all innovative intellectual property ("**IP**") relating to NCEs and NBEs, remain assets of the Company.

Key milestones

Year	**Milestone**
1977	The Company was incorporated in India under the Companies Act 1956.
1979	We entered the dermatology market with the introduction of Candid Cream.
1983	We commissioned our first manufacturing facility at Nasik, Maharashtra, India.
2000	We announced an initial public offer at the Bombay Stock Exchange and the National Stock Exchange. The issue was oversubscribed.
2001	We launched our API manufacturing business.
2002	We purchased our API manufacturing facility in Ankleshwar, Gujarat.
2004	We entered into our first out-licencing deal for discovery R&D with Forest Laboratories, Inc. in respect of Oglemilast, our chronic obstructive pulmonary disease ("**COPD**")/asthma molecule.
2004	We acquired an Agência Nacional de Vigilância Sanitária (National Health Surveillance Agency Brazil) ("**ANVISA**") approved manufacturing facility in Brazil.
2005	Our manufacturing facility in Goa received United States Food and Drug Administration ("**USFDA**") approval for the United States markets.
2005	We launched commercial sales operations in the United States.
2007	Our manufacturing facility in Baddi, Himachal Pradesh received USFDA and United Kingdom Medicines and Healthcare Products Regulatory Agency ("**UKMHRA**")

	approval for the manufacture of ointments and creams.
2007	We entered the Czech Republic and Slovakia markets through our acquisition of Medicamenta a.s. ("**Medicamenta**").
2008	We reorganised our business structure into two separate strategic business units.

Competitive strengths

The following are our key strengths which we believe enable us to compete in our principal markets:

- ***Strong NCE and NBE R&D capabilities.*** We have demonstrated our discovery research strength in the past by out-licencing three of our molecules for a cumulative payment (upfront and milestone) of U.S.$117 million. We completed out-licencing deals with Forest Laboratories, Inc. in 2004, with Teijin Pharma in 2005, with Merck KGaA in 2006 and with Eli Lilly & Co. in 2007. The out-licencing deals with Merck KgaA and Eli Lilly & Co. have since terminated.

  Currently, we have seven NCEs in clinical development and two NBEs in various stages of development. One of the NCE's, Crofelemer, is in-licenced. We are constantly looking for opportunities for partnering for the development of these pipeline molecules.

  We are committed to our discovery research efforts and have invested extensively in setting up a R&D centre for NCEs at Mahape, Navi Mumbai in India, a R&D centre for NBEs at Canton of Neuchatel in Switzerland and a clinical R&D centre at Oxford in the United Kingdom. We have research centres in India, where we undertake small molecule research, Switzerland, where we undertake biologics research, Oxford, where we undertake clinical research and the United States, where we carry out IP management, regulatory and global business development. Our R&D efforts are concentrated on analogue research in specific therapeutic segments which we believe offer out-licencing potential, such as the asthma, diabetes, osteoarthritic, multiple sclerosis and obesity segments.

  We are focused on attracting and retaining a dedicated and experienced R&D team. As of March 31, 2009, we had approximately 700 employees employed in R&D, including 600 scientists.

- ***Generics Business - Focus on niche segments***. We believe that we have several advantages in the generic formulations business based on high-technology formulations development and manufacture which is not easy to replicate. In particular, we are diversified into niche areas such as dermatology, hormones, oncology, modified release and controlled substances. Products within those areas can be difficult to manufacture, which can result in less competition and higher margins. We have formulations manufacturing facilities in Goa, India and have over 45 products in the United States market.

  We currently have over 45 USFDA ANDAs in the pipeline, of which 4 are intended to be sole first-to-file Paragraph IV filings. For example, we filed an abbreviated new drug application ("**ANDA**") with a Paragraph IV certification against the generic version of Schering Plough & Merck Shering Plough company LLC's hypercholesterolemia treatment Zetia (Ezetimibe) seeking regulatory approval to market a generic version of Ezetimibe (Zetia). In the event that we successfully challenge Schering's patents, we will be entitled to a 180 day exclusivity period. We received 180 day exclusivity for our Oxcarbazepine product in the North American market and we have filed first-to-file applications in respect of Tarka (a Trandolapril and Verapamil product), Malarone (a tablet-form Atovaquone and Proguanil Hydrochloride product) and Cutivate (a Fluticasone lotion) where we were sole first-to-file applicant. We also have another first-to-file opportunity in respect of Eszopiclone tablets. On March 20, 2009, Sepracor Inc. filed suit in the United States District Court seeking to prevent us (and nine other companies) from proceeding

with commercialisation of Eszopiclone tablets, currently marketed as Lunesta with annual sales of approximately U.S.$750 million in the United States. (Source: IMS sales data – March 2009).

- ***Branded generics business – focus on therapeutic segments***. We have established branded products in a number of therapeutic segments including dermatology, gynaecology, internal medicine, diabetes, pain management and cardiovascular diseases. We have been creating and launching new product offerings in order to augment our growth from our existing brands and also to provide a wide range of products within each of our targeted therapeutic segments. Between fiscal years 2004 and 2009, we introduced more than 100 new products into the Indian pharmaceutical market (for further details please see "*Specialty Business – Branded generics – Rest of the World – India*". We believe our ability to manufacture and introduce new products is enhanced by our ability to manufacture and develop APIs in-house.

  We currently have branded product operations in India, Asia Pacific, Africa/Middle East, Latin America, Russia and the Commonwealth of Independent States ("**CIS**") markets. We also have marketing and sales front-end, branded product operations in Central and Eastern Europe ("**CEE**").

- ***Manufacturing expertise***. We own and operate 12 manufacturing facilities across nine locations in India and three locations internationally. In order to serve our domestic and export markets, we have developed an infrastructure of formulations and API manufacturing facilities which have been built in accordance with the World Health Organization's ("**WHO**") current good manufacturing practice ("**cGMP**") guidelines. Each of our manufacturing facilities has separate quality control units to monitor the manufacturing quality of our products. Of the 12 facilities, the three facilities at Ankleshwar, Kurkumbh and Mohol are API manufacturing facilities. The remaining facilities, including those at Goa, Baddi and Nasik, are formulations facilities. International facilities are located in Brazil, the Czech Republic and Argentina.

  Our Ankleshwar, Goa and Baddi plants have received USFDA approval. Our formulations manufacturing facility at Goa has also obtained Canadian and South African cGMP approvals and our Baddi plant is approved by the UKMHRA. Our facility in Brazil has obtained ANVISA approval. Such approvals allow us to export our formulations to the United States and other countries on registration of products with the respective drug authorities.

  Our manufacturing expertise enables us to meet complex, potentially hazardous commercial production requirements, often on a large-scale. We have expertise in the manufacture of oral solids, semi-solids, hormones and oncology products including lyophilised and liquid injectables.

- ***Management focus.*** Management focus is evidenced through the reorganisation of the business into the Specialty Business and the Generics Business. We realigned our business with a view to ensuring enhanced focus on individual business areas and to ensure optimum and effective management of resources, people and markets.

Our strategy

Our strategic focus is on expanding our operations across all aspects of our business model. This includes development of the non-specialised businesses including the API manufacturing and pure generics businesses, the branded generics business and the specialty/proprietary branded business, including the development of NCEs and NBEs. In the Generics Business, the focus will be on forging IP challenges, maintaining low-cost API supply and enhancing distribution efficiency. In the Specialty Business, our strategic efforts will concentrate on brand building, prescription generation, marketing, developing novel drugs, enhancing medical and clinical skill bases and protecting our IP. Specifically we adopt the following strategies:

- ***Focus on higher-growth therapeutic segments in the branded generics market***. We intend to focus our branded generics strategy on markets we have identified as key, growth markets for our business, such as Brazil, Russia and CEE markets including Poland, Romania and the Czech Republic using a specialised approach. This will involve consolidating our position across existing territories and applying our existing business models across newer markets such as Egypt, Thailand, the UAE and Mexico. We intend to access these newer markets either by acquiring entities or products or by way of green-field entry by leveraging our branded generic model. We will look at launching our formulations in the relevant markets, supplemented by in-licenced products as are deemed necessary to strengthen the product suite. We have developed good relationships with medical professionals in India, and our established reputation with the specialists in particular segments offers opportunities to maintain our market position by building on our brand equity. We have replicated the same 'branded generic' model in the markets of the Asia Pacific, Africa/Middle East, Russia, the CIS, CEE and Latin America. We have over 800 sales personnel in these markets promoting our brands to doctors. We will continue with our product registration program and seek additional approvals and launches.

- ***Continue to invest in discovery research***. The focus of our proprietary branded business is on the advancement of one of our NCEs Melogliptin, which is a type II diabetes compound into Phase III of clinical development. Oglemilast (GRC 3866) recently completed an unsuccessful Phase IIb study for the treatment of COPD though it continues to be the subject of Phase IIb asthma trials, which are nearing completion. Similarly we are aiming to progress two more of our NCEs, Revamilast, which is a rheumatoid arthritis/multiple sclerosis/inflammatory disorder compound, and GRC 10693, which is a neuropathic pain/osteoarthritis/inflammatory pain compound, to Phase IIb of clinical development. Both Revamilast and GRC 10693 have successfully completed Phase I clinical trials. We aim to progress GBR500, which is a multiple sclerosis/inflammatory disorder compound, GBR 600, which is an anti-platelet compound and GRC 15300, which is an osteoarthritic pain/neuropathic pain compound, to Phase I level of clinical development. We are also preparing regulatory submissions and launch preparations for the anti-diarrhoeal drug Crofelemer, in respect of which we have commercial rights in over 140 countries. We continue to focus on novel targets in the areas of metabolism, inflammation, pain and oncology.

- ***Capitalise on partnering opportunities***. We intend to continue our focus on the development of NCEs and NBEs with a view to out-licencing them as appropriate. To date, we have successfully out-licenced three molecules to four partners and have received a total of U.S.$117 million in up-front and milestone payments. Two of the four out-licencing agreements have now been terminated. We intend to focus our R&D efforts on research in specific therapeutic segments which we believe offer out-licencing potential, such as the metabolic diseases, pain and inflammation therapeutic areas. Our policy is to develop promising molecules up to the early clinical stage and then out-licence to international pharmaceutical companies. The molecules are out-licensed primarily for the North American, European and Japanese regions. If the molecule is successful and reaches the market, we will receive royalties from subsequent drug sales in these markets. The royalties are in addition to upfront and milestone payments we receive as the molecule progresses through various stages of clinical development. For the rest of the world, the rights remain with us and we can launch the product on its own in these markets (which include India).

- ***Capitalise on the opportunities for generics in the regulated markets***. We intend to continue to exploit our low-cost advantage and development capabilities in the implementation of our expansion plans to overseas regulated markets. In the United States and European generics markets, we intend to continue to sell specialty APIs to companies and develop long-term business opportunities. We continue to focus on the filing of ANDAs in the United States and on the filing of drug master files ("**DMFs**") focused on differentiated and niche products. We have diversified into, and intend to seek Paragraph II, III and IV filings in niche areas such as dermatology, hormones, oncology, controlled substances and modified release medications. Paragraph II filings are filed post the expiry of the patent relating to the innovator brand, Paragraph III filings are filed prior to expiry of the patent relating to the innovator brand, but the product is launched post-expiry

of the patent and Paragraph IV filings are challenges by the filer of the innovator brand patent which, if successful, enable the filer to launch the product prior to the expiry of the patent. Products in these segments are often difficult to manufacture. The additional complexities in these segments can act as barriers to entry resulting in less competition and higher margins. In addition, we intend to submit a number of Paragraph IV challenges which could result in potential first-to-file exclusive opportunities. We intend to continue to focus on launching drugs going off-patent. As products come to the end of their patent-protected lifecycle in the developed markets, generic opportunities and API growth potential associated with those products will increase. In particular, we intend to increase our penetration in Western Europe through new product launches and Marketing Authorisation Applications ("**MAA**") in the European Union ("**EU**"). The commissioning of the injectables facility in Argentina (scheduled to be commissioned in September 2009) is designed to boost our pipeline of products in the oncology sector.

- ***Capitalise on Paragraph IV filing opportunities***. We intend to submit a number of Paragraph IV challenges which could result in potential first-to-file exclusive opportunities. These first-to-file submissions seek to challenge patents listed by third parties. Successful challenges can result in regulatory approval to launch generic versions of the drugs the subject of those patents and a 180 day exclusivity period.

Business structure

In the first quarter of the fiscal year 2009, we reorganised our business into two separate strategic business units with a view to achieve sharper and pertinent focus on individual business areas for optimum and effective management of resources, people and markets:

- ***Specialty Business***: which is our flagship business operated through the Company focuses on branded generics markets and on new drug development as a result of R&D; and

- ***Generics Business***: which is operated through GGL, a subsidiary of the Company, focuses on launching drugs which have gone off-patent and on the marketing of APIs and generic formulations.

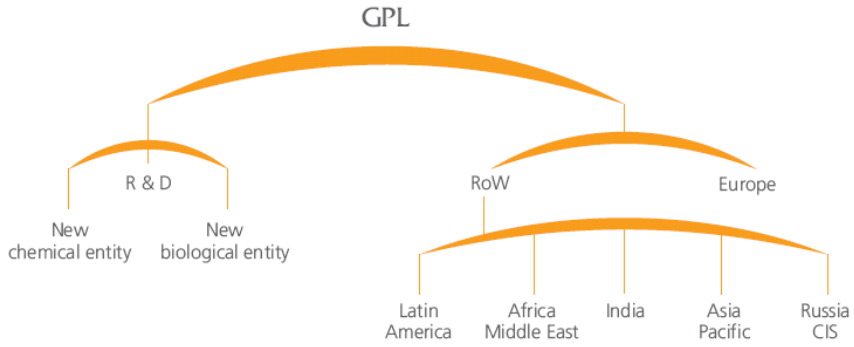
The following table shows the breakdown of our consolidated revenue by each business unit for the fiscal year 2009 compared against the fiscal year 2008:

Business Unit	2008-09 (in Rs. Million)	2007-08 (in Rs. Million)	Growth %
Generics Business			
US	7,337.73	5,640.27	30%
Europe	146.94	9.20	1497%
Argentina	400.48	294.47	36%
API	1,972.28	1,959.34	1%
Total Generics Business	**9,857.43**	**7,903.28**	**25%**
Speciality Business			
Latam	1,579.89	1,917.55	-18%
SRM	2,355.00	2,045.74	15%
Europe	995.91	369.17	170%
India	6,372.10	5,453.54	17%
Speciality Business	**11,302.90**	**9,786.00**	**16%**

Business Unit	2008-09	2007-08	
	(in Rs. Million)	(in Rs. Million)	Growth %
Outlicensing Revenue	-	2,402.73	-100%
Consolidated Revenue Excluding Out-licensing	21,160.33	17,689.28	20%
Consolidated Revenue Including Out-licensing	21,160.33	20,092.01	5%

A. Specialty Business

Our Specialty Business unit operations are structured as follows:



Currently, the Specialty Business undertakes "branded generic" operations in India, Latin America, CEE, Russia/CIS, Africa/Middle East and Asia Pacific markets. In addition to our branded generics operations, the Specialty Business also focuses on the licencing and clinical development of new and novel drugs.

Branded generics

In an effort to reduce our risk of dependence on a few brands in the domestic formulation market, we have diversified our product portfolio into additional therapeutic segments, such as internal medicine, gastrointestinals, pain management and lifestyle diseases such as diabetes and cardiovascular diseases. Between 2004 and 2009, we have launched over 100 new products.

The markets in which our branded generics business operates is divided into "Rest of the World" markets which comprise of India, Latin America, Russia/CIS, Africa/Middle East and Asia Pacific and Europe.

*Rest of the World ("**RoW**")*

This geographical segment is currently the major contributor to our branded generics business accounting for over 90 per cent. of our Specialty Business turnover for fiscal year 2009.

(a) India

Our India branded generics business operates through 11 divisions focused on different therapy segments. These divisions are aligned to our focus on the inflammation, dermatology, oncology, gynaecology, cardiology and respiratory sectors.

In the inflammation sector we introduced a new brand, Flexilor (Lornoxicam) in the fiscal year 2008, a new non steroidal anti inflammatory drug (NSAID) which subsequently became the number two brand (in terms of market share) in its category. (Source: IMS Health, March 2008 SSA data).

In the dermatology sector we market through three dermatology divisions, the most-recent of which was launched in the fiscal year 2008. This has enabled us to regain the number two market position (in terms of prescription volume) in this therapy area. (Source: IMS Health, March 2008 SSA data). Halovate (Halobetasol), a new super potent topical corticosteroid introduced in the fiscal year 2008, attained leading market share (in terms of value) in the topical steroids segment. (Source: IMS Health, March 2008 SSA data). Candid B continues to be on the list of top 300 brands in the Indian market and several other brands including Candid, Lizolid, Candibiotic enjoy number one market position (in terms of market share) in their respective categories. (Source: ORG IMS Health Incorporated Moving Annual Total Report SSA July 2009).

In the oncology sector we have strengthened our portfolio through the introduction of brands like Palnox (Palonosetron), Geftib (Gefitinib) and Redest (Anastrozole).

In the cardiology sector we consolidated our presence with key brands such as Telma and Telma H which continue to be market leaders (in terms of value) in their respective market segments. (Source: IMS Health, March 2008 SSA data).

In the fiscal years 2008 and 2009, our India branded generics group introduced over 20 new products. We posted net sales of Rs. 6,372.10 million in the fiscal year 2009, recognising a growth of 20 per cent. over the previous fiscal year. During the first quarter of the fiscal year 2010, we have launched seven new products including Ascovent capsules and syrup, a comprehensive mucoregulator with anti-inflammatory properties, Dewmis, a colloidal oatmeal 5% soap-bar indicated for atopic dermatitis, psoriasis and eczema, Flexilor– P and LRN–P in the acute pain segment and Halovate-F, a combined steroid and antibacterial. The Indian branded generics business improved its market share in fiscal year 2009 in three important therapy segments, namely the dermatology, cardiology and respiratory segments. During this period, our market share improved in the dermatology segment from 7.1 per cent. to 7.7 per cent., in the cardiology segment from 1.3 per cent. to 1.4 per cent. (Source: IMS Health Incorporated Moving Annual Total Report June 2009).

The 2000 plus field force covers approximately 110,000 doctors across the length and breadth of the country.

(b) Latin America

We operate in Latin America and the Caribbean through our wholly-owned subsidiary Glenmark Farmaceutica Ltda. in Brazil and market our products in over ten countries across Latin America and Caribbean.

Over 200 dossiers filed by us in Latin America and Caribbean have been approved for market, and we filed over 90 product applications with the relevant authorities in the fiscal year 2008, and over 40 product dossiers in the fiscal year 2009. We launched over 25 products across Latin America in the fiscal year 2008 and over 20 in the fiscal year 2009. We also launched products in Venezuela and Ecuador for the first time in the fiscal year 2008. We cover Latin America with over 200 personnel, the majority of whom are located in Brazil.

Apart from the new markets of Venezuela and Ecuador, we initiated operations in Mexico during the fiscal year 2010 and started strengthening our operations in Peru and Venezuela by establishing offices, setting up new distributions, building sales teams and training personnel. We have identified the therapeutic areas of interest, being the cardiometabolic, dermatology and respiratory areas, that we plan to focus on. We have filed 15 product dossiers during the first quarter of the fiscal year 2010 and received 12 product approvals.

(c) Russia and CIS

Russia is the largest market in value terms for this region. The other markets in the region which are key for our business are Ukraine, Uzbekistan and Kazakhstan. The key therapy segments for this region are dermatology, respiratory, gynaecology and gastroenterology. Over 35 products are sold in the Russia/CIS region.

We launched several new products in Russia and the CIS in the fiscal year 2009, including Candiderm and Glevo. In the CIS region, we are focusing on building the business in Ukraine, Kazakhstan and Uzbekistan. In the fiscal year 2009, we filed 12 new products and received 32 approvals in the CIS region. During the first quarter of the fiscal year 2010, we launched a number of products including Glevo in Ukraine, Relcer Gel and Ketoplus Shampoo in Kazakhstan, and Candiderm, Candid Vaginal Gel and Candibiotic Ear Drops in Uzbekistan. Our plant at Nasik in India has passed a Ukraine Ministry of Health good manufacturing process audit which will help expedite our business growth in Ukraine.

(d) Africa and Middle East

We initiated business in the Africa and Middle East markets in 1991 and now operate in 35 markets across the region. We have two subsidiaries in Nigeria and South Africa, a representative office in Kenya and an office in Egypt. Other major countries of operations for the region are Sudan, Tanzania, Zambia, Yemen and Ivory Coast. The effort to establish a strong business in the Middle East has resulted in the setting up of an office in Egypt and initiation of operations in the UAE in the fiscal year 2009. Filing of products commenced in both markets in the fiscal year 2009 with a view to populate the pipeline and initiate a revenue stream. We are currently working at entry level strategies for Saudi Arabia.

In December 2005, we acquired Bouwer Barlett Pty. Ltd., a South African sales and marketing company. We currently market a range of dermatology products in South Africa.

The therapy areas on which we focus in the African and Middle East region are dermatology, gynaecology, anti-infectives, gastrointestinal and dialectology. We currently sell over 350 products in the region. We have filed for 80 product approvals in fiscal year 2008.

The African region has registered steady sales growth in all key markets including Kenya, Sudan, South Africa and Nigeria.

We recently entered the oncology segment in Kenya with a range of products, several of which have already gained entry into formularies at key hospitals in Kenya. Our Perigard (perindopril) range has also been launched in Mauritius.

(e) Asia Pacific

Markets like Malaysia, Sri Lanka, Myanmar, Cambodia and the Philippines, together with the new-entry markets of Vietnam and Thailand, are our main growth drivers for the region. We have over 30 new product filings and 39 new product approvals in the region in the fiscal year 2009. The Asia Pacific region has registered steady sales growth in all key markets. In respect of the

Asia Pacific region, we have filed 20 product dossiers with the relevant authorities during the first quarter of the fiscal year 2010 and received 7 product approvals.

(f) Europe

Our Specialty Business operates in CEE with its headquarters at Prague, Czech Republic. In March 2007, we completed the acquisition of Medicamenta, a pharmaceutical company based in the Czech Republic and, in doing so, established our first operational subsidiary in Europe with a presence in both the Czech Republic and Slovakia. This acquisition provided us with a strategic entry point into Europe. The manufacturing site at Vysoke Myto, Czech Republic, is being developed as an EU centre for packaging, batch release and distribution.

At the beginning of 2008, we established our wholly-owned subsidiary Glenmark Pharmaceuticals s.r.l to provide sales and marketing operations in Romania, which is a key strategic market for the development of our Specialty Business in Europe. Our operations in Romania launched Aflen (Trifusal) and Eneas (Enalapril and Nitrendipine) in 2008 both innovative licenced products. During the first quarter of the fiscal year 2010, we launched two new products from a group of antihypertensives, Nebivolol and Perindopril in Romania.

In June 2008, we established our wholly-owned subsidiary in Poland. In the fiscal year 2009 we acquired a portfolio of branded products from Actavis and Biovena, including Cital (Citalogram), Lamotrix (Lamotrigine), Androvit and others, where we received all marketing authorisations and trademark rights in Poland for those products.

In the fiscal year 2009, we also launched a number of in-house products in the CEE markets, Topimark (Topiramate) in the Czech Republic, Slovakia and Poland and Lextril (Perindopril) in Poland. We continue to search for new in-licencing opportunities and to continue introducing our own products under registration in order to develop our European operations.

Our EU/European Specialty Business registered a revenue of Rs. 995.91 million in the fiscal year 2009. There was growth of 170% in Fiscal Year 2009 compared to Fiscal Year 2008.

Research and development

We believe that investing in R&D will be a key component of our Specialty Business strategy and is critical to our competitiveness and growth within the segments in which we operate. We believe Indian pharmaceutical companies will need to possess commercially viable proprietary products and technologies in order to compete effectively.

Currently, we have seven NCEs in clinical development and two NBEs in various stages of development. One of the NCEs, Crofelemer, a novel anti diarrhoeal drug, is in licenced. Crofelemer is in Phase III trials in the United States and Phase IIb trials in India. Melogliptin, a DPP IV inhibitor, has completed Phase IIb trials. Oglemilast, a PDE IV inhibitor, recently completed Phase IIb studies as a treatment for COPD with disappointing results. However, Phase IIb trials of Oglemilast continue in India as an asthma drug. In the fiscal year 2010, we intend to commence Phase IIb trials of two of the other 4 molecules currently in clinics. In respect of the NBEs, GBR 500 has initiated Phase I trials in the United States while GBR600 has filed for Phase I trials in the United Kingdom.

Our R&D initiatives focus on research for the development of NCEs and NBE's, on process and formulation development and identifying new drug delivery systems ("**NDDSs**"), as detailed below.

(a) NCE research

In view of the growing importance of captive access to cutting-edge research, we invested in a modern, advanced R&D facility, Glenmark Research Centre ("**GRC**") at Mahape, Navi Mumbai,

established in 2004. The GRC has modern infrastructure and is equipped with the latest scientific equipment. The GRC has a range of laboratories with medicinal chemistry, molecular biology, drug metabolism and pharmacokinetics and toxicology capabilities which are designed to carry out drug discovery and development in accordance with national and international standards and regulations.

We believe that NCEs represent the highest end of the research value chain, and typically also offer the highest reward. NCE research focuses on developing chemicals and molecules that can selectively address molecular targets of specific diseases and provide a cure with minimal side effects. A successful NCE can, following the relevant approvals, be marketed with a 12-14 year product exclusivity period during which it can recover its investment. The development of NCEs involves a multitude of skill sets, a development time of between six to eight years and considerable risk.

Our NCE research focuses on the development of new molecules in the following areas:

- *Metabolic disorders*: diabetes (Type II), obesity, dyslipidermia;
- *Inflammation*: asthma/ COPD, rheumatoid arthritis, osteoarthritis; and
- *Pain*: neuropathic pain and inflammatory pain.

We selected these areas based on the following factors:

- *Unmet medical needs*: Our research programme is focused on chronic diseases affecting people in various locations around the world with unmet medical needs.
- *Global growth potential*: The incidence of asthma, diabetes, osteoarthritis and obesity are growing rapidly throughout the world.
- *Potential for pioneering research*: Since the existing therapies for these ailments often have undesirable side effects, they offer attractive replacement opportunities. For example, steroids currently used in treating asthma are non-selective and report significant side-effects on the human body.
- *Licencing opportunities*: Since our research areas have high revenue potential, we believe they present significant partnership opportunities in licencing at the late pre-clinical or early-clinical stages with major international companies.
- *Research skill-sets*: Our senior scientists responsible for directing our research programmes have significant experience in these areas. To reinforce their efforts, we have also appointed an advisory board of experienced prominent scientists who possess experience in the molecular targets selected for research.

(b) NBE research

In 2004, we diversified our research activities in the area of biopharmaceutical research. We set up a wholly-owned subsidiary Glenmark Pharmaceuticals S.A. in Switzerland in July 2004 where we established an international team of highly qualified scientists with biopharmaceutical research experience. The team includes Ph.D's recruited from Europe with rich experience in the field of biologics research. We have a Biologics research centre in Canton of Neuchatel, Switzerland where activities are focused on the oncology and inflammation sectors.

In March 2007, we and Dyax Corp. ("**Dyax**") entered into collaboration for the discovery of certain NBEs. Under this agreement, we have global marketing rights for the NBEs developed

pursuant to the collaboration. Pursuant to this collaboration, Dyax shall perform funded research for three of our targets in the areas of inflammation and oncology. Benefits to us include access to Dyax's screening capabilities, their experience in antibody discovery, the patent portfolio and the relevant licences in the field of antibody discovery held by Dyax.

In July 2007, we acquired two two monoclonal therapeutic antibodies ("**mAbs**") from Chromos Molecular Systems Inc., Canada ("**Chromos**"). We purchased all rights to the two products as well as rights to use Chromos' proprietary ACE system technology for cell line development for the in-licenced products. We hold the worldwide rights for further development, registration and commercialisation for the two mAb products. Both mAbs are part of a validated class of drugs known as Selective Adhesion Molecule Inhibitors.

Currently, we have two NBEs in development, both at the Phase I clinical trial stage. We are constantly looking for opportunities for partnering for the development of these pipeline molecules.

(c) Clinical research

The clinical development of novel molecules is driven out of the clinical research facility in Oxford, United Kingdom. This facility was set up in the fiscal year 2009.

(d) Strong process chemistry

Primarily as a result of the previously longstanding process patent regime, which allowed companies to reverse-engineer and sell patent-protected drugs in the Indian regulated market, we have developed synthetic and process chemistry capabilities. Over the last three years, we have commercialised over 200 products currently being consumed for captive use and/or sold mainly in India and semi-regulated markets.

Going forward, given India's recent amendments to its patent protection laws, reverse-engineering of patented products filed since January 1, 1995 will not be permitted. Therefore, innovation and the development of new molecules will be increasingly important and, as a result, we have focused on strengthening our discovery research capabilities.

(e) Formulations and new drug delivery systems

We are extending the value of our existing formulation therapies through the R&D of patentable NDDSs in order to create strong differentiated products.

B. Generics Business

Our Generics Business unit operations are structured as follows:

Our Generics Business began operations as the API and generics business unit of the Company and is now operated through the Company's subsidiary GGL. GGL started independent operations during the fiscal year 2009. GGL is dedicated to the R&D, manufacturing, marketing and distribution of generic pharmaceutical products. It is an end-to-end vertically integrated generic pharmaceutical company with a range of related capabilities including API manufacturing and front-end sales. The current operations under the Generics Business are split between finished dose formulations and APIs. The finished dose formulations business (also referred to as the pure generics business) has established operations primarily serving the regulated markets of the United States and Europe/EU markets and, in respect of the sale of oncology products, Argentina. Our API operations serve as an important component in our integration strategy, supplying our formulation business with necessary ingredients and marketing our API products to customers outside India.

The Generics Business revenues for fiscal year 2009 were Rs. 9,857.43 million compared to Rs. 7,903.28 million in fiscal year 2008, a growth of 25 per cent. The revenue growth was mainly attributable to increased revenues in the United States market and the oncology sector in Argentina, both of which grew by over 30 per cent. in fiscal year 2009, despite a slowing in product approvals and the general economic slowdown. The United States formulations business revenues for fiscal year 2009 were Rs. 7,337.73 million compared to Rs. 5,640.27 million in fiscal year 2008, an increase of 30 per cent. The Generics Business revenues in European markets for fiscal year 2009 were of Rs. 146.94 million. The oncology business unit in Argentina registered growth of 36 per cent. in fiscal year 2009, with annual revenues of Rs. 400.48 million. The API business revenues for fiscal year 2009 were Rs 1,972.28 million.

Finished Dosage Formulations

Formulations, also referred to as finished dosages, are finished pharmaceutical products ready for consumption by the patient.

We have three subsidiaries which market and sell formulations, Glenmark Generics Inc., USA ("**GGI**") in the United States, Glenmark Generics (Europe) Limited ("**GGEL**") in Europe and Glenmark Generics S.A., Argentina ("**GGA**") in Argentina. GGI develops, manufactures and markets oncology, controlled substances, modified release, hormones and dermatology products. GGEL develops, manufactures and markets a portfolio of solid orals and semi-solids. GGA predominantly sells oncology products in Latin and Central America.

North America / United States Formulations

GGI (formerly Glenmark Pharmaceuticals Inc., U.S.A.) is our subsidiary in North America and manufactures, markets and distributes generic pharmaceutical products. The sales and marketing front end was launched in the fiscal year 2005 with a portfolio of two products. The North America / United States formulations business posted revenues of Rs. 7,337.73 million for the fiscal year 2009 compared with a revenue of Rs. 5,640.27 million in the fiscal year 2008 registering an increase of 30 per cent over the previous fiscal year.

We have sought to integrate and leverage our infrastructure and competencies in the API and formulations business segments with our competencies in filing patent applications, DMFs and ANDAs. This integration and leverage is key in building market share in the generics market, where consumers seek lower cost alternatives to brand name pharmaceutical products.

In addition to submitting ANDA filings, we have engaged in external development partnerships to supplement and accelerate the growth of our existing pipeline and continue to identify and evaluate new in-licencing opportunities.

In the fiscal year 2009, we received a total of 11 ANDA approvals and launched 11 new products in the North American market including Trandolapril tablets USP1mg, 2mg and 4mg, Mometasone Furoate Ointment USP, 0.1%, Mometasone Furoate Cream USP, 0.1% and Metformin Hydrochloride tablets USP 500mg, 850mg and 1000mg. ANDA approval was also received for Ranitidine tablets, Betamethasone Dipropionate Cream, 0.05 (Augmented) & Lithium Carbonate capsules, amongst others. We also launched Nystatin Oral Suspension, Oxycodone Oral solution, Azathioprine Tablets and Morphine Sulphate Oral Solution. We filed 22 products with the USFDA in the fiscal year 2009 of which several are potential first to file Paragraph IV applications.

During the first quarter of the fiscal year 2010, we received three final approvals and two tentative approvals from the USFDA. Our tentative approval for the 10mg tablets of Ezetimibe constitutes the first tentative approval granted by the USFDA for a generic version of the drug. We also successfully launched two products during the first quarter of the fiscal year 2010 in the United States market including Hydralazine tablets and Alclometasone Dipropionate Cream and filed six ANDAs.

We now have a portfolio of 46 generic products authorised for distribution in the United States market. We currently have over 45 ANDAs in various stages of the approval process with the USFDA. Further, out of six potential first to file Paragraph IV applications filed, we are sole first filer on four products. The four products where we are sole first filer are Ezetimibe (which is a U.S.$1.4 billion/year product), Malarone (which is a U.S.$53 million/year market), Tarka (which is a U.S.$68 million/year market) and Cutivate (which is a U.S.$38 million/year market). (Source of revenue figures: IMS health data). Our United States subsidiary has recently filed an ANDA containing a Paragraph IV certification for its generic version of Vanos cream 0.1% with the USFDA. Medicis Pharmaceutical Corporation ("**Medicis**") filed suit on June 26, 2009 seeking to prevent us from proceeding with the commercialisation of our version of Fluocinonide cream which is currently marketed by Medicis.

We intend to continue with a mix of Paragraph II, III and IV filings and continue to focus on niche areas such as dermatology, hormones, oncology, controlled substances and modified release medications.

Europe / EU Formulations

Through our subsidiary GGEL, incorporated in 2004, we initiated our formulations business in the EU. The formulations business was initiated through a number of out-licencing deals while we continued to augment the product portfolio in various EU countries through products such as Perindopril and Nebivolol. Our Europe/EU business posted a total revenue in the fiscal year 2009 of Rs. 146.94 million.

In the fiscal year 2009 we launched our first product, Perindopril in the United Kingdom, the Netherlands and Germany. Several out-licencing deals were also closed in the fiscal year 2009 for other European markets including CEE. We currently have more than 35 EU Common Technical Document ("**CTD**") dossiers.

We are building three revenue streams in the EU, based on dossier licencing income, third-party commercial supplies (linked to licencing) and sales through our own front ends. The dossier out-licencing business concluded several out-licencing deals for five products in various European markets.

We have EU Good Manufacturing Practice and USFDA approved plans for formulations and API and more than 35 EU CTD solids and semi-solids dossiers in various stages of development, registration or approval. The portfolio comprises of four approved marketing authorisations, 10 applications currently going through registration procedures across Europe. Also, our API product portfolio consists of over 45 APIs with an equal mix of patent-expired and developmental products. We have received seven marketing authorisations in the first quarter of the fiscal year 2010.

Oncology

Our subsidiary in Argentina, GGA, is involved in generic research, manufacturing and distribution of oncology products in over 20 countries. We have a team of qualified professionals, pharmacists and physicians in Argentina and operations now span 23 countries with over 300 product registrations. The oncology business unit registered growth of 36 per cent. in the fiscal year 2009, posting annual revenues of Rs. 400.48 million.

We have a medical department in Argentina with the main purpose of providing quality guidance and medical support to internal and external personnel including customers and oncologists. Our medical department is involved in customer oriented research carried out in consultation with oncologists and is in discussion with individuals involved in the oncology area to target new therapy areas. The medical team takes part in international seminars and events related to oncology and cancer care and the team's personnel receive continuous training with respect to new cancer treatment techniques. The medical department is headed by a senior clinical oncologist with more than 20 years of experience in oncology consultancy and the early and late clinical development of oncology drugs.

Our portfolio in Argentina covers a range of generic oncology products used in several types of cancer therapies. It comprises cytotoxics, hormonal agents and supportive therapies. In the fiscal year 2008, we launched 61 new products across 12 new and existing markets.

To service our business in Argentina, an oncological injectibles manufacturing facility is under commission near Buenos Aires, Argentina. The plant is scheduled to be commissioned in September 2009.

In the fiscal year 2009, we filed 5 dossiers and 59 extra-company dossiers (excluding Brazil, Trinidad and Tobago, RoW and any other intra-company operations). We filed 14 dossiers in the first quarter of the fiscal year 2010 and launched one new product in Argentina.

Active Pharmaceutical Ingredients

We believe that as products come to the end of their patent-protected lifecycle in the developed markets, generic opportunities and API growth potential associated with those products will increase.

Our API manufacturing business was launched in 2001 and supplemented the following year by the purchase of our API manufacturing facility in Ankleshwar, Gujarat. We also have API manufacturing facilities in Kurkumbh and Mohol, Maharashtra, India.

We produce several different APIs for use in pharmaceuticals. Currently, our main APIs in terms of revenue generation are ACE inhibitors used for the treatment of hypertension and anticonvulsants. Our

other APIs include products ranging from antibiotics, antidepressants and treatments for chemotherapy induced nausea, among others.

For the fiscal year 2009, our API business registered a revenue of Rs. 1,972.28 million reflecting a growth of 1 per cent. compared to the previous fiscal year.

We sell our APIs in India and export them both to regulated and less regulated markets in over 80 countries. In addition, we also supply APIs to our generic formulations segment for use in the manufacture of finished dose formulations. This backward integration of our finished generics products enhances the cost competitiveness of our generic formulations segment, where consumers continue to seek lower prices for generic substitutes to brand name pharmaceuticals. Our principal markets to date for the API segment include the United States, the United Kingdom, Brazil and India. In India, we market our APIs to Indian and multinational companies who are also our competitors in the formulations segment.

With three API manufacturing plants located in Ankleshwar, Kurkumbh and Mohol in India, we have large-scale manufacturing capabilities. The Ankleshwar plant has been inspected by the USFDA as well as the UKMHRA. We partner with some leading global generics companies to supply various APIs for highly regulated markets in the United States and Europe.

We have over 200 patents filed in our Generics Business portfolio. In the previous three fiscal years, we have filed 41 DMFs of which 10 DMFs were filed in the fiscal year 2009. We also extended the reach of our Generics Business to Egypt and eight new markets in South America in fiscal year 2009. We have an API sales presence in over 80 countries and direct presence of sales teams in the key markets of the United States, the United Kingdom, Brazil and India.

In the United States, we have a branch office in New Jersey that coordinates the sale and distribution of our products to agents and customers. In Europe, we sell our products to formulation companies and to agents who sell them to customers on a commission basis. We have an in-house marketing team which is responsible for marketing of our APIs in the EU. In India, we have a sales team to market our products. The sales are made directly or through agents to formulation companies. Sales to agents are made on a commission basis. Sales to formulation companies are made on a purchase order basis and we do not have any long-term contracts with these companies. Our other key markets include Russia and the CIS countries, and countries in Far East Asia, Latin America and the Middle East. In Russia, the Middle East and Latin America we rely on agents, distributors and formulation manufacturers for our API sales. In the Russian and CIS markets, we also have sales representative offices. Our sales strategy includes building relationships with key customers in each of these markets and partnering with them in their product launches by providing timely regulatory and technical support.

Research and Development

We have established our R&D centre for our Generics Business and a Clinical Research Unit ("**CRU**") at Sanpada, Navi Mumbai in India.

The R&D unit carries out the following specialised research:

- formulation development;
- analytical research development;
- clinical research and pharmacokinetics;
- process research; and
- intellectual property management.

The Generics Business R&D team employs a scientific staff of over 300, including several PhDs with postdoctoral experience from universities in the US and Europe.

(a) Formulation development

Formulation Development deals with all aspects of generic drug development from pre-formulation to various regulatory and intellectual property strategies with emphasis on timely development of formulations for ANDA and EU submissions.

A facility for all of these dosage forms is located currently at Taloja, Navi Mumbai. Additionally, this location contains an exclusive development set-up for hormone products. The teams involved in the various stages of formulation development include 60 development scientists and a packaging development and technology transfer group to bring the facility's technology to commercial scale.

(b) Analytical research development

The analytical team is engaged in structural elucidation, development and validation of analytical methods, stability and degradation studies on APIs, preparation of DMFs and dossiers for registration in India and other countries.

The analytical team is responsible for the transfer of analytical methods and specification to various manufacturing sites during transition of technology from R&D to commercial manufacturing of drug substance and drug products. The team also provides various scientific inputs in dealing with regulatory agencies.

(c) Clinical research

We established the CRU to conduct human volunteer bioavailability and bioequivalence studies as a part of our regulatory submissions to countries including the United States, Brazil and members of the EU. Located at Turbhe, Navi Mumbai, the CRU occupies an area of 15,000 sq. ft. and can house up to 72 volunteers participating in clinical studies. The CRU includes a Phase I unit equipped with eight beds to conduct Phase I human volunteer studies.

Clinical studies conducted at the CRU are in compliance with established operating procedures and regulatory guidelines of various regulatory bodies which include the Drugs Controller General of India ("**DCGI**"), the USFDA, ANVISA and the UKMHRA, as well as national and international ethical guidelines including the Indian Council of Medical Research ("**ICMR**"), the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use Good Clinical Practice Standards ("**ICS**") and the WHO. All study projects undertaken at the CRU are reviewed and approved by an independent ethics committee as per the DCGI guidelines.

The CRU provides lodging and recreation facilities for volunteers participating in the studies. It is also equipped to handle any medical emergency in its intensive care unit and employs the necessary personnel with required qualifications to assist in its various associated functions. Additionally, it has available medical specialists on call to attend to any medical emergency.

(d) Pharmacokinetic Division

Our Generics Business pharmacokinetic division provides bio-analytical and pharmacokinetic solutions and offers bio-analytical, pharmacokinetic and statistical services. The pharmacokinetics division is spread over 4,000 sq. ft. and is equipped with necessary instrumentation. The pharmacokinetics laboratory operates in a ICS Good Laboratory Practice compliant environment to develop and validate the bio-analytical methods for drugs and/or their metabolites in the human

biological matrix. These validated assays are used for the quantification of generic drugs and/or their metabolites from clinical study samples of bio-equivalence studies. Specific quality assurance procedures govern all activities from sample receipt through data packaging and sample disposal.

The studies performed at the pharmacokinetic division are in compliance with the standard operating procedures and regulatory guidelines of various regulatory bodies which include the USFDA, ANVISA and the European Medicines Agency.

The facility is audited and approved by regulatory agencies such as DCGI and ANVISA.

(e) Process Research & Development

Our process R&D team is composed of highly-skilled process chemists and works on current challenges associated with process chemistry development. This team has expertise in carrying out a variety of chemical reactions and the expertise to develop structurally complex molecules. The process R&D facility is equipped with international standard equipment. We have been focusing on products going off-patent in regulated markets such as the United States and Western Europe and have been developing efficient processes to manufacture them.

Manufacturing sites

We own and operate 12 manufacturing facilities across nine locations in India and three locations internationally. In order to serve our domestic and export markets, we have developed an infrastructure of formulations and API manufacturing facilities which have been built in accordance with the WHO cGMP guidelines. Each of our manufacturing facilities has separate quality control units to monitor the manufacturing quality of our products. Of the 12 facilities, the three facilities at Ankleshwar, Kurkumbh and Mohol are API manufacturing facilities. The remaining facilities, including those at Goa, Baddi and Nasik, are formulations facilities. International facilities are located in Brazil, the Czech Republic and Argentina.

We have the capability to manufacture APIs and finished pharmaceutical formulation dosages. We procure raw materials on the basis of our requirement planning cycles. In manufacturing our products, we combine raw materials through one or more chemical reactions, mix the combinations in reactors for a set period of time under process conditions and then store the products in drums. APIs and pharmaceutical formulations are generally stored in controlled storage facilities before being dispatched.

APIs are mainly manufactured at our three plants in Ankleshwar, Kurkumbh and Mohol. The Ankleshwar plant, which is our primary manufacturing plant for APIs, was acquired from GlaxoSmithKline Pharmaceuticals Ltd. in 2002 and has been upgraded to comply with USFDA certification requirements. The Ankleshwar plant is responsible for the manufacture of our APIs for export to the international regulated markets such as the United States and Europe. Our Mohol and Kurkumbh plants also manufacture intermediates for supply to our Ankleshwar plant, as well as manufacturing APIs to meet requirements in the semi-regulated markets and India.

Formulations are manufactured at our plants in Nasik and Goa. Our Goa plant has received USFDA approval for the United States market. In addition, the Goa plant has also obtained approvals from the Therapeutics Products Directorate, Canada and Medicine Control Council, South Africa. Our Baddi plant is designed mainly for the manufacturing of formulations for the domestic market. The plant at Baddi has certain tax incentives in relation to excise and income taxes.

We currently manufacture most of our formulations for sale in the domestic and semi-regulated markets in our Nasik and Goa plants and since October 1995, oral liquids have been manufactured at our Baddi plant.

To meet our growing domestic formulations requirements, we also outsource some of our products to contract manufacturers.

Pursuant to our acquisition of Laboratories Klinger in April 2004, we acquired an ANVISA-approved manufacturing facility in Brazil with production lines for solid orals, semi-solid and liquid orals for the Latin America market.

We also have production lines in Vysoke Myto in Czech Republic which has received SUKL (the State Institute for Drug Control in the Czech Republic) approval for the European market.

Currently, we engage in limited outsourcing of manufacturing to contract manufacturers, largely as a result of insufficient capacity at our Nasik plant to meet our growing domestic formulations requirements. We have acquired land in Himachal Pradesh and are in the process of constructing a new manufacturing facility for the manufacture of formulations for the domestic market.

Each of our manufacturing sites has an on-site quality unit with clearly defined functions supported by a corporate quality group. All of our plants have waste management and environment protection systems and comply with the laws on environmental pollution. Each of our manufacturing facilities is compliant with cGMP. In addition, the contract manufacturers who supply part of our manufacturing needs are routinely inspected and approved by our quality assurance and control team.

Competition

We believe that our marketing approach through therapy-focused marketing divisions and our strong commitment to R&D provides us with competitive advantages. Some of our competitors may have broader product ranges, larger sales teams and broader segment positioning than us which enables them to compete more effectively. Our competitors include multinational pharmaceutical companies, other Indian pharmaceutical companies and pharmaceutical companies in various local markets in which we operate. Competitors may vary depending on the specific nature of the relevant markets, sectors and products. We believe we have a number of competitive strengths (see *Competitive Strengths* above). See also "*Risk factors—Risks relating to our business—If we cannot respond adequately to the increased competition we expect to face in the future, we will lose market share and our profits will decline*".

Quality

We believe that quality control is critical to our continued success. We have formulated quality control and quality assurance procedures to be adhered to at each of our manufacturing sites, which are monitored by a team of quality control and quality assurance personnel located at our domestic manufacturing sites. Regular audit programs measure and validate our attempts to deliver consistent quality. These quality audits are regularly updated and reviewed to comply with international regulatory requirements, such as the USFDA or UKMHRA. This is in addition to product specific quality norms such as those prescribed by the Indian, United States, British and other international pharmacopoeia or individual producer norms.

Our manufacturing facilities are routinely inspected for cGMP compliance by the USFDA as well as the WHO inspection team, and our facilities have been found to be in compliance to the required standards. Our API plant at Ankleshwar was inspected and approved by the USFDA. Our Goa formulation plant also received USFDA approval and cGMP approval from the Therapeutics Products Directorate, Canada and the Medicine Control Council in South Africa. We expect our site at Goa to be inspected in the future by regulators such as the UKMHRA and ANVISA. In addition, we also anticipate our site at Nasik to be inspected in the future by ANVISA. Our approved manufacturing facility in Brazil has received ANVISA approval and our manufacturing facility in Baddi, Himachal Pradesh has received USFDA and UKMHRA approvals.

Properties

Our properties are used for the manufacturing of pharmaceutical products, R&D activities or as sales, marketing and administrative offices.

The following table sets forth certain information concerning our principal properties and those of our subsidiaries:

Location	Primary Activities or Use	Title
B-2, Mahalaxmi Chambers, 22 Bhulabhai Desai Road, Mumbai – 400 026	Registered Office	Freehold
Plot No. A-607, T.T.C. Industrial Area, M.I.D.C., Mahape, Navi Mumbai – 400 709	Research & Development	Leasehold
Research & Development Centre, Plot No. C-152, MIDC Malegaon (Sinnar), Dist. Nasik, PIN – 422 113*	Research & Development	Leasehold
Plot No. M4, Taloja industrial area MIDC Taloja, Taluka Panvel.410208 Dist – Raigad Maharashtra*	Research & Development	Leasehold
Plot No. D508, TTC Industrial Estate, MIDC Turbhe, Navi Mumbai – 400705, Maharashtra	Clinical Research Centre	Leasehold
C2 7600, The Quorum, Oxford Business Park, North Oxford, OXS 2JZ, UK	Clinical Research Centre	Leasehold
Chemin de la Conbeta 5, 2300 La Chaux-de-fonds, Switzerland	Biotech Research Centre	Leasehold
Plot No. E-37, D-road, M.I.D.C. Industrial Area, Satpur, Nasik – 422 007*	Factory	Leasehold
Plot No. S-7, Colvale Industrial Estate, Bardez, Goa – 403513**	Factory	Leasehold
Plot No. 3109, G.I.D.C. Ind. Estate, Ankleshwar – 393 002**	Manufacturing Unit	Leasehold
Plot No. A-80, MIDC Area, Behind Tasc Pharmaceutical, Kurkumbh, Tal-Daund. Dist. Pune, Maharashtra	Manufacturing Unit	Leasehold
Plot No. 163-165 and 170-172, Chandramouli Industrial Estate, Mohol, Solapur, Maharashtra – 413213	Manufacturing Unit	Freehold
Village: Kishanpura, Baddi Nalagarh Road, Tehsil: Nalagarh, Dist: Solan, Baddi Himachal Pradesh – 174101*	Manufacturing Unit	Freehold
D-42, Plot No. 50, Kundaim Industrial Estate, Kundaim – 403 115, Goa	Manufacturing Unit	Leasehold
Rua Assahi, 33-1 Andar CEP 09633-0110, Rudge Ramos Sao Bernado Do Campo, Sao Paulo, Brazil	Manufacturing Unit	Leasehold
Glenmark Pharmaceuticals s.r.o., Fibichova 143, 556 17, Vysoke Myto, Czech Republic	Manufacturing Unit	Freehold
Business Unit II, Village Bhattanwala, PO Rajpura, Nalagarh Dist – Solan, Himachal Pradesh	Manufacturing Unit	Freehold

Location	Primary Activities or Use	Title
Glenmark House, HDO Corporate Building, Wing-A, B.D. Sawant Marg, Chakala, Off Western Express Highway, Andheri (W) Mumbai – 400059	Corporate Office	Leasehold
Building No. J-13 & J-14, Gala No. 1 to 10, Shree Arihant Compound, Kalher Village, Reti Bunder Road, Taluka Bhiwandi, Dist. Thane – 421 302	Warehouse	Leasehold
Aashirwad Complex, 61-62, S.K. Compound, Dewas Naka, Indore	Warehouse	Leasehold
Plot no.-324, Industrial Area, Phase II, Panchkula-134114	Warehouse	Leasehold

We have working capital facilities with banks and in order to secure those facilities, we have created encumbrance charges on our immovable properties identified with an (*) above and we have not created security yet on properties identified with an (**) above,.

Our subsidiaries

Listed below are our subsidiaries, our current shareholding therein, and a summary of their activities.

Entity	Jurisdiction	Shareholding	Activity
Glenmark Exports Limited	India	100%	Registrations and marketing
Glenmark Impex L.L.C.	Russia	100%	Marketing and distribution
Glenmark Farmaceutica Ltda (Brazil)	Brazil	100%	Registration, marketing and distribution
Glenmark Generics (Europe) Ltd.	United Kingdom	100%	Marketing, registrations and distribution
Glenmark Philippines Inc.	Philippines	100%	Marketing, registrations and distribution
Glenmark Generics Inc., USA	United States	100%	Marketing and distribution
Glenmark Pharmaceuticals (Nigeria) Limited	Nigeria	100%	Registrations, marketing and distribution
Glenmark Dominicana S.A	Dominican Republic	100%	Registrations
Glenmark Pharmaceuticals Malaysia Sdn. Bhd	Malaysia	100%	Registrations
Glenmark Pharmaceuticals SA (Glenmark Pharmaceuticals AG)	Switzerland	100%	Research and Development
Glenmark Holding S.A.	Switzerland	100%	Holding company for entities from Europe, Brazil and Latin American countries
Glenmark Generics Ltd	India	98%	API and Generics Business, manufacturing, marketing and distribution
Glenmark Generics SA, Argentina	Argentina	100%	Marketing, registration and distribution

Entity	Jurisdiction	Shareholding	Activity
Glenmark Pharmaceuticals (Australia) Pty Ltd	Australia	100%	Registration
Glenmark Pharmaceuticals South Africa Pty. Ltd.	South Africa	100%	Marketing and distribution
Glenmark South Africa Pty. Ltd.	South Africa	100%	Holding company for Glenmark Pharmaceuticals Pty. Ltd., South Africa
Glenmark Pharmaceuticals Egypt S.A.E.	Egypt	100%	Registration, marketing and distribution
Glenmark Pharmaceuticals FZE	UAE	100%	Marketing
Glenmark Pharmaceuticals S.R.O	Czech Republic	100%	Manufacturing, registration, marketing and distribution
Glenmark Pharmaceuticals Sk SRO	Slovak Republic	100%	Marketing and distribution
Glenmark Pharmaceuticals SRL	Romania	100%	Marketing and distribution
Glenmark Pharmaceuticals EOOD	Bulgaria	100%	Registration
Glenmark Pharmaceuticals (Europe) Ltd.	United Kingdom	100%	Research & Development
Glenmark Therapeutics Inc.	United States	100%	Regulatory matters
Glenmark Pharmaceuticals Sp. zo.o	Poland	100%	Marketing
Glenmark Distributors Sp. zo.o	Poland	100%	Distribution
Badatur S.A.	Uruguay	100%	Holding company for entities from Latin American countries
Glenmark Pharmaceuticals Mexico SA De CV	Mexico	100%	Marketing and distribution
Glenmark Pharmaceuticals Peru SAC	Peru	100%	Marketing
Glenmark Pharmaceuticals Venezuela	Venezuela	100%	Marketing
Glenmark Generics Finance S.A.	Switzerland	100%	Holding company for entities from Switzerland, the United States and Argentina
Glenmark Generics Holding S,A.	Switzerland	100%	Holding company for entities from the United States and Argentina
Glenmark Pharmaceuticals Colombia Ltda.	Colombia	100%	Registrations

Intellectual property

We have a dedicated intellectual property team, which has enabled us to file for a number of patents both in India and internationally in our research, process and platform technology areas. As of March 31, 2009, we have patented over 180 inventions. In addition to clinical and pre-clinical NCE and NBE molecules, we have also filed NDDS patents. Any existing or future patents issued to or licenced by us may not provide us

with any competitive advantages for our products or may even be challenged, invalidated or circumvented by our competitors. In addition, such patent rights may not prevent our competitors from developing, using or commercialising products that are similar or functionally equivalent to our products. We have filed over 1700 trademarks globally which includes over 700 filed with the Registrar of Trademarks in India. We have also made applications for registration of trademarks in other countries in which we do business. We market several products under licences in several countries where we operate.

Environmental regulations and protection measures

We are subject to significant national and state environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations at our facilities. Non-compliance with the applicable laws and regulations may subject us to penalties and may also result in the closure of our facilities. See "*Risk factors—If we fail to comply with environmental, employee, health and safety laws and regulations, laws that regulate research and clinical trials or face litigation related to any of these, our costs may increase and our revenues may decrease*". We believe that we are in compliance with all applicable environmental standards.

Insurance

All of our property, plant and equipment are insured under "Standard Fire & Special Perils Cover" policies. We also maintain insurance for loss of profits due to disruptions in production caused due to certain defined accidents. We also carry product liability insurance coverage of up to US$4 million per incident. We have insurance policies that cover our products during shipment to distributor locations. We believe our insurance coverage is adequate and consistent with industry standards. However, as we enter regulated markets with more of our products, we will consider taking additional insurance coverage as may be appropriate. We also have medical insurance policies, personal accident insurance policies and workmen's compensation policies for our employees. We currently do not have business interruption or key personnel insurance.

Employees

As of March 31, 2009, we had approximately 5,500 permanent employees, which included corporate and managerial staff, sales staff and staff located at our manufacturing facilities. Approximately 16 per cent. of these permanent employees have post-graduate qualifications (including 2 per cent. who hold doctorate degrees), and approximately 11 per cent. are engaged in R&D activities. Our total number of employees has grown from approximately 5,000 at the end of the fiscal year 2008 to approximately 5,500 at the end of fiscal year 2009. We conduct regular technical and refresher training programs for all of our employees.

Except for the Glenmark Pharmaceuticals Employees Union, an internal employees union at our Nasik plant which consists of approximately 100 employees, none of our employees are unionised. We have not experienced any work disruptions to date. We believe our relations with our employees are generally good.

Legal Proceedings

Please see "*Legal Proceedings*".

Regulations and Policies applicable to the Company

Certain significant Indian laws and regulations that govern the Company's business are as follows:

*Drugs and Cosmetics Act, 1940, ("**DCA**")*

Matters pertaining to drug formulations, biologicals and APIs are governed by the DCA which regulates the import, manufacture, distribution and sale of drugs in India as well as aspects relating to labelling, packing and testing. The legislation provides the procedure for testing and licensing new drugs. These

procedures involve obtaining a series of approvals for different stages at which the drugs are tested, before the drug controller general of India ("**DCGI**") grants the final license to allow the drugs to be manufactured and marketed.

In the case of approved APIs, the DCGI issues a manufacturing and marketing license. These licenses are submitted by the company seeking to produce the drug, to the drug control administration of the state which clears the drug for manufacturing and marketing. The drug control administration also provides approvals for technical staff as per the DCA and Drugs and Cosmetics Rules, 1945 framed under the legislation in compliance with WHO and cGMP inspection norms. The approvals for licensing are obtained from the drug control administration. The central drugs standard control organisation ("**CDSCO**") is responsible for testing and approving APIs and formulations in consultation with the DCGI.

The national pharmaceutical pricing authority ("**NPPA**") is responsible for the collection of data, the study of the pricing structure of APIs and formulations, price enforcement and the availability of medicines in the country, under the Drug (Prices Control) Order, 1995 ("**DPCO**"). Upon recommendation of the NPPA, the Ministry of Chemicals and Fertilizers fixes ceiling prices of APIs and formulations and issues notifications on drugs and formulations which are listed in the relevant schedules to the DPCO.

The Government formulated a draft National Pharmaceutical Policy in 2006 in which it recommended, inter alia, that patented drugs, i.e., formulations under product patents which are launched in India after January 1, 2005 would be subject to price negotiations before granting them marketing approval. The draft National Pharmaceutical Policy, 2006 has been circulated to various stake holders to elicit their views before the new policy on drug price control mechanism is finalised.

The draft National Pharmaceutical Policy, 2006 has not yet been notified by the Government and is not in effect as of the date of this Preliminary Placement Document. The draft National Pharmaceutical Policy, 2006 may undergo further changes before it is notified by the Government of India.

Clinical Research

Clinical trials are required to comply with the "requirement and guidelines on clinical trials for import and manufacture of new drug" as contained in Schedule Y of the Drugs and Cosmetics Rules, 1945 as well as the guidelines for good clinical practices for clinical research in India issued by the Ministry of Health and Family Welfare, Government of India.

Foreign Investment in the Pharmaceutical Sector

Foreign ownership of pharmaceutical companies is permitted up to 100 per cent. in the Indian pharmaceutical sector through the so-called "automatic route" which does not require prior government or Reserve Bank of India approval.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Per the Articles of Association of the Company, the Company shall not have fewer than three directors and not more than 15 directors. Currently, the Company has 10 directors, out of which five are independent Directors. Further, the Board of Directors may appoint any person as an additional director, but such additional director shall hold office only up to the date of the next Annual General Meeting unless appointed by the shareholders. The Articles of Association allow the Board of Directors to appoint an alternate director to act for a director during his absence for a period of not less than three months from the state in which Board meetings are ordinarily held.

Pursuant to the Companies Act, not less than two-thirds of the total number of the directors of the Company shall be persons whose period of office is subject to retirement by rotation and one-third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every Annual General Meeting. The directors to retire are those who have longest held their office since their last appointment. A retiring director is eligible for re-election. The directors of the Company are not required to hold any qualification shares.

The following table sets forth details regarding the Board of Directors as at the date of this Preliminary Placement Document.

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
Gracias Saldanha **DIN:** 00011161 **Term:** 5 years **Address:** Flat No. 2, Windmere Co-op Hsg. Society Ltd., 236A B.J.Road, Bandra (West) Mumbai 400 050 **Nationality:** Indian	71	Chairman and Non-Executive Director	• Glenmark Exports Limited
Glenn Saldanha **DIN:** 00050607 **Term:** 5 years **Address:** Rustomjees La Solita, Flat No.1101, 11th Floor, 16 Turner Road, 72A Off Gurunanak Road, Bandra(West) Mumbai 400 050 **Nationality:** Indian	39	Managing Director and CEO	• Glenmark Exports Limited • Glenmark Impex LLC • Glenmark Generics Inc., USA • Glenmark Dominicana S.A. • Glenmark Pharmaceuticals S.A., Switzerland • Glenmark Holding S.A., Switzerland • Glenmark Generics Limited • Glenmark Generics Holding S.A • Glenmark Generics Finance S.A • Glenmark Therapeutics Inc., USA

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
A.S. Mohanty **DIN:** 00007995 **Term:** 5 years **Address:** B/203, Ganga Vihar, C.D.Burfiwalla Lane, Andheri(West) Mumbai 400 058 **Nationality:** Indian	55	Executive Director	• Glenmark Pharmaceuticals Mexico, S.A. DE CV • Glenmark Pharmaceuticals Peru SAC • Glenmark Pharmaceuticals Colombia Ltda. • Badatur S.A • Glenmark Pharmaceuticals Venezuela C.A • Glenmark Pharmaceuticals Egypt S.A.E • Glenmark Pharmaceuticals F.Z.E
Cheryl Pinto **DIN:** 00111844 **Term:** 5 years **Address:** Flat No.7-A, Windmere Co-op Hsg. Society Ltd., 236A, B.J.Road, Bandra (West), Mumbai 400 050 **Nationality:** Indian	42	Executive Director	• Glenmark Generics Europe Ltd. • Glenmark Philippines Inc. • Glenmark Generics Inc. USA • Glenmark Pharmaceuticals (Nigeria) Ltd. • Glenmark Dominicana S.A • Glenmark Pharmaceuticals (Malaysia) SDN. Bhd. • Glenmark Pharmaceuticals (Australia) Pty. Ltd. • Glenmark South Africa(Pty.) Ltd. • Glenmark Pharmaceuticals South Africa(Pty.) Ltd. • Glenmark Pharmaceuticals SRO, Czech Republic • Glenmark Pharmaceuticals S.R.L, • Glenmark Pharmaceuticals EOOD • Glenmark Pharmaceuticals Sp.Z.O.O • Glenmark Distributors Sp.Z.O.O • Glenmark Pharmaceuticals Europe Ltd. • Glenmark Generics S.A
Julio F. Ribeiro **DIN:** 00047630 **Term:** Retirement by rotation **Address:** Flat No.51, Sagar Tarang Khan Abdul Gafar Khan Road Worli Seaface, Worli Mumbai 400 025	80	Independent Director	• Glenmark Generics Limited • VVF Limited • Fullerton India Credit Company Limited

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
Nationality: Indian			
Natvarlal B. Desai **DIN:** 00029023 **Term:** Retirement by rotation **Address:** 701, Kubelisque Condominium Union Park, Pali Hill Nargis Dutta Road Mumbai 400 052 **Nationality:** British	82	Independent Director	• Glenmark Generics Limited
M. Gopal Krishnan **DIN:** 00029050 **Term:** Retirement by rotation **Address:** The Embassy, Flat No.513 15 Ali Asker Road Bangalore 560 052 **Nationality:** British	74	Independent Director	Nil
Sridhar Gorthi **DIN:** 00035824 **Term:** Retirement by rotation **Address:** Rustomjees La Solita Flat No.101,28th Road T.P.S-III, Bandra(West) Mumbai 400 050 **Nationality:** Indian	37	Independent Director	• Triconsult India Private Limited • Glenmark Generics Limited
B.E.Saldanha **DIN:** 00007671	69	Non Executive Director (Additional Director)	• Glenmark Exports Limited

Name, DIN, Designation, Term and Address	Age	Designation	Other directorships
Term: Retirement by rotation **Address:** Flat No. 2, Windmere Co-op Hsg. Society Ltd., 236A B.J.Road, Bandra (West) Mumbai 400 050 **Nationality:** Indian			
D.R.Mehta **DIN:** 01067895 **Term:** Retirement by rotation **Address:** B-5, Mahavir Udyog Marg Bajaj Nagar, Jaipur-302 015 **Nationality:** Indian	72	Independent Director (Additional Director)	• Pooja Medicure Limited • Jain Irrigation Systems Limited • Spice Investment & Finance Advisor Limited • JMC Projects (India) Limited • Atul Rajasthan Date Palms Limited

Biographies of the Directors:

Gracias Saldanha

Gracias Saldhana, 71, is the founder of the Company. He was the chairman and whole-time Director from December 1, 1977 up to May 16, 2002 and since May 16, 2002, the chairman and non-executive Director. He was reappointed for a term of five years with effect from May 16, 2007. He has over 37 years experience in the pharmaceutical industry. His educational qualifications include a masters in science from University of Mumbai with a diploma in management studies from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has worked with pharmaceutical companies like Abbott Laboratories and E. Merck.

Glenn Saldanha

Glenn Saldanha, 39, has been the Managing Director and chief executive officer of the Company since May 16, 2002, and was reappointed for a term of five years with effect from May 16, 2007. He has over 15 years experience in the industry. He holds a bachelors in pharmacy from the University of Mumbai and was awarded the Watumall Foundation Award for overall excellence. His other educational qualifications include a masters in business administration from New York University's Leonard N. Stern School of Business. He has worked for Eli Lilly in the United States and was a management consultant with Price Waterhouse.

A.S. Mohanty

A. S. Mohanty, 55, has been an executive director of the Company since May 16, 2002, and was reappointed for a term of five years with effect from May 16, 2007. He holds a masters degree in science from Utkal University. He is responsible for formulations business, and has over 31 years of experience in pharmaceutical sales and marketing as well as healthcare sectors. He has worked with Alembic Chemical Works Co. Limited in the past.

Cheryl Pinto

Cheryl Pinto, 42, has been the executive Director since May 16, 2002, and was reappointed for a term of five years with effect from May 16, 2007. She has over 21 years experience in the pharmaceutical business. She holds a bachelors in pharmacy from the University of Mumbai. She has worked with Cheryl Laboratories Private Limited in the past.

J.F. Ribeiro

J.F. Ribeiro, 80, has been an independent Director of the Company since August 26, 1999, and was reappointed on September 20, 2007. He holds a bachelors in commerce degree and an LLB degree from Bombay University. He served in the Indian Police Services and is a retired government official having served the country under various assignments. Among the major positions held, he has been the Commissioner of Police, Mumbai, Special Secretary to the Government, Ministry of Home Affairs, Director General of Police, Punjab, Adviser to the Governor of Punjab, Ambassador of India to Romania.

Natvarlal B. Desai

Natvarlal B. Desai, 82, has been an independent Director of the Company since July 31, 2003, and was reappointed on September 29, 2006. He is a retired general manager of Bank of Baroda. He has over 46 years experience in the banking sector working in India and overseas. He is a matriculate from Bombay University. He has been the chairman of Bank of Baroda Uganda Ltd and was the founder and managing director of Equitorial Bank PLC, United Kingdom.

M. Gopal Krishnan

M. Gopal Krishnan, 74, has been an independent Director of the Company since July 31, 2003, and was reappointed on September 29, 2006. He holds a bachelors in science from Bombay University. He worked with Bank of India for twenty five years and was posted in Kenya and United Kingdom for a few years. He has also worked with the Equitorial Bank PLC, United Kingdom.

Sridhar Gorthi

Sridhar Gorthi, 37, has been an independent Director of the Company since September 27, 2005, and was reappointed on September 20, 2007. He holds a BA. LLB (Hons.) from the National Law School of India University, Bangalore. He is presently a partner with Trilegal and has worked with Arthur Andersen and Lex Inde, Mumbai previously.

B. E. Saldanha

B. E. Saldanha, 69, has been appointed as the non-executive additional Director of the Company by the resolution of the Board dated August 14, 2009. She holds office up to the date of the ensuing annual general meeting to be held on September 25, 2009. A resolution pertaining to her appointment as director has been included in the notice of the said annual general meeting for the approval of the shareholders. She holds a bachelors in science and a bachelors in education from Bombay University. She was the wholetime director of the Company from 1982 to 2005 and a non-executive director of the Company till April 1, 2009 and was involved in the Company's export business.

D. R. Mehta

D. R. Mehta, 72, has been appointed as the independent additional Director of the Company by the resolution of the Board dated August 14, 2009. He holds office up to the date of the ensuing annual general meeting to be held on September 25, 2009. A resolution pertaining to his appointment as director has been included in the notice of the said annual general meeting for the approval of the shareholders. He holds a degree in bachelors in arts and an LLB degree from Rajasthan University. He also holds management

degrees from Royal Institute of Public Administration, London and from Alfred Sloan School of Management, Massachusetts Institute of Technology, Boston, United States of America. He was a civil servant for almost forty years and has experience in administration and management of public affairs. He joined the Indian Administrative Services in 1961 and has held positions in the Government of Rajasthan and in the Government of India. He served in the Government of Rajasthan as collector of three districts and secretary of various departments like industry, mines and state enterprises. He was the joint secretary (banking), Controller of Capital Issues and additional secretary (banking) in the Ministry of Finance, Government of India. He was also the secretary of the Committee on Financial Policy in the cabinet secretariat in the Government of India. Further, he was the Director General of Foreign Trade in the Government of India, Ministry of Commerce. He was also the deputy governor of the Reserve bank of India and the chairman of SEBI. He was also the chairman of the emerging markets committee of the International Organization of Securities Commission.

Borrowing Powers of the Directors

Pursuant to a shareholders' resolution dated October 6, 2008, the Board has been authorised to borrow money upon such terms and conditions as the Board may think fit, provided that the aggregate amount of the Company's borrowings shall not exceed, at any time Rs. 40,000 million (Rupees Forty Thousand Million only).

Interests of Directors of the Company

All of the directors may be deemed to be interested to the extent of fees payable to them for attending Board or Board committee meetings as well as to the extent of other remuneration and reimbursement of expenses payable to them. The executive directors also may be deemed interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company.

All of the directors may also be regarded as interested in any Equity Shares and stock options held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. All directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, the companies, firms and trust, in which they are interested as directors, members, partners, trustees.

All of the directors may be deemed to be interested in the contracts, agreements or arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners. Additionally, Sridhar Gorthi, being a partner of Trilegal, is also interested to the extent of benefits arising out of the charges payable by the Company to Trilegal for rendering legal services to the Company. Except as otherwise stated in this Preliminary Placement Document and the statutory registers of the Company, the Company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of this Preliminary Placement Document in which any of the directors are interested directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. The directors have not taken any loans from the Company.

Shareholding of Directors

The following table sets forth the shareholding of and the number of options held by, the Directors as on June 30, 2009:

Name	**Number of Equity Shares**	**Shareholding Percentage (in %)**
Gracias Saldanha……	653,744	0.26
Glenn Saldanha…….....	657,877	0.26
A.S. Mohanty……	16,000	0.01

Name	Number of Equity Shares	Shareholding Percentage (in %)
Cheryl Pinto..…….....	675,800	0.27
Julio F. Riberio...…….....	45,800	0.02
Natvarlal B. Desai…….	30,000	0.01
M. Gopal Krishnan……	18,000	0.01
Sridhar Gorthi……	559	0.00
B. E. Saldanha…….	537,598	0.21
D. R. Mehta……..	Nil	Nil

Executive Directors

Terms of Employment of Executive Directors of the Company

Glenn Saldanha

Pursuant to a shareholders' resolution dated September 20, 2007, Glenn Saldanha was re-appointed as a whole-time director designated as managing director of the Company (the "Managing Director"). He has been re-appointed as our whole-time director for a period of five years with effect from May 16, 2007. In terms of Section 309 of the Companies Act, except with the approval of the Central Government, a director who is either in the whole-time employment of a company or a managing director shall not be paid remuneration exceeding five percent of the net profits for one such director, and if there is more than one such director, ten percent for all of them together. For fiscal 2009, Glenn Saldanha is entitled to basic pay of Rs. 400,000 per month, personal pay of Rs. 200,000 per month, and perquisites and other allowances amounting to Rs. 343,333 per month, performance bonus as may be decided by the Board and such additional amount in relation to leave travel reimbursements on actuals, provident fund, gratuity and superannuation in accordance with the Company's rules. This amount does not exceed the limit prescribed under the Companies Act.

A.S. Mohanty

Pursuant to a shareholders' resolution dated September 20, 2007, A.S. Mohanty was re-appointed as a whole-time director designated as director of formulations of the Company (the "Director - Formulations"). He has been re-appointed as our whole-time director for a period of five years with effect from May 16, 2007. In terms of Section 309 of the Companies Act, except with the approval of the Central Government, a director who is either in the whole-time employment of a company or a managing director shall not be paid remuneration exceeding five percent of the net profits for one such director, and if there is more than one such director, ten percent for all of them together. For fiscal 2009, A.S. Mohanty is entitled to basic pay of Rs. 241,667 per month, house rent allowance of Rs. 120,833 per month, personal pay of Rs. 154,210 per month, commission of Rs. 957,000 per annum and perquisites and other allowances amounting to Rs. 20,833 per month and such additional amount in relation to leave travel reimbursements on actuals, provident fund, gratuity, performance bonus and superannuation in accordance with the Company's rules. This amount does not exceed the limit prescribed under the Companies Act.

Cheryl Pinto

Pursuant to a shareholders' resolution dated September 20, 2007, Cheryl Pinto was re-appointed as a whole-time director designated as director of corporate affairs of the Company (the "Director – Corporate Affairs"). She has been re-appointed as our whole-time director for a period of five years with effect from May 16, 2007. In terms of Section 309 of the Companies Act, except with the approval of the Central Government, a director who is either in the whole-time employment of a company or a managing director

shall not be paid remuneration exceeding five percent of the net profits for one such director, and if there is more than one such director, ten percent for all of them together. For fiscal 2009, Cheryl Pinto is entitled to basic pay of Rs. 325,000 per month, house rent allowance of Rs. 120,833 per month, personal pay of Rs. 70,876 per month and perquisites and other allowances amounting to Rs. 177,084 per month and such additional amount in relation to leave travel reimbursements on actuals, provident fund, gratuity, performance bonus and superannuation in accordance with the Company's rules. This amount does not exceed the limit prescribed under the Companies Act.

Remuneration of Executive Directors of the Company

The following table sets forth all compensation paid to the Executive Directors for the fiscal year ended March 31, 2009.

Name	Annual Base Salary	Performance Bonus/Incentive/ Commission	Perquisites and All Other Allowances	Total
	(in Rs. Million)			
Glenn Saldanha.....	24.72	Nil	9.37	34.,09
Cheryl Pinto.....	11.94	Nil	3.07	15.01
A.S. Mohanty	9.20	0.96	1.05	11.21
Rajesh Desai*.....	7.20	0.96	1.03	9.19

** Resigned as a Director on April 1, 2009*

Remuneration of Non-Executive Directors of the Company

The following table sets forth all compensation paid to the presently serving non-Executive Director for the fiscal year ended March 31, 2009.

(In Rs. Million)

Name	Total Sitting Fees	Commission	Total
Gracias Saldanha	0.03	25.85	25.88
B. E. Saldanha…….	0.04	Nil	0.04

Remuneration of Independent Directors

Only sitting fee is paid to the independent Directors.

Changes in the Board of Directors during the last three years

Name	Date of Change	Reason
D.R.Mehta…….	August 14, 2009*	Appointment
B.E.Saldanha…….	August 14, 2009*	Appointment
B.E. Saldanha…….	April 1, 2009	Resignation
Rajesh Desai…….....	April 1, 2009	Resignation
B.E. Saldanha……	September 26, 2008	Reappointment
R.V. Desai……..	September 26, 2008	Reappointment
A.S. Mohanty……..	September 26, 2008	Reappointment
J.F. Ribeiro……..	September 20, 2007	Reappointment
Sridhar Gorthi…….	September 20, 2007	Reappointment
Cheryl Pinto……..	September 20, 2007	Reappointment
Glen Saldanha…….	September 29, 2006	Reappointment

Name	Date of Change	Reason
M. Gopal Krishnan…….	September 29, 2006	Reappointment
N.B. Desai……..	September 29, 2006	Reappointment
Prasanna Gore……	July 31, 2006	Resignation

** They hold office up to the date of the ensuing annual general meeting to be held on September 25, 2009. A resolution pertaining to their appointment as directors has been included in the notice of the said annual general meeting for the approval of the shareholders*

Key Management Personnel

Rajesh Desai, 50, is the chief financial officer. He holds a bachelor's degree in science from the Bombay University and is also a fellow member of the Institute of Chartered Accountants of India. He joined the Company in 1983 and was previously employed with Progressive Business Consultants Private Limited. He has over 26 years of experience in the industry.

Alind Sharma, 38, is the senior vice president (Human Resources). He holds a bachelor's in engineering degree from Gujarat University and holds a post graduate diploma in business management from the Indian Institute of Management, Ahmedabad. He joined the Company in 2002 and was previously employed with Ranbaxy Laboratories Limited. He has over 14 years of work experience.

Subhash Pande, 48, is the senior vice president (Corporate Quality Assurance). He holds a master's degree in pharmacy and a doctorate from Sagar University. He joined the Company in 2004 and was previously employed with Lupin Limited. He has over 21 years of work experience.

Michael Buschle, 49, is the president (Biologics). He holds a master's degree in biology from University of Ulm, Germany and a doctorate from London University. He joined the Company in 2006 and was previously employed with Boehringer Ingelheim and was one of the co-founders of Intercell AG, Austria. He has over 20 years of experience in academia and the pharmaceutical/biotech industry.

Marshall Mendonza, 54, is the vice president (Legal and Company Secretary). He holds a bachelor's degree in commerce and a bachelor's degree in law from Pune University. He is also a fellow member of the Institute of Company Secretaries of India and a member of the Institute of Chartered Secretaries and Administrators, United Kingdom. He joined the Company in February, 2009 and was previously employed with Cairn India Limited. He has over 33 years of work experience.

Vikram Janakiraman, 34, is the vice president (Operations & IT). He holds a bachelor's degree in engineering (mechanical) from Pune University and a post graduate diploma in management from Indian Institute of Management, Bangalore. He joined the Company in 2007 and was previously employed with Honeywell International (I) Private Limited. He has over 12 years of work experience.

Ratish Trehan, 36, is the general director (Russia & CIS). He holds a bachelors degree in science (engineering) from Jamia Milia Islamia University and a post graduate diploma in business management from the Indian Institute of Management, Lucknow. He joined the Company in 2006 and was previously employed with Ranbaxy. He has over 14 years of work experience.

P.Chinnapa Reddy, 35, is the vice president (International Business). He holds a bachelor's degree in pharmacy from Birla Institute of Technology and Science, Pilani and a master's in management from Indian Institute of Management, Bangalore. He joined the Company in 2005 and was previously employed with Ranbaxy Labs Limited. He has over 11 years of work experience.

Chanakya Misra, 35, is the vice president (International Business - Africa & Middle East). He holds a bachelor's degree in pharmacy from the Banaras Hindu University and a master's degree in management from MDI, Gurgaon. He joined the Company in March 2009 and was previously employed with Britannia Industries Limited. He has over 12 years of work experience.

Achin Gupta, 33, is the vice president (Corporate Strategy). He holds a master's degree in technology, biochemical engineering and biotechnology from the Indian Institute of Technology, Delhi and master's degree in management from the Indian Institute of Management, Ahmedabad. He joined the Company in 2004 and was previously employed with A.T.Kearney. He has over 9 years of work experience.

Ewan Livesey, 41, is the executive vice president (Corporate Development). He holds a law degree and a post graduate diploma in EU Law from the University of London and is a qualified solicitor in United Kingdom. He was previously employed with IVAX Corporation. He has over 19 years of work experience.

John Efthimiou, 52, is the president and chief medical officer (Clinical Research & Development). He is a FRCP from the Royal College of Physicians, United Kingdom, masters in medicine from the University of London, United Kingdom, MRCP from Royal College of Physicians, United Kingdom, bachelors in medicine and surgery from Guy's Hospital Medical School, London, United Kingdom and a bachelors in science from University of London, United Kingdom and was previously employed with Phynova, Oxford, United Kingdom. He has over 20 years of work experience.

Paulo Tadeu Resende, 42, is the senior vice president (Latin America). He holds a graduate degree in accountancy from Pontaficia Universidade Catolica (PUC), Belo Horizonte, MG and a post graduate degree in marketing from Escola Superior de Propoganda e Marketing, Sao Paulo. He joined the Company in 2009 and was previously employed with Eli Lily. He has over 19 years of work experience.

Rajeev Sibal, 41, is the vice president (India Formulations). He holds a bachelor's degree in science and a bachelor's degree in education from Maharishi Dyanand University. He joined the Company in 2009 and was previously employed with Ranbaxy Labs Limited. He has over 21 years of work experience.

Ulhas R. Dhuppad, 42, is the vice president – (Formulations). He holds a masters in pharmacy degree from Pune University. He joined the Company in 2004 and was previously employed with Morepen Laboratories Limited. He has over 20 years of work experience.

Anuj Reddy, 37, is the vice president – (Business Planning). He holds a bachelors in pharmacy from Pune University and a masters in business administration from Institute of Technology, Bangalore. He joined the Company in 2008 and was previously employed with Panacea Biotech Limited. He has over 13 years of work experience.

Shareholding of the Key Management Personnel

Name	Number of stock options	Number of Shares	Pre-Issue Percentage Holding (in %)
R.V. Desai	125,000	143,750	0.06
Alind Sharma	120,000	41,000	0.01
Subhas Pande	36,000	6,400	0.00
Michael Buschle	60,000	Nil	Nil
Marshall Mendonza	7,500	6,400	0.00
Mr.Vikram Janakiraman	60,000	Nil	Nil
Ratish Trehan	24,000	Nil	Nil
P Chinnppa Reddy	17,000	7,000	0.00
Chankaya Mishra	10,000	Nil	Nil
Achin Gupta	62,700	8,700	0.00
Ewan Livesey	20,000	Nil	Nil
John Efthimiou	115,000	Nil	Nil
Paulo Tadeu Resende	27,500	Nil	Nil
Rajeev Sibal	10,000	Nil	Nil
Ulhas R. Dhuppad	26,000	16,000	0.01
Anuj Reddy	7,500	Nil	Nil

Bonus or profit sharing plan of the Key Management Personnel

The Company has entered into a revenue sharing plan with Michael Buschle. Except as disclosed in this Preliminary Placement Document, the Company does not have any bonus or profit sharing plan with any of its key managerial personnel.

Interests of Key Management Personnel

The Key Management Personnel of the Company do not have any interest in the Company other than to the extent of their shareholding in the Company, the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of the Key Management Personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Corporate Governance

The Company complies with all applicable corporate governance requirements, including the listing agreement with the Stock Exchanges and the SEBI Regulations, including constitution of the Board and committees thereof. The corporate governance framework of the Company is based on an effective independent Board of Directors, separation of the supervisory role of the Board of Directors from the executive management team and proper constitution of committees of the Board of Directors. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of the Company provides the Board of Directors with detailed reports on the performance of the Company periodically.
Currently the Board of Directors consists of 10 directors. In compliance with the requirements of Clause 49 of the Equity Listing Agreement, the Board of Directors consists of five independent directors.

Committees of the Board of Directors

The Company has five Board-level committees, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement: (i) Audit Committee, (ii) Compensation Committee, (iii) Shareholders'/Investors' Grievance Committee (iv) Share Transfer Committee, and (v) Operations Committee.

Audit Committee

The Audit Committee consists of the following directors:

- J.F.Ribeiro;
- Sridhar Gorthi;
- N.B.Desai; and
- M.Gopal Krishnan.

The terms of reference of the Audit Committee include:

- Reviewing audit reports of both statutory and internal auditors with auditors and management.
- Reviewing financial reporting systems, internal controls and control procedures.
- Ensuring compliance with regulatory guidelines.
- Reviewing the quarterly, half-yearly and annual financial results of the company before submission to the Board

During the fiscal year ended March 31, 2009, the Audit Committee held five meetings.

Compensation Committee

The Compensation Committee consists of the following Directors:

- J.F.Ribeiro;
- Glenn Saldanha;
- N.B.Desai; and
- Sridhar Gorthi.

The terms of reference of the Compensation Committee include:

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

During the fiscal year ended March 31, 2009, the Compensation Committee held six meetings.

Shareholders'/ Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of the following directors:

- J.F.Ribeiro;
- Glenn Saldanha; and
- N.B.Desai.

The terms of reference of the Shareholders'/Investors' Grievance Committee is as per Clause 49 of the listing agreement. One of the primary functions carried out by Shareholders'/Investors' Grievance Committee is to approve requests for rematerialisation of shares as well as the sub-division, consolidation, issue of renewed and duplicate share certificates. The Shareholders'/Investors' Grievance Committee oversees all matters encompassing shareholders/investor-related issues.

During the fiscal year ended March 31, 2009, the Shareholder's/Investor Grievance Committee held six meetings.

Other Committees of the Board

Share Transfer Committee

The Share Transfer Committee consists of the following Directors:

- Cheryl Pinto

Marshall Mendonza, vice president (Legal & Company Secretary) is also a member of the committee.

The terms of reference of the Share Transfer Committee is approving the share transfers.

During the fiscal year ended March 31, 2009, the Share Transfer Committee held twenty four meetings.

Operations Committee

The Operations Committee consists of the following Directors:

- Glenn Saldanha;
- Cheryl Pinto; and
- A.S.Mohanty.

The terms of reference of the Operations Committee include:

- Powers delegated by the Board of Directors; namely, borrowing;

- Approving allotment of shares on exercise of options; and
- Approval of matters for day to day activities of the company under the supervision and control of the board of Directors of the Company.

During the fiscal year ended March 31, 2009, the Operations Committee held 11 meetings

Policy on disclosures and internal procedure for prevention of insider trading

Pursuant to the Company's policy on disclosures and internal procedure for prevention of insider trading, any Director of the Company shall not derive benefit or assist others to derive benefit by giving investment advice from access to and possession of price sensitive information about the Company, which is not in public domain and constitutes insider information. All Directors and the senior management of the Company are required to comply with SEBI (Prohibition of Insider Trading) Regulations, 1992 and also adhere to the Glenmark Code of Conduct for Directors and Senior Management framed by the Company for prevention of Insider Trading. In addition to this, the Company has the Code of Internal Procedure for the Prevention of Insider Trading applicable to all employees of the the Company.

Employee Stock Option Scheme

In order to share the growth in value and reward employees for having participated in the success of the Company, the Board and the shareholders of the Company approved and implemented an employee stock options scheme pursuant to resolutions dated August 20, 1999 and September 20, 1999 respectively. Pursuant to this scheme, the Company granted 175,000 convertible warrants to Glenmark Pharmaceuticals Limited Employees Welfare Trust, which, pursuant to adjustment resulting from the split of face value of equity shares of the Company from Rs. 10 to Rs. 2 per equity share effective as of October 23, 2003, were increased to 875,000 convertible warrants. The employee stock option scheme was framed in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. There are no outstanding warrants under this scheme.

Pursuant to a resolution of the Board dated July 31, 2003 and the shareholders dated September 26, 2003, the Company issued a new employees stock option scheme (the "ESOS 2003") to issue 2,542,825 options convertible into 2,542,825 equity shares of the Company of Rs. 2 each. The number of options to be granted increased to 5,085,650 pursuant to adjustment resulting from a bonus share issuance undertaken by the Company in the ratio of 1:1 in effective March 8, 2005 and further increased to 9,578,180 Equity Shares pursuant to a further split of face value of equity shares of the Company from Rs. 2 to Re. 1 per equity share effective as of September 17, 2007. The ESOS 2003 is issued in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws. In terms of the ESOS 2003, the options vest at the end of one year or as may be decided by the Compensation Committee from the date of grant of the same. The exercise period for the vested options may be different for different employees and shall commence from the date of vesting and shall not be longer than four years. As on July 31, 2009, 3,370,660 options issued pursuant to the ESOS 2003 are outstanding. The Company has not granted any options to any of the independent Directors of the Company and its subsidiaries.

PRINCIPAL SHAREHOLDERS

The Company was incorporated as Glenmark Pharmaceuticals Private Limited on November 18, 1977. The status of the Company was subsequently changed to a public limited company by virtue of the operation of Section 43 (A) (1A) of the Companies Act, 1956, with effect from July 1, 1990. The Company was subsequently converted to a private limited company. The fresh certificate of incorporation consequent to the conversion of the Company from a public limited company to a private limited company was granted to the Company on October 4, 1991 by the Registrar of Companies, Maharashtra, Mumbai. The status of the Company was subsequently changed to a public limited company by a special resolution of the members passed at the extraordinary general meeting on January 12, 1996. The fresh certificate of incorporation consequent to the change of name was granted to the Company on May 20, 1996.

The Company made an initial public offer of 2,670,000 equity shares at a premium of Rs.190 per share at a price of Rs. 10 per equity share aggregating to Rs. 534 million, through its prospectus dated November 25, 1999.

Shareholding Pattern of the Company as on June 30, 2009:

	No. of Shareholders	**Shareholding as on June 30, 2009**	
Category of Shareholder		**Total No. of Shares**	**Percentage of Shareholding (in %)**
(A) Shareholding of Promoter and Promoter Group			
(1) Indian			
Individuals / Hindu Undivided Family	15	2,961,019	1.18
Any Others (Specify)			
Saldanha Family Trust	1	127,533,560	50.89
Sub Total	**16**	**130,494,579**	**52.08**
(2) Foreign			
Total shareholding of Promoter and Promoter Group (A)	16	130,494,579	52.08
(B) Public Shareholding			
(1) Institutions			
Mutual Funds / UTI	30	2,950,657	1.18
Financial Institutions / Banks	11	3,919,939	1.56
Foreign Institutional Investors	212	66,815,510	26.66
Sub Total	**253**	**73,686,106**	**29.41**
(2) Non-Institutions			
Bodies Corporate	1,661	10,497,499	4.19
Individuals			
Individual shareholders holding nominal share capital up to Rs. 1 lakh	64,096	21,844,909	8.72
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	23	9,737,878	3.89

	No. of Shareholders	Shareholding as on June 30, 2009	
Category of Shareholder		**Total No. of Shares**	**Percentage of Shareholding (in %)**
Any Others (Specify)			
Directors & their Relatives & Friends	6	110,359	0.04
Hindu Undivided Families	1,359	868,023	0.35
Non Resident Indians	1,585	2,170,067	0.87
Saldanha Family Trust	12	24,484	0.01
Clearing Members	448	1,151,154	0.46
Overseas Corporate Bodies	1	500	-
Sub Total	**69,191**	**46,404,873**	**18.52**
Total Public shareholding (B)	**69,444**	**120,090,979**	**47.92**
Total (A)+(B)	**69,460**	**250,585,558**	**100.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**-**	**-**	**-**
Total (A)+(B)+(C)	**69,460**	**250,585,558**	**100.00**

List of shareholders holding more than 1% of the paid up capital of the Company as on June 30, 2009:

S. No	Name of the Shareholder	No. of Shares	Shares as a percentage of total number of Shares (in %)
1	Matthews Pacific Tiger Fund	4,229,022	1.69
2	Sloane Robinson LLP A/C SR Phoenicia (Mauritius) Ltd (Class A) Phoenicia Portfolio	3,904,253	1.56
3	Sloane Robinson LLP A/C SR Global (Mauritius) Ltd (Class B-Asia)	3,168,486	1.26
4	HSBC Global Investment Funds A/c HSBC Global	12,883,568	5.14
5	General Insurance Corporation of India	3,502,174	1.40
6	Birla Sunlife Insurance Company Limited	2,775,201	1.11

List of shareholding of persons belonging to the category of the Promoters and promoter group of the Company as on June 30, 2009:

S. No	Name of the Shareholder	No. of Shares	Shares as a percentage of total number of Shares (in %)
1	Neha Saldanha	6,000	0.00
2	Blanche Elizabeth Saldanha	7,000	0.00
3	Robin Joseph Pinto	265,000	0.11
4	Cherylann Maria Pinto	66,300	0.03
5	Robin Pinto	53,000	0.02
6	Blanche E Saldanha	214,306	0.09
7	Gracias Saldanha	261,660	0.10
8	Robin Joseph Pinto	14,000	0.01

S. No	Name of the Shareholder	No. of Shares	Shares as a percentage of total number of Shares (in %)
9	Blanche Elizabeth Saldanha	316,292	0.13
10	Gracias Anthony Saldanha	392,084	0.16
11	Glenn Mario Saldanha	657,877	0.26
12	Cherylann Maria Pinto	107,000	0.04
13	Cherylann Maria Pinto	491,000	0.20
14	Robin Joseph Pinto	98,000	0.04
15	Cherylann Maria Pinto	11,500	0.00
16	Saldanha Family Trust	127,533,560	50.89
	Total	**130,494,579**	**52.08**

ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to bidding, application payment, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have apprised themselves of the same from the Company or the Joint Global Coordinators and Book Running Lead Managers. The investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see "Selling Restrictions" and "Transfer Restrictions".

Qualified Institutions Placements

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI Regulations through the mechanism of QIP wherein a listed company in India may issue equity shares /fully convertible debentures/partly convertible debentures/non-convertible debentures with warrants or any other security (other than warrants) which are convertible into or exchangeable with equity shares at a later date to QIBs, provided that:

- equity shares of the same class of such company are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year as on the date of issuance of notice to its shareholders for convening the meeting; and

- such company complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange referred to above.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The issue price of the equity shares shall not be less than the average of the weekly high and low of the closing prices of the related equity shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "relevant date" referred to above means the date of the meeting in which the Board of Directors or the committee of directors duly authorized by the board of the Company decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within twelve months from the date of the shareholders resolution approving the QIP. The QIPs made pursuant to authority of the same shareholders' resolution shall be separated by at least six months between each placement. The equity shares issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI Regulations. The placement document is a private document provided to less than 49 investors through serially numbered copies and is required to be placed on the website of the concerned stock exchange and of the issuer with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors. A copy of the placement document is required to be filed with the SEBI for record purposes within 30 days of the allotment of the securities.

The aggregate of the proposed QIP and all previous QIPs made in the same financial year shall not exceed five times the net worth of the issuer as per the audited balance sheet of the previous financial year. The issuer shall furnish a copy of the placement document to each stock exchange on which its equity shares are listed.

Securities allotted to a QIB pursuant to a QIP shall not be sold for a period of one year from the date of allotment except on a recognized stock exchange in India.

The Company has applied for and received the in-principle approval of the Stock Exchanges under Clause 24(a) of the Equity Listing Agreements for the listing of the Equity Shares on the Stock Exchanges. The Company has also filed a copy of the Preliminary Placement Document with the Stock Exchanges.

Issue Procedure

1. The Company and the Joint Global Coordinators and Book Running Lead Managers shall circulate serially numbered copies of the Preliminary Placement Document and the Application Form, either in electronic form or physical form, to not more than 49 QIBs.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the Joint Global Coordinators and Book Running Lead Managers in consultation with the Company. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Joint Global Coordinators and Book Running Lead Managers.

4. QIBs will be required to indicate the following in the Application Form:

   a. Name of the QIB to whom Equity Shares are to be Allotted;

   b. Number of Equity Shares Bid for;

   c. Price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit an Application Form at "Cut-off Price"; and

   d. The details of the dematerialized account(s) to which the Equity Shares should be credited.

   Note: Each sub-account of an FII will be considered as an individual QIB and separate Application Forms would be required from each such sub-account for submitting Application Form(s).

5. Once a duly filled Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

6. Upon the receipt of the Application Form, the Company shall determine the Issue Price and the number of Equity Shares to be issued in consultation with the Joint Global Coordinators and Book Running Lead Managers. Upon determination of the Issue Price and the QIBs to whom Allocation shall be made, the Joint Global Coordinators and Book Running Lead Managers will send the CAN to the QIBs who have been Allocated the Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB.

   Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, by high value cheques or through electronic transfer to the designated bank account of the Company by the Pay-In Date as specified in the CAN sent to the respective QIBs.

Upon receipt of the application monies from the QIBs, the Company shall Allot Equity Shares as per the details in the CAN to the QIBs. The Company shall not Allot Equity Shares to more than 49 QIBs. The Company will intimate to the Stock Exchanges the details of the Allotment.

7. After receipt of the listing approval from the Stock Exchanges, the Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIBs.

8. The Company shall then apply for the trading permissions from the Stock Exchanges.

9. The Equity Shares that have been credited to the Depository Participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

10. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, the Company shall inform the QIBs who have received an Allotment of the receipt of such approval. The Company and the Joint Global Coordinators and Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Company.

Qualified Institutional Buyers

Only QIBs as defined in clause 2 (zd) of the SEBI Regulations and not otherwise excluded pursuant to Regulation 86 of the SEBI Regulations are eligible to invest. Currently the definition of a QIB includes:

- Public financial institutions as defined in section 4A of the Companies Act;
- Scheduled commercial banks;
- Mutual funds registered with SEBI;
- Foreign institutional investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Multilateral and bilateral development financial institutions;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State industrial development corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million;
- Pension Funds with minimum corpus of Rs. 250 million; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

FIIs are permitted to participate through the portfolio investment scheme in this Issue. FIIs are permitted to participate in the QIP subject to compliance with all applicable laws and such that the shareholding of the FIIs does not exceed specified limits as prescribed under applicable laws in this regard.

FIIs can hold up to a maximum of 100% in the paid-up equity share capital of the Company.

The issue of Equity Shares to a single FII should not exceed 10 per cent. of the post-Issue, issued capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10 per cent. of the total issued capital of the Company or 5 per cent. of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a Promoter or any person related to the Promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to Promoter(s):

(a). rights under a shareholders agreement or voting agreement entered into with the Promoters or persons related to the Promoters;
(b). veto rights; or
(c). right to appoint any nominee director on the Board.

provided that a QIB which does not hold any Shares in the Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

The Company and the Joint Global Coordinators and Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code.

As per the SEBI Regulations, a minimum of 10 per cent. of the Equity Shares in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Joint Global Coordinators and Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms supplied by the Joint Global Coordinators and Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of this Preliminary Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under "Representations by Investors" and "Transfer Restrictions":

1. The QIB confirms that it is a QIB in terms of Clause 2 (zd) of the SEBI Regulation and is eligible to participate in this Issue;

2. The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly, and its Application Form does not, directly or indirectly, represent the Promoter or promoter group of the Company or a person related to the Promoters;

3. The QIB confirms that it has no rights under a shareholders agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of the Company other than those acquired in the capacity of a lender not holding any Shares which shall not be deemed to be a person related to the Promoters;

4. The QIB has no right to withdraw its Bid after the Bid Closing Date;

5. The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted and together with any Shares held by the QIB prior to the Issue, the QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Application Form would not eventually result in triggering a tender offer under the Takeover Code;

8. The QIB confirms that to the best of its knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control, the Allotment to the QIB shall not exceed 50 per cent. of the Issue Size. For the purposes of this statement:

    a. The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act;

    b. "Control" shall have the same meaning as is assigned to it by clause 1(c) of Regulation 2 of the Takeover Code.

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied for. The Application Form shall be submitted to the Joint Global Coordinators and Book Running Lead Managers either through electronic form or through physical delivery at the following address:

Name:	**Enam Securities Private Limited**
Address:	**801/802, Dalamal Towers, Nariman Point, Mumbai 400 021**
Contact Person:	**G. Venkatesh**
Email:	**venkatesh@enam.com**
Phone:	**+91 22 6638 1800**

Name:	**Citigroup Global Markets India Private Limited**
Address:	**12th Floor, Bakhtawar, Nariman Point, Mumbai 400 021**
Contact Person:	**Ashish Kaushal**
Email:	**ashish.kaushal@citi.com**
Phone:	**+91 22 6631 9896**

The Joint Global Coordinators and Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the book

The QIBs shall submit their Bids (including the revision of) within the Bidding Period to the Joint Global Coordinators and Book Running Lead Managers.

Price discovery and allocation

The Company, in consultation with the Joint Global Coordinators and Book Running Lead Managers, shall determine the Issue Price for the Equity Shares, which shall be at or above the Floor Price.

Method of Allocation

The Company shall determine the Allocation in consultation with the Joint Global Coordinators and Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10 per cent. of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE COMPANY IN CONSULTATION WITH THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE COMPANY AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE COMPANY NOR THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Joint Global Coordinators and Book Running Lead Managers as per the details provided in the respective CAN.

Number of Allottees

The minimum number of Allottees in the Issue shall not be less than:

(a) two, where the issue size is less than or equal to Rs. 2,500 million; or
(b) five, where the issue size is greater than Rs. 2,500 million.

Provided that no single allottee shall be Allotted more than 50 per cent. of the aggregate amount of the Issue Size.

Provided further that QIBs belonging to the same group or those who are under common control shall be

deemed to be a single Allottee for the purpose of this clause. For details of what constitutes "same group" or "common control" please see "Application Process - Application Form".

The maximum number of Allottees of Equity Shares shall not be greater than 49 Allottees. Further the Equity Shares will be Allotted within 12 months from the date of the shareholders resolution approving the Issue.

CAN

Based on the Application Forms received, the Company in consultation with the Joint Global Coordinators and Book Running Lead Managers, in its sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares by the Pay-in Date in their respective names shall be notified to such QIBs. Additionally, the CAN will include details of the bank account(s) for transfer of funds if done electronically, address where the application money needs to be sent, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Joint Global Coordinators and Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

Company Account for Payment of Application Money

The Company has opened a special bank account (the "Escrow Bank Account") with Citibank, N.A., Fort House, 4th Floor, D. N. Road, Fort, Mumbai – 400 001 in terms of the arrangement between the Company, the Joint Global Coordinators and Book Running Lead Managers and Citibank N.A. (acting as an escrow bank). The QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Bank Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, the Company and the Joint Global Coordinators and Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are sent to not more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs in the name of "**Glenmark Pharmaceuticals Ltd. -QIP Escrow Account**" as per the payment instructions provided in the CAN.

QIBs may make payment only through electronic fund transfer or through high-value cheques.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Payment through cheques should only be through high value cheques payable at Mumbai.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Bank Account as stated above.

2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

3. The Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment and credit of Equity Shares into the QIBs Depository Participant account, the Company will apply for final trading and listing approvals from the Stock Exchanges.

5. In the unlikely event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by the Company.

6. The Escrow Bank shall not release the monies lying to the credit of the Escrow Bank Account to the Company, until such time as the Company delivers to the Escrow Bank documentation regarding the final approval of the Stock Exchanges, for the listing and trading of the Equity Shares issued pursuant to the Issue.

After finalization of the Issue Price, the Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Submission to SEBI

The Company shall submit the Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the Income Tax Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form.** Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Right to Reject Applications

The Company, in consultation with the Joint Global Coordinators and Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of the Company and the Joint Global Coordinators and Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary

account (with the Depository Participant) of the QIB.

3. Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with CDSL and NSDL.

4. The trading of the Equity Shares would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

5. The Company will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or otherwise on part of the QIBs.

PLACEMENT

Memorandum of Understanding

The Joint Global Coordinators and Book Running Lead Managers have entered into a Memorandum of Understanding with the Company (the "**Placement MoU**"), pursuant to which the Joint Global Coordinators and Book Running Lead Managers have agreed to place, on a reasonable effort basis, up to such number of the Equity Shares, the aggregate subscription amount of which shall be up to USD 250 million, to Qualified Institutional Buyers, pursuant to Chapter VIII of the SEBI Regulations, outside the United States, in offshore transactions reliance an Regulation S under the Securities Act.

The Placement MoU contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Joint Global Coordinators and Book Running Lead Managers (or their respective affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Joint Global Coordinators and Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Joint Global Coordinators and Book Running Lead Managers may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. Please see "Off-shore Derivative Instruments".

Lock-up

The Company will not, for a period of 180 days from the date of the Placement Document, without the prior written consent of the Joint Global Coordinators and Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (A) or (B) hereof is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (C) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction. The foregoing sentence shall not apply to: (I) any issuance or transfer of Equity Shares by the Company to any employee of the Company or its Subsidiaries as a result of such employee exercising its employee stock option issued under an existing employee stock option plan and disclosed in the Placement Document, (II) any grant by the Company of an option, right or warrant to purchase or acquire Equity Shares in the Company to the employees of the Company and its Subsidiaries as part of the employee stock option plan in existence as of the date of the Preliminary Placement Document and disclosed in the

Placement Document, (III) any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law, and (IV) any issuance of Shares by the Company pursuant to requirements under existing obligations of the Company being the outstanding zero coupon resettable onward starting equity linked securities due in 2010 and the outstanding zero coupon resettable onward starting equity linked securities due in 2011.

The Saldanha Family Trust and Glenn Mario Saldanha have also entered into a lock-up agreement for a period of 90 days from the date of the Placement Document on the terms as set out above.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General. No action has been or will be taken by the Company or the Joint Global Coordinators and Joint Bookrunners that would permit a public offering of the Equity Shares, or possession or distribution of this Preliminary Placement Document of any offering or publicity material relating to the Equity Shares. No offers, sales or deliveries of any Equity Shares, or distribution or publication of any offering material relating to the Equity Shares, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Company or the Joint Global Coordinators and Joint Bookrunners.

Australia. This Preliminary Placement Document has not been, and will not be, lodged with the Australian Securities and Investments Commission as a disclosure document for the purposes of the Corporations Act 2001. This Preliminary Placement Document does not purport to include the information required of a disclosure document under Chapter 6D of the Corporations Act 2001.

Any Equity Shares in the Company issued upon acceptance of the offer may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act 2001 or unless a disclosure document that complies with the Act is lodged with the Australian Securities and Investments Commission.
Each investor acknowledges the above and, by applying for Equity Shares under this Preliminary Placement Document, gives an undertaking not to sell those Equity Shares (except in the circumstances referred to above) for 12 months after their issue.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Equity Shares which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Securities may be made at any time under the following exemptions under the Prospective Directive, if they have been implemented in that Relevant Member State:

a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the initial purchaser for any such offer; or
d) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive, provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Company or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the

Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

France. This Preliminary Placement Document is not being distributed in the context of an offer to the public of financial securities in France within the meaning of Article L.411-1 of the *Code monétaire et financier*, and has therefore not been submitted to the *Autorité des marchés financiers* for prior approval and clearance procedure.

Each of the Joint Global Coordinators and Joint Bookrunners and the Company represents and agrees that it has not offered or sold, and will not offer or sell, directly or indirectly, the Equity Shares to the public in France, and has not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France, this Preliminary Placement Document or any other offering materials relating to the Equity Shares, and that such offers, sales and distributions have only been and shall only be made in France to: (i) providers of investment services relating to portfolio management for the account of third parties; and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals; all as defined in and in accordance with Articles L.411-2, D.411-1 to D.411-3 of the *Code monétaire et financier*. Investors in France falling within the qualified investors or restricted circle of investors exemption may only participate in the issue of the Equity Shares for their own account in accordance with the conditions set out in Articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier.* Investors in France falling within the qualified investors or restricted circle of investors exemption may only participate in the issue of the Equity Shares for their own account in accordance with the conditions set out in Articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier*. The Equity Shares may only be issued, directly or indirectly, to the public in France in accordance with Articles L.411-1 to L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier.*

Hong Kong. The contents of this Preliminary Placement Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Preliminary Placement Document, you should obtain independent professional advice. Please note that (1) Equity Shares may not be offered or sold in Hong Kong by means of this Preliminary Placement Document or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) (SFO) and any rules made thereunder, or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) (CO) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO, and (2) no person shall issue, or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

Italy. The offering of the Equity Shares has not been registered pursuant to Italian securities legislation and, accordingly, no Equity Shares may be offered, sold or delivered, nor may copies of this document or of any other document relating to the Equity Shares be distributed in the Republic of Italy, except: to

(i) qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Italian Financial Services Act) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November 2003; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (Regulation No. 11971).

Any offer, sale or delivery of the Equity Shares or distribution of copies of this Preliminary Placement Document or any other document relating to the Equity Shares in the Republic of Italy under (i) or (ii) above must be:

a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act and Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Act"); and
b) in compliance with any other applicable laws and regulations.

Japan. The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the "FIEL"). Each of the Joint Global Coordinators and Joint Bookrunners have represented and agreed that it will not offer or sell any Equity Shares, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Luxembourg. The Equity Shares may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and, neither this Preliminary Placement Document nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except for the sole purpose of the admission to trading and listing of the Equity Shares on the Luxembourg Stock Exchange and except in circumstances which do not constitute an offer of securities to the public.

Singapore. This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"). Accordingly, the Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Preliminary Placement Document or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Equity Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act who has subscribed for or purchased Equity Shares, namely a person who is:

a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares under Section 275 of the Securities and Futures Act except:

a) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
b) where no consideration is given for the transfer; or
c) by operation of law.

United Arab Emirates. The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Preliminary Placement Document does not constitute a public offer of securities in the United Arab Emirates (including the Dubai

International Financial Centre) and is not intended to be a public offer. This Preliminary Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

United Kingdom. Each of the Joint Global Coordinators and Joint Bookrunners has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA") in connection with the issue or sale of any Equity Shares in circumstances in which section 21(1) of FSMA does not apply to the Company; and

(ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States. This Preliminary Placement Document is not an offer of securities for sale in the United States. The Equity Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration. The Company does not intend to register the Equity Shares under the Securities Act.

TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. Because the following restrictions will apply to the Issue, purchasers are advised to consult their own legal counsel prior to making any offer, re-sale, pledge or transfer of the Shares.

General

Each purchaser of the Shares outside the United States pursuant to Regulation S, by accepting delivery of this Preliminary Placement Document and the Shares, will be deemed to have represented, acknowledged and agreed with the Company and the Joint Global Coordinators and Joint Bookrunners that it has received a copy of this Preliminary Placement Document and such other information as it deems necessary to make an informed investment decision and that:

(i) It is purchasing the Shares outside the United States in an offshore transaction in accordance with Regulation S under the Securities Act.

(ii) It understands that the Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer.

(iii) It is and the person, if any, for whose account or benefit the purchaser is acquiring the Shares issued pursuant to this Issue, was located outside the United States and is not a US person at the time the buy order for such Shares was originated and continues to be located outside the United States and not a US person and has not purchased such Shares for the account or benefit of any person in the United States or a US person or entered into any arrangement for the transfer of such Shares or any economic interest therein to any person in the United States or US person.

(iv) It is not an affiliate of the Company or a person acting on behalf of an affiliate.

(v) It is relying on this Preliminary Placement Document and not on any other information or the representation concerning the Company or the Shares and neither the Company nor any other person responsible for this document or any part of it or the Joint Global Coordinators or Joint Bookrunners will have any liability for any such other information or representation.

(vi) The Company, the Joint Global Coordinators and Joint Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Shares issued pursuant to this Issue are no longer accurate, it will promptly notify the Company, and if it is acquiring any of the Shares issued pursuant to this Issue as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

The Company will not recognize any offer, sale, pledge or other transfer of the Shares issued pursuant to this Issue made other than in compliance with the above-stated restrictions.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company or the Joint Global Coordinators and Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulations

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"). The SCRA and the SCRR along with the rules, by-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act granted the SEBI powers to regulate the business of Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organizations, prohibit fraudulent and unfair trade practices and insider trading and regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

SEBI has also set up a committee for the review of Indian securities laws, which has proposed a draft Securities Bill. The draft Securities Bill, if enacted in its present form may result in a substantial revision in the laws relating to securities transactions in India. The Companies Bill has been introduced in the Lok Sabha on October 23, 2008.

Listing

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the listing agreements of the respective stock exchanges. Under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of an issuer's obligations under such listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("**SAT**") established under the SEBI Act to set aside the suspension. SEBI has the power to vary or set aside the decision of stock exchange decisions in this regard. SEBI also has the power to amend such listing agreements and the bye-laws of the stock exchanges in India.

Clause 49 of the Equity Listing Agreement provides that if non-executive chairman of a listed company is a promoter or is related to promoters of the company or persons occupying management positions at the board level or at one level below the board, at least one-half of the board of the company should consist of independent directors.

The Equity Listing Agreement requires that all listed companies are required to ensure a minimum level of public shareholding at 25 per cent. of the total number of issued shares of a class or kind for every such class or kind of its shares that are listed for the purpose of continuous listing.

The exceptions to this rule are for companies which (i) are offering or have offered shares to the extent of at least 10 per cent. of the issue size in terms of Rule 19(2)(b) of the SCRR; (ii) have 20 million or more outstanding shares; (iii) have a market capitalization of Rs. 10,000 million or more and the minimum public shareholding to be maintained by such companies is 10 per cent. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Delisting of securities

SEBI has recently, pursuant to a notification dated June 10, 2009, notified the SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**").

The Delisting Regulations are applicable to: (i) voluntary delisting of securities by promoters of a company; (ii) any acquisition of shares of a company (either by a promoter or by any other person) or a scheme or arrangement, consequent to which the public shareholding in such company falls below the minimum limits specified in the listing conditions or listing agreement that may result in delisting of securities; (iii) promoters of companies who voluntarily seek to delist their securities from some or all stock exchanges on which the security is listed; (iv) cases where a person in control of the management is seeking to consolidate his holdings in a company in a manner that would result in the public shareholding in the company falling below the limit specified in the listing conditions or in the listing agreement that may have the effect of company being delisted; and (v) companies which may be compulsorily delisted by the stock exchanges on account of, among other things, violation of stock exchange by-laws. Following a compulsory delisting, a company, its whole time directors, its promoters and the firms promoted by any of them cannot directly or indirectly access the securities market or seek listing of any shares for a period of 10 years from the date of such delisting.

No company can apply for permission to delist: (i) pursuant to a buy back of shares or preferential allotment made by a company or (ii) unless a period of three years has elapsed since the listing of that class of shares on any recognized stock exchange. Furthermore, if any instruments issued by the company which are convertible into the same class of shares that are sought to be delisted, are outstanding, delisting is disallowed.

A company may delist its shares from one or more recognised stock exchanges where they are listed and continue their listing on one or more other recognised stock exchanges, subject to the provisions of the Delisting Regulations. This is subject to the following:

(i) if, after the proposed delisting from any one or more recognised stock exchanges, the shares would remain listed on any recognised stock exchange which has nationwide trading terminals, no exit opportunity is required to be given to the public shareholders; and

(ii) if after the proposed delisting, the shares would not remain listed on any recognised stock exchange having nationwide trading terminals, an exit opportunity has to be given to all the public shareholders holding the shares sought to be delisted.

In the latter situation, the company has to, *inter alia,* obtain the prior approval of shareholders of the company by special resolution passed through postal ballot, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution. A special resolution shall be acted upon if and only if the votes cast by public shareholders in favour of the proposal amount to at least two times the number of votes cast by public shareholders against it. The company also has to file for in-principle approval and a final application to the stock exchange at the stipulated time.

The floor price for delisting will be determined by calculating the average of the weekly high and low of the closing prices during the last twenty six weeks or two weeks preceding the date on which the recognized stock exchange were notified of the board meeting in which the delisting proposal was considered.

The promoter has a right to not accept this price determined by the book building process. Where the public shareholding at the opening of the bidding period was less than the minimum level of public shareholding

required under the listing agreement, the promoter has to ensure that the public shareholding is brought up to such minimum level within a period of six months from the date of closure of the bidding through any of the following ways:

(i) by issue of new shares by the company in compliance with the provisions of the Companies Act and the guidelines and regulations of SEBI relating to issue of securities and disclosures;
(ii) by the promoter making an offer for sale of his holdings in compliance with applicable laws; or
(iii) by the promoter making sale of his holdings through the secondary market in a transparent manner.

The Ministry of Finance has, on June 10, 2009, proposed certain amendments to the Securities Contracts (Regulation) Rules, 1957 ("**MoF Notification**") in relation to voluntary and compulsory delisting, to bring them in line with the Delisting Regulations. The MoF Notification shall become effective from the date when it is published in the official gazette. Due to their recent issuance, the applicability of the Delisting Regulations and MoF Notification have not been tested in any manner and hence it is possible that some of the clauses may be amended to make either the Delisting Regulations or the MoF Notification more effective or clarify any ambiguities contained therein. Investors are also requested to consult their advisors before taking any steps under the Delisting Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10 per cent., 15 per cent. and 20 per cent. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20 per cent. movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI Regulations, and be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subjected to civil and criminal liability for misstatements in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, the SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. Prior to the repeal of certain rules in mid-1992, the Controller of Capital Issues of the Government regulated the prices at which companies could issue securities. The SEBI Regulations now permit companies to price their domestic issues of securities freely. The SEBI Regulations permit companies to freely price their issues of securities. All companies, including public limited companies, are required under the Companies Act to prepare and file with the Registrar of Companies and circulate to their shareholders audited annual accounts, which comply with the disclosure requirements of the Companies Act and regulations governing their manner of presentation, which include sections pertaining to corporate governance and the management's discussion and analysis as required under the Listing Agreement. In addition, a listed

company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish un-audited financial statements on a quarterly basis, and is required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with accounting standards issued by the ICAI. The ICAI and SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts (subsidiaries only), and provide segment-wise reporting and disclosure of related party transactions from April 1, 2001 and accounting for investments in affiliated companies and joint ventures in consolidated accounts from 1 April 1, 2002.

As of April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of April 1, 2004 accounting standards set by the ICAI will regulate accounting for impairment of assets. The ICAI has recently announced that all listed companies and public interest entities have to comply with International Financial Reporting Standards from April 1, 2011.

Indian Stock Exchanges

There are currently 23 recognized stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization, and trading activity.

BSE

The BSE is one of the stock exchanges in India on which the Company‘s Shares are listed. Established in 1875, it is the oldest stock exchange in India. It is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government of India under the SCRA. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme 2005 of SEBI, the BSE has been corporatised and demutualised and is now a company under the Companies Act. The BSE has switched over to an on-line trading network since May 1995 and has today expanded this network to over 350 cities in India.

Derivatives trading commenced on the BSE in 2000. The BSE has a wholesale and retail debt trading categories. Retail trading in government securities commenced in January 2003. The BSE Sensitive Index, or Sensex, consists of listed shares of 30 companies. The companies are selected based on market capitalization, liquidity and industry representation. Sensex was first compiled in 1986 with the Fiscal Year ended March 31, 1979 as its base year. The BSE 100 Index (formerly the BSE National Index), introduced in January 1989, contains listed shares of 100 companies including the 30 in Sensex with Fiscal Year 1984 as the base year.

As of June 30, 2009, the BSE had 1,002 members comprising 174 individual members, 805 Indian companies and 23 foreign institutional investors. As of June 30, 2009, there were 4,934 companies trading on the BSE and the estimated market capitalisation of stocks trading on the BSE was Rs. 47,499.35 billion. The average daily turnover on the BSE as of June 30, 2009 was Rs. 72.36 billion.

NSE

The NSE is one of the stock exchanges in India on which the Company‘s Shares are listed. The NSE was established by financial institutions and banks to serve as a national exchange and provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units.

On its recognition as a stock exchange under the SCRA in 1993, the NSE commenced operations in the wholesale debt market segment in 1994 and operations in the derivatives segment commenced in 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap

Index on January 1, 1996. The securities in the NSE 50 Index are highly liquid. NSE trading terminals are situated in over 300 cities across India.

As of June 30, 2009, there were 1,282 companies trading on the NSE and the estimated market capitalisation of stocks trading on the NSE was Rs. 44,325.96 billion. The average daily turnover on the NSE as of June 30, 2009 was Rs. 219.28 billion.

Internet-based Securities Trading and Services

SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday through Friday, between 9:55 a.m. and 3:30 p.m. The BSE and NSE are closed on public holidays.

Trading Procedure

In order to facilitate smooth transactions, in 1995, BSE replaced its open outcry system with the BOLT facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE introduced for the first time in India, fully automated screen based trading. It uses a modern, fully computerised trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system called 'National Exchange for Automated Trading' (NEAT) is a fully automated screen based trading system, which adopts the principle of an order driven market, and operates on a price and time priority basis and enables members from across the country to trade various types of securities efficiently.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which prescribes certain thresholds or trigger points that give rise to these obligations. The Takeover Code is under constant review by the SEBI and was last amended on January 28, 2009. Since the Company is an Indian listed company, the provisions of the Takeover Code apply to the Company.

The salient features of the Takeover Code are as follows:

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any person acting in concert with him) who acquires shares or voting rights (together with the company's equity shares or voting rights, if any, already held by such acquirers) that would entitle him to more than 5 per cent., 10 per cent., 14 per cent., 54 per cent. , 74 per cent. or 90 per cent. of the shares or voting rights in a company is required to disclose the aggregate of his shareholding or voting rights in that company to the company and to each of the stock exchanges on which the company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the

case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15 per cent. of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on March 31 (which in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, such person together with persons acting in concert with him who holds 15 per cent. or more but less than 55 per cent. of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2 per cent. or more of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (which in turn is required to disclose the same within seven days of receipt of such information to each of the stock exchanges on which the company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within 21 days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as of March 31 of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of the company are also required to disclose to the company the details of the shares of the company pledged by them within 7 days of the creation, or invocation, of the pledge, as the case may be. The company is, in turn, required to disclose the information to the stock exchanges within 7 days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares of a promoter or a person forming part of the promoter group taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares of a promoter or a person forming part of the promoter group taken together with the shares already pledged during that quarter exceeds 1 per cent. of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15 per cent. or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company would be required to make a public announcement offering to acquire a further minimum of 20 per cent. of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and a public announcement is required to be made within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15 per cent. or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, the company and the stock exchanges on which such company's equity shares are listed.

- An acquirer who, together with persons acting in concert with him, has acquired 15 per cent, or more, but less than 55 per cent. of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5 per cent. of the voting rights in any financial year ending on March 31 unless such acquirer makes a public announcement offering to acquire a further minimum of 20 per cent. of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, if any, holds 55 per cent. or more but less than 75 per cent. of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10 per cent. of the issue size

to the public pursuant to Rule 19(2)(b) of the SCRR, less than 90 per cent. of the shares or voting rights in the company) in a company cannot acquire additional shares entitling him to exercise voting rights or voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20 per cent. of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5 per cent. voting rights in the company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75 per cent.

- Where an acquirer who (together with persons acting in concert) holds 55 per cent. or more, but less than 75 per cent. of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10 per cent. of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90 per cent. of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an open offer under the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20 per cent. of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, i.e. up to the delisting threshold (75 per cent. or 90 per cent., as the case may be).

- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20 per cent. of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "frequently" or "infrequently" traded (as defined in the Takeover Code). In the case of shares which are frequently traded, the minimum offer price shall be the highest of:

  (a). the negotiated price under the agreement for the acquisition of shares or voting rights in the company;
  (b). the highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or
  (c). the average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.

- The open offer for the acquisition of a further minimum of 20 per cent. of the shares of a company has to be made by way of a public announcement which is to be made within four working days of

entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such change(s) is made which would result in acquisition of control.

- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.

- The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.

- Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfill his/her obligations.

The general requirements to make such a public announcement do not, however, apply entirely to bailout takeovers when a promoter (i.e. a person or persons in control of the company, persons named in any offer document as promoters and certain specified corporate bodies and individuals) is taking over a financially weak company but not a "sick industrial company" pursuant to a rehabilitation scheme approved by a public financial institution or a scheduled bank. A "financially weak company" is a company which has at the end of the previous financial year accumulated losses which have resulted in the erosion of more than 50 per cent. but less than 100 per cent. of the total sum of its paid up capital and free reserves as at the beginning of the previous financial year. A "sick industrial company" is a company registered for more than five years which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, *inter alia*, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfilment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15 per cent. in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under Section 18 of SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance or succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Indian Government unless such acquisition is made pursuant to a disinvestment process undertaken by the Indian Government or a State Government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended ("**Insider Trading Regulations**") have been notified by SEBI to prohibit and penalize insider trading in India. The Insider

Trading Regulations prohibit an "insider" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchanges when in possession of unpublished price-sensitive information. The terms "insider" and "unpublished price-sensitive information" are defined in the Insider Trading Regulations. The insider is also prohibited from communicating, counseling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities. The prohibition under the Insider Trading Regulations extends to all persons, including a company dealing in the securities of a company listed on any stock exchange or associate of that other company, while in the possession of unpublished price-sensitive information. Pursuant to recent amendments to the Insider Trading Regulations, the definition of the term insider has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

The Insider Trading Regulations require any person who holds more than 5 per cent. of the outstanding shares or voting rights in any listed company to disclose to the company the number of shares or voting rights held by such person on becoming such holder within two working days of:

- the receipt of intimation of allotment of shares; or
- the acquisition of the shares or voting rights, as the case may be.

On a continuous basis any person who holds more than 5 per cent. of the shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and change in shareholding or voting rights (even if such change results in the shareholding falling below 5 percent) and any such change in such holding since last disclosure made, where such change exceeds 2 per cent. of the total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of either: (i) the receipt of intimation of allotment of shares; or (ii) the acquisition or sale of shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken derivatives by such person in such company within two working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors/ officers/ designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors, officers and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, *inter alia*, reporting requirements have also been extended to dependants of directors and designated employees of the company.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Rules and Regulations, 1996, as amended which provide inter alia, for the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets. The Depositories Act requires that every person subscribing to securities offered by an issuer has the option either to receive the security certificate or hold the securities with a depository. The NSDL and CDSL are

two depositories that provide electronic depository facilities for the trading of equity and debt securities in India. Trading of securities in book-entry form commenced in December 1996. In order to encourage "dematerialization" of securities, SEBI has set up a working group on dematerialization of securities comprising foreign institutional investors, custodians, stock exchanges, mutual funds and the NSDL to review the progress of securities and trading in dematerialised form and to recommend scrips for compulsory, dematerialised trading in a phased manner. In January 1998, the SEBI notified scrips of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialised trading in specified scrips for all retail investors. SEBI has subsequently significantly increased the number of scrips in which dematerialised trading is compulsory for all investors. SEBI has also provided that the issue and allotment of shares in public offers, rights offers or offers for sale after specified dates to be notified from time to time by SEBI shall only be in dematerialised form and an investor shall be compulsorily required to open a depository account with a participant. Under the Depositories Act, a company shall give the option to subscribers/shareholders to receive the security certificates or hold securities in dematerialised form with a depository. However, even in the case of scrips notified for compulsory dematerialised trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements for reporting such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and have to be borne by the accountholder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner. The transfer of beneficial ownership shall be affected through the records of the depository. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository.

The Companies Act compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs.100 million should issue the securities in dematerialised form in accordance with the provisions of the Depositories Act and the regulations made thereunder.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organization under the supervision of SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2001, July 2001 and November 2001, respectively.

DESCRIPTION OF SHARES

Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of our Memorandum and Articles of Association, the Companies Act and certain related legislation of India, all as currently in effect.

The following description of Shares is subject to and qualified in its entirety by the Company's Memorandum and Articles of Association and by the provisions of the Companies Act, which governs its affairs, and other applicable provisions of Indian law.

General

The authorized share capital of the Company is Rs. 750,000,000 comprising of 350,000,000 Equity Shares of Re. 1 each and 4,000,000 redeemable cumulative non-convertible Preference Shares of Rs. 100 each.

The Equity Shares have been listed on the NSE and the BSE since February 2000.

Articles of Association

The Company is governed by its Articles of Association.

Division of shares

The Companies Act provides that a company may subdivide its share capital if so authorised by its articles of association, by an ordinary resolution passed in its general meeting.

The Articles of Association allow that the Company may in its general meeting, alter the conditions of its Memorandum of Association and subdivide all or any of its shares into shares of smaller amounts than originally fixed by the Memorandum of Association.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. However, the board of directors is not obligated to recommend a dividend. The decision of the board of directors and shareholders of the Company may depend on a number of factors, including but not limited to the Company's profits, capital requirements and overall financial condition. According to the Articles of Association of the Company, the profits of the Company, subject to any special rights relating thereto created or authorized to be created by the Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up on the shares held by them respectively. Where the capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carry interest, confer the right to dividend or to participate in profits. All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividing as from a particular date, such share shall rank for dividend accordingly.

Under the equity listing agreement, listed companies are mandated to declare dividend on per share basis only. The directors may pay interim dividend to the members as, in their opinion, the position of the Company justifies. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depository on the date specified as the "record date" or "book closure date."

No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. The Company shall comply with the provisions of sections 205A of the Companies Act in respect of unpaid or unclaimed dividend. Where the Company had declared a dividend which has not been paid or claimed by

the shareholders entitled to the payment of such dividend, the Company shall within seven days from the expiry of 30 days from declaration of such dividend open a special account in any scheduled bank called "Unpaid Dividend Account of Glenmark Pharmaceuticals Limited" and transfer to the same the amount that remains unpaid. Any dividend payments unclaimed by the shareholders for seven years from the date of disbursement is required to be deposited by the Company with the Investor Education and Protection Fund constituted by the Central Government, from where the amounts deposited can neither be claimed by the shareholders nor by the Company.

Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous fiscal years or out of both in compliance with the provisions of Companies (Declaration of Dividend out of Reserves) Rules, 1975. Under the Companies Act, a company may pay a dividend in excess of 10% of paid-up capital in respect of any year out of the profits of that year only after it has transferred to the reserves of the company a percentage of its profits for that year, ranging between 2.5% to 10% depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that if the profit for a year is insufficient, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10% of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference shares or shares is paid; and (iii) the balance of reserves after withdrawals must not be below 15% of paid-up capital.

Capitalization of Reserves and Issue of Bonus Shares

The Company may capitalise the whole or part of the amount for the time being standing in credit of any of the Company's reserve account or to the profit or loss account or available for distribution, upon recommendation of the board of directors. The Articles of Association of the Company provide that such sums are not to be paid in cash and are to be applied towards paying up any amount which is unpaid towards shares or paying in full held by such member respectively, un-issued shares of the Company to be allotted and distributed, credited as fully paid up, to and among such members in the proportion aforesaid or a combination of both. A share premium account and a capital redemption reserve fund may, only be applied in the paying up of un-issued shares to be issued to the members of the Company as fully paid bonus shares or for any other purpose specified in section 78 of the Companies Act and the board of directors is required to give effect to the resolution passed by the Company in this regard.

In addition to permitting dividends to be paid out of current or retained earnings, the Companies Act permits a company to distribute an amount transferred from the general reserve or surplus in its profit and loss account to its shareholders in the form of bonus shares, which are similar to a stock dividend. The Companies Act also permits the issue of bonus shares from a share premium account. Bonus shares are distributed to shareholders in the proportion of the number of shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to guidelines issued by SEBI.

The relevant SEBI guidelines and regulations prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such conversion. Further, as per the Companies Act, for the issuance of bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The bonus issue must be made out of free reserves built out of genuine profits or share premium account collected in cash only. The issuance of bonus shares must be implemented within two months from the date of approval by the board of directors, in the event such an issue requires prior shareholder approval.

Pre-Emptive Rights and Alteration of Share Capital

The Company in a general meeting may upon the recommendation of the board of directors resolve to capitalize whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account, or to the credit of the profit and loss account or otherwise available for distribution. The Companies Act and the Articles of the Company gives the shareholders the pre-emptive right to subscribe for new shares in proportion to their respective existing shareholdings unless the shareholders elect otherwise by a special resolution. The offer must include: (a) the right, exercisable by the shareholders of record, to renounce the shares offered in favour of any person; and (b) the number of shares offered and the period of the offer, which may not be less than 30 days from the date of offer. If the offer is not accepted it is deemed to have been declined. The board of directors is authorised to distribute any new shares not purchased by the pre-emptive rights holders in the manner that it deems most beneficial to the company.

The Articles of the Company provide that the Company may in general meeting alter the conditions of its Memorandum of Association as follows:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

- sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the Share from which the reduced share is derived; and

- cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of share so cancelled.

Preference shares

Preference share capital is that part of the paid-up capital of a company which fulfils both of the following requirements, namely:

(a) that in respect of dividends, it carries a preferential right to be paid a fixed amount or an amount calculated at a fixed rate; and

(b) that in respect of capital, it carries, on a winding-up of the company, a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up subject to the provisions of the Companies Act. The preference shares do not confer any further rights to participate in the company's profits or assets. Holders of preference shares are not entitled to vote at general meetings of the company except where the dividend due on such capital has remained unpaid:

    (i) in the case of cumulative preference shares, in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; and

    (ii) in the case of non-cumulative preference shares, either in respect of a period of not less than two years or in respect of an aggregate period of not less than three years comprised in the six years ending with the expiry of the financial year immediately preceding the commencement of the meeting.

In any such case, however, the holders of preference shares have a right to vote only on those resolutions which directly affect the rights attached to their preference shares. Under the Companies Act, a company may issue redeemable preference shares if so authorised by the articles of association of the company. The Articles of Association of the Company give the Company the power to issue preference shares but the Companies Act lays down certain restrictions in relation to the issue and redemption of preference shares: (i) no such shares shall be redeemed except out of profits of the Company which would otherwise be

available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called the Capital Redemption Reserve Account, a sum equal to the nominal amount of the shares redeemed; and the provisions of the Companies Act relating to the reduction of the share capital of the Company shall, except as provided in the Companies Act, apply as if such reserve account were paid-up share capital of such company; (v) the redemption of preference shares by the company shall not be taken as reduction of share capital; and (vi) the Capital Redemption Reserve Account may be applied by the Company in paying up un-issued shares of the Company to be issued to the members as fully paid bonus shares. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

In accordance with section 166 of the Companies Act, a company must hold its annual general meeting each year within 15 months of the previous annual general meeting or within six months after the end of each accounting year, whichever is earlier, unless extended by the Registrar of Companies at the request of the company for any special reason.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting in accordance with section 171 of the Companies Act. A general meeting may be called after giving shorter notice if consent is received from all shareholders at an Annual General Meeting, or from shareholders holding not less than 95% of the paid-up capital of the company, at any other general meeting. The accidental omission to give notice of any meeting to or the non-receipt of any notice by the member or other person to whom it should be given shall not invalidate the proceedings at the meetings. The Articles of the Company provide that no business shall be transacted at any general meeting unless a quorum of members is present. Five members present in person shall constitute the quorum. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned in accordance with provisions of sub-sections (3), (4) and (5) of Section 174 of the Companies Act.

Voting Rights

Every member present in person shall have one vote and on poll, the voting rights shall be as laid down in section 87 of the Companies Act, subject to any rights or restrictions for the time being attached to any class or classes of shares. The Articles of the Company provide that except as conferred by section 87 of the Companies Act the holders of preference shares shall have no voting rights except on a resolution placed before the meeting which directly affects the rights attached to his preference shares.

The instrument appointing a proxy is required to be lodged with the company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the company at the office before the vote is given. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which the Company has exercised any right of lien.

Convertible securities/warrants

The Company may, subject to the provisions of the Articles, issue warrants, options or other documents entitling the holders thereof to subscribe to and be allotted Equity Shares, Debentures and/or other

securities of the Company at such price and on such terms and conditions as may be determined by the Board from time to time. Any debentures, debenture-stock or other securities may, subject to the other provisions of the Articles, be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the general meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only subject to the provisions of the Articles, and with the consent of the company in the general meeting by a special resolution.

Postal ballot

Under the provisions of the Companies Act, the Government has framed rules for listed companies for voting by postal ballot instead of transacting the business in a general meeting of the company, in the case of resolutions including resolutions for alteration of the objects clause in the company's memorandum of association, buy-back of shares, issue of shares with differential voting rights, a sale of the whole or substantially the whole of an undertaking of a company, giving loans and extending guarantees in excess of prescribed limits, for change of the registered office of the company in certain circumstances and for variation in the rights attached to a class of shares or debentures. The resolution passed by means of postal ballot shall be deemed to have been duly passed at a general meeting physically convened. A notice to all the shareholders has to be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal voting includes voting in electronic form.

Registration of Transfers and Register of Members

The Company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient in accordance with the provisions of the Companies Act. Under the listing agreements of the stock exchanges on which the Company's outstanding Shares are listed, the Company may, upon at least seven days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Directors

The Articles of the Company provide that the number of directors of the Company shall not be less than three and not be more than fifteen. The directors shall be appointed by the Company in the general meeting subject to the provisions of the Companies Act and the Articles of Association.

The Company may by ordinary resolution increase or reduce the number of its directors subject to the provisions of section 259 of the Companies Act. The directors have the power to appoint any other persons as an addition to the board of directors but any director so appointed shall hold office only up to the date of the next following annual general meeting of the Company but shall be eligible for re-election at such meeting. Subject to the provisions of section 313 of the Companies Act the board of directors shall also have the power to appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months. A director is not required to hold any qualification shares. Pursuant to the Companies Act, not less than two-thirds of the total numbers of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The directors to retire would be those who have been the longest in the office since their last appointment. The Articles of Association authorize the Directors to appoint to appoint "non-retiring Directors." The non-retiring Directors shall not be liable to retire. The non-retiring Directors shall not be bound to hold any qualification shares.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company. Under the Companies Act, a company must file the annual report with the Registrar of Companies within 30 days from the date of the annual general meeting. As required under the listing agreements with the stock exchanges, copies are required to be simultaneously sent to the stock exchanges. The Company must also file its financial results in at least one English language daily newspaper circulating the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of the Company is situate. The Company files certain information on-line, including its Annual Report, financial statements and the shareholding pattern statement, in accordance with the requirements of the listing agreements and as may be specified by SEBI from time to time.

Transfer of shares

Following the introduction of the Depositaries Act, and the repeal of Section 22A of the SCRA, which enabled companies to refuse to register transfer of shares in some circumstances, the equity shares of a public company became freely transferable, subject only to the provisions of Section 111A of the Companies Act. Since the Company is a public company, the provisions of Section 111A will apply to it. Furthermore, in accordance with the provisions of Section 111A(2) of the Companies Act, the Board may exercise their discretion if they have sufficient cause to do so. If the Board, without sufficient cause, refuse to register a transfer of shares within two months from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered to the company, the shareholder wishing to transfer his, her or its shares may file an appeal with the Company Law Board ("**CLB**") and the CLB can direct the company to register such transfer.

Pursuant to Section 111A(3), if a transfer of shares contravenes any of the provisions of the SEBI Act, or the regulations used thereunder or the SICA or any other Indian laws, the CLB may, on application made by the company, a depositary, a participant, an investor or the SEBI, within two months from the date of transfer of any shares or debentures held by a depositary or from the date on which the instrument of transfer or the intimation of the transmission was delivered to the company, as the case may be, after such inquiry as it thinks fit, direct the rectification of the register of records. The CLB may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its investigation into the alleged contravention. Further, the provisions of Section 111A do not restrict the right of a holder of shares or debentures to transfer such shares or debentures and any person acquiring such shares or debentures shall be entitled to voting rights unless the voting rights have been suspended by the CLB.

By the Companies (Second Amendment) Act, 2002, the CLB is proposed to be replaced by the National Company Law Tribunal ("NCLT"), which is expected to be set up shortly. All powers of the CLB would then be conferred on the NCLT. Further, the SICA is sought to be repealed by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003. However, this Act has not yet been brought into force.

Shares held through depositaries are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositaries and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownerships of shares held through a depositary are exempt from stamp duty. The Company has entered into an agreement for such depositary services with NSDL and CDSL, and Integrated Enterprises (India) Limited are the registrars who maintain all records pertaining to physical transfer and transmission of shares and details of transfers and transmissions in electronic form through electronic connectivity with NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. See "Indian securities market— Depositaries".

Pursuant to the Listing Agreement, in the event the Company has not effected the transfer of Shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

The Companies Act provides that the shares or debentures of a public listed company (such as the Company) shall be freely transferable. The Articles of Association provide for certain restrictions on the transfer of shares, including granting power to the Board, in certain circumstances, to refuse to register or acknowledge transfer of shares or other securities issued by the Company. However, the applicable case law suggests that *inter se* arrangements between shareholders of a company cannot bind a company in this regard and, therefore, the enforceability of such restrictions under the Companies Act may not be possible.

Acquisition by the Company of its own shares

A company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75 per cent. of the shareholders present and voting on the matter and is also sanctioned by the High Court of the city where the registered office is situated. Moreover, subject to certain conditions, a company is prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company.

Pursuant to the insertion of Section 77A into the Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:
(i) the buy-back should be authorised by the articles of association of the company;
(ii) a special resolution has been passed in the general meeting of the company authorising the buy-back;
(iii) the buy-back is limited to 25 per cent. of the total paid-up capital and free reserves provided that the buy-back of equity shares in any financial year shall not exceed 25 per cent. of the total paid-up equity share capital in that year;
(iv) the ratio of debt owed by the company is not more than twice the capital and free reserves after such buy-back;
(v) all the shares or other specified securities for buy-back are fully paid-up; and
(vi) the buy-back is in accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998.

The condition mentioned above in (ii) would not be applicable if the buy-back is for less than 10 per cent. of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorised by the board. Further, a company buying back its securities is not permitted to buy back any securities for a period of 365 days reckoned from the preceding buy-back. The aforesaid restriction relating to the 365-day period does not apply to a buy-back authorised by a special resolution of the shareholders in general meeting. Moreover, a company is not permitted to issue new securities of the same kind as those bought back for six months from the buy-back date except by way of a bonus issue or in discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares. Every buy-back shall be completed within 12 months from the date of passing the special resolution or a resolution passed by the Board, as the case may be. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the Company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a

shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act.

The buy-back of securities can be from existing security holders on a proportionate basis or from the open market or from odd lots, that is to say, where the lot of securities of a public company, whose shares are listed on a recognised stock exchange, is smaller than such marketable lot, as may be specified by the stock exchange, or by purchasing securities issued to the employees of the company pursuant to a scheme of stock option or sweat equity.

Liquidation rights

Subject to the provisions of the Companies Act (including in particular the rights of employees, creditors, workmen, the requirement to pay statutory dues as contained in Sections 529A and 530 thereof) and the rights of the holders of any other shares entitled by their terms of issue to preferential repayment over the Shares, in the event of the winding-up of the Company, the holders of the Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such Shares or in case of shortfall proportionately. All surplus assets after payments due to workmen, statutory dues, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on such shares respectively at the commencement of the winding-up.

The Articles of Association of the Company provide that on winding up, (whether voluntary, under supervision or compulsory) the Liquidator may, with the sanction of a special resolution and subject to the other provisions of the Articles, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company. The Liquidator may also, with the like sanction, vest any part of the assets of the Company in trustees, upon such trusts for the benefit of the contributories, as the Liquidator, with like sanction shall think fit.

Disclosure of ownership interest

Section 187C of the Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to that company the details of the holder of record and the holder of record to declare details of the beneficial owner. Any lien, promissory note or other collateral agreement created, executed or entered into with respect to any equity share by its registered owner, or any hypothecation by the registered owner of any equity share, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure by a person to comply with Section 187C will not affect the Company's obligation to register a transfer of Shares or to pay any dividends to the registered holder of any Shares in respect of which the declaration has not been made.

TAXATION

We hereby confirm that the information provided below states the possible tax benefits available to Glenmark Pharmaceuticals Limited ("the Company") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax law. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. In view of the individual nature of tax consequences and the changing tax provisions, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/would be met.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

(A) Benefits to the Company under the Income-Tax Act, 1961 (the "Income Tax Act"):

General Tax Benefits

1. Under section 10(34) of the Income Tax Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any company is exempt from tax.

2. Under section 10(35) of the Income Tax Act, any income received from units of a Mutual Fund specified under section 10(23D) of the Income Tax Act, is exempt from tax.

3. Under section 10(38) of the Income Tax Act, any long-term capital gains arising to a shareholder from transfer of long-term capital asset, being equity shares in a company or a unit of an equity oriented fund (i.e. if the shares or units are held for more than twelve months) would not be liable to tax in the hands of the shareholder, if the following conditions are satisfied:
   a. The transaction of sale of such equity share or unit is entered into on or after October 1, 2004;

   b. The transaction is chargeable to securities transaction tax.

   However, the expenditure and income relating to the provisions of section 10(38) of the Income Tax Act would not be adjusted for the purpose of computing book profits under section 115JB of the Income Tax Act.

4. Section 14A of the Income Tax Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Income Tax Act viz income received under sections 10(34), 10(35), etc. Thus, any expenditure incurred to earn the said income is not a tax-deductible expenditure.

5. Under Section 32 of the Income Tax Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after 31 March 1998. In terms of Clause (iia) of subsection (1) of section 32 of the Income Tax Act, the Company is entitled to further depreciation of 20% as additional depreciation on new plants and machinery acquired and installed after 31 March 2005, subject to conditions specified therein.

6. Under section 35 of the Income Tax Act, the Company is entitled to a weighted deduction of 150% under section 35(2AB) of the Income Tax Act 1961 in respect of the revenue as well as capital expenditure (except on Land and Building) incurred at it's in-house Research and Development facilities.

7. Under section 35D of the Income Tax Act, the Company will be entitled to a deduction equal to one-fifth of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as under writing commission, brokerage and other charges, as specified in the provision, for a period of five successive years subject to the limits provided and conditions specified therein.

8. Under section 37 of the Income Tax Act, the company is entitled to deduction in respect of the valuation loss on the long term borrowings, which need to be amortized over the period ending on 31st March 2011 as per the option given under the Companies (Accounting Standard) Amendment Rules 2009.

9. Under section 48 of the Income Tax Act, if any long term assets (held for more than 36 months) or the long term investments in shares (held for more than 12 months) are sold the gains, if any (in case not covered under section 10(38) of the Income Tax Act), will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition/ improvement means an amount which bears to the cost of acquisition/improvement the same proportion as cost inflation index for the year in which the asset is transferred bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

10. Under Section 50B of the Income Tax Act, the company is entitled to claim the benefit of special provision for computation of capital gain arising in case of the transfer of an undertaking/business on slump sale basis.

11. The Company is entitled to a deduction under section 80G of the Income Tax Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to fulfillment of conditions prescribed therein.

12. Under section 112 of the Income Tax Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation, as provided in the second proviso to section 48 of the Income Tax Act. However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the Company in cases where securities transaction tax is not levied.

13. Under section 115JAA(1A) of the Income Tax Act, credit is allowed in respect of any Minimum Alternate Tax ("MAT") paid under section 115JB of the Income Tax Act for any assessment year commencing on or after 1 April 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act for that assessment year. Such MAT credit is allowed to be carried forward for setting off against the future tax liability (other than MAT liability) up to 7 succeeding years from the year in which the MAT credit is first allowed.

Special Tax Benefits

14. The Company is eligible for deduction under section 80-IB(4) of the Income Tax Act. The deduction is equivalent to 100% of profits for the first 5 years and 30% of the profits for subsequent 5 years derived from an industrial undertaking set-up in an industrially backward district on or before 31 March 2004, subject to fulfillment of the conditions specified therein.

15. The Company is eligible for deduction under section 80-IC(2)(b)(ii) of the Income Tax Act. The deduction is equivalent to 100% of profits for the first 5 years and 30% of the profits for subsequent 5

years derived from an industrial undertaking set-up in the state of Himachal Pradesh or Uttaranchal during the period from 7th January 2003 to 31st March 2012, subject to fulfillment of the conditions specified therein.

(B) Benefits to the Company under the Wealth Tax Act, 1957:

General Tax Benefits

1. As per the provisions of section 2(m) of the Wealth tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax in computing the net taxable wealth

Special Tax Benefits

There are no special tax benefits available under the Wealth Tax Act to the Company.

(C) Benefits to the Shareholders of the Company under the Income-Tax Act, 1961:

General Tax Benefits

1. Under section 10(32) of the Income Tax Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Income Tax Act, will be exempt from tax to the extent of Rs.1,500 per minor child.

2. Under section 10(34) of the Income Tax Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company, is exempt from tax.

3. Under section 10(38) of the Income Tax Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a company will not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
   a. The transaction of sale of such equity share is entered into on or after October 1, 2004; and
   b. The transaction is chargeable to securities transaction tax.

4. Section 14A of the Income Tax Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Income Tax Act viz income received under sections 10(34), 10(35), etc. Thus, any expenditure incurred to earn the said income is not a tax-deductible expenditure.

5. Under section 36(1)(xv) of the Income Tax Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". Where such deduction is claimed, no further deduction in respect of the said amount will be allowed in computing the income chargeable to tax as capital gains.

6. Under section 48 of the Income Tax Act, if the Company's shares are sold after being held for not less than twelve months, the gains (in case not covered under section 10(38) of the Income Tax Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition. The indexed cost of acquisition/ improvement means an amount which bears to the cost of acquisition/improvement the same proportion as cost inflation index for the year in which the asset is transferred bears to the cost inflation index for the first year in which the asset was held/ for the year in which the improvement to the asset took place.

7. Under section 111A of the Income Tax Act, short-term capital gains (i.e. if shares are held for a period not exceeding twelve months), arising on transfer of an equity share, are taxed at the rate of 15% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied. Further, if the gross total income of the shareholder includes any short term capital gains referred to above, deduction under Chapter VI-A of the Income Tax Act shall be allowed from the gross total income as reduced by such short term capital gains.

8. Under section 112 of the Income Tax Act, long-term capital gains are subject to tax at a rate of 20% (plus applicable surcharge and cess) after indexation as provided in the second proviso to section 48. However, in case of listed securities or units the amount of such tax could be limited to 10% (plus applicable surcharge and cess) without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

Special Tax Benefits

9. There are no special tax benefits available to the resident shareholders.

(D) Benefits to Non-Resident Indians / Non Residents Shareholders (Other than FIIs)

General Tax Benefits

1. Under section 10(34) of the Income Tax Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or Person of Indian origin who is not a 'resident') on the shares of the Company, is exempt from tax.

2. Under section 10(38) of the Income Tax Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
   (a) The transaction of sale of such equity share is entered into on or after October 1, 2004; and
   (b) The transaction is chargeable to securities transaction tax.

3. Section 14A of the Income Tax Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Income Tax Act viz income received under sections 10(34), 10(35), etc. Thus, any expenditure incurred to earn the said income is not a tax-deductible expenditure.

4. Under section 36(1)(xv) of the Income Tax Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. Section 48 of the Income Tax Act contains special provisions in relation to computation of long term capital gain on transfer of an Indian company's shares by non-residents. The Computed long term capital gain arising on transfer of shares in case of non residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain computed in original foreign currency is then converted into Indian rupees at the prevailing rate of exchange.

6. Under section 111A of the Income Tax Act, short-term capital gains (i.e. if the shares are held for a period not exceeding twelve months), arising on sale of listed equity shares are taxed at the rate of 15% (plus applicable surcharge & cess) in cases where securities transaction tax has been levied. Further, if the gross total income of the shareholder includes any short term capital gains referred to above,

deduction under Chapter VI-A of the Income Tax Act shall be allowed from the gross total income as reduced by such short term capital gains.

7. Under section 112 of the Income Tax Act, long-term capital gains (i.e. if shares are held for a period exceeding twelve months), arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge and cess). However, in case of listed securities or units, the amount of such tax could be limited to 10% (plus applicable surcharge and cess), without indexation benefit, at the option of the shareholder, in cases where securities transaction tax is not levied.

8. Under section 115-I of the Income Tax Act, a non-resident Indian shareholder (as defined therein) has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows: -

   a) Under section 115E of the Income Tax Act, where shares in the Company are acquired or subscribed to in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding twelve months, shall be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess), without indexation benefit.

   b) Under section 115F of the Income Tax Act, long-term capital gains arising to a Non- Resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income-tax, if the net consideration is reinvested in specified asset or in any savings certificate as defined by section 10(4B) of the Income Tax Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

   c) Under section 115G of the Income Tax Act, Non-Resident Indians are not required to file a return of income under Section 139(1) of the Income Tax Act, if their only income is income from foreign exchange asset investments or long-term capital gains in respect of those assets or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act.

   d) Under Section 115H of the Income Tax Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Income Tax Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

9. Under section 90(2) of the Income Tax Act, the provisions of the Income Tax Act would prevail over the provisions of the double tax avoidance agreement ("tax treaty") entered between India and the country of fiscal domicile of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident (including NRIs) can opt to be governed by the provisions of the Income Tax Act or the applicable tax treaty, whichever is more beneficial.

Special Tax Benefits

There are no special tax benefits available to the non-resident shareholders.

(E) Benefits to Foreign Institutional Investors (FIIs)

General Tax Benefits

1. In terms of section 10(34) of the Income Tax Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the Company is exempt from tax.

2. In terms of section 10(38) of the Income Tax Act, any long-term capital gains arising to an investor from transfer of long-term capital asset being an equity share in a company or a unit of an equity oriented fund would not be liable to tax in the hands of the investor if the following conditions are satisfied:
   (a) The transaction of sale of such equity share is entered into on or after October 1,2004;
   (b) The transaction is chargeable to securities transaction tax as explained below.

3. Section 14A of the Income Tax Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Income Tax Act viz income received under sections 10(34), 10(35), etc. Thus, any expenditure incurred to earn the said income is not a tax-deductible expenditure.

4. Under section 36(1)(xv) of the Income Tax Act, securities transaction tax paid by a shareholder in respect of the taxable securities transactions entered into in the course of his business, would be allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head "Profit and gains of business or profession". As such, no deduction in respect of amount paid on account of securities transaction tax will be allowed in computing the income chargeable to tax as capital gains.

5. The income by way of short-term capital gains/ long-term capital gains realized by FIIs on sale of shares in the Company would be taxed at 30%/ 10% respectively, as per section 115AD of the Income Tax Act. However, in respect of short term capital gains referred to in section 111A the tax rate applicable will be 15% (plus applicable surcharge and cess). The benefit of indexation and foreign currency fluctuation protection as provided by section 48 of the Income Tax Act are not applicable to FIIs. Further, if the gross total income of the FII includes any short term capital gains referred to above, deduction under Chapter VI-A of the Income Tax Act shall be allowed from the gross total income as reduced by such short term capital gains.

6. Under section 90(2) of the Income Tax Act, the provisions of the Income Tax Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the Income Tax Act or the applicable tax treaty, whichever is more beneficial.

Special Tax Benefits

There are no special tax benefits available to the FIIs.

(F) Benefits to the Mutual funds

General Tax Benefits

1. Under section 10(23D) of the Income Tax Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

Special Tax Benefits

There are no special tax benefits available to the mutual funds.

(G) Benefits to shareholders of the Company under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, shares are not liable to wealth tax.

(H) Benefits to shareholders of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax, and hence, gift of shares of the Company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2009.

2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences.

3. The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.

6. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or international misconduct. We will not be liable to any other person in respect of this statement.

Dated
02.09.09

For M/s Bhuta Shah & Co.
Chartered Accountants

S. M. Sancheti
Partner
Membership No. 13461

LEGAL PROCEEDINGS

Except as disclosed in the following paragraphs, neither the Company nor any of its subsidiaries is a party to, and none of its respective property is subject to, any pending legal proceedings which the Company considers to be potentially material to its respective business.

Material Legal Proceedings

The Company

Cases involving infringement of trademarks or passing off

1. The Company has initiated proceedings (suit No. 2484 of 2008) against Glenmark Shipping and Logistic (I) Private Limited and a notice of motion (Notice of Motion No. 2942 of 2008) has been taken by the Company, alleging trademark infringement and passing off in respect of the "Glenmark" tradename in the Bombay High Court. An ad interim injunction has been granted in favour of the Company by the Bombay High Court on October 1, 2008, and the defendant was required to change its name within 12 weeks from the date of the order, i.e. by January 2, 2009. Since the defendants had not made requisite changes to their website, and further application was made by our Company by Notice of Motion No. 897 of 2009 for removing the name "Glenmark" from the defendant's website. The defendants have filed an affidavit-in-reply to the notice of motion and the matter is pending before the court.

2. The Company has initiated proceedings (suit No. 788 of 2000) against Frontline Pharma Private Limited in the Bombay High Court alleging trademark infringement and passing off in respect of the "Ascoril" tradename by use of "Ex-Cordil" tradename. An injunction has been granted in favour of the Company by the Bombay High Court on March 16, 2000. An affidavit of service has been filed by the plaintiff and an ex parte decree in favour of the Company was passed on May 13, 2009. No appeal against this order has been preferred as yet.

3. The Company has initiated proceedings (suit No. 3774 of 2000) against Skarp Pharmaceuticals Private Limited in the Bombay High Court alleging trademark infringement and passing off in respect of the "Ascoril" tradename by use of "Skoril" tradename. An injunction has been granted in favour of the Company by the Bombay High Court on January 9, 2002 against the use of the tradename "Skoril" and its label by the defendant. The suit is pending hearing.

4. The Company has initiated proceedings (suit No. 4444 of 2000) against Frontline Pharma Private Limited in the Bombay High Court alleging trademark infringement and passing off in respect of the "Candid-B" tradename by use of "Clodid-B" tradename. An injunction has been granted in favour of the Company by the Bombay High Court on December 11, 2000 against the use of the tradename "Clodid-B" and its label by the defendant. The suit is pending hearing.

5. The Company has initiated proceedings (suit No. 3794 of 2000) against Zipp Pharma in the Bombay High Court alleging trademark infringement and passing off in respect of the "Candid-B" tradename by use of "Zendid-B" tradename. The matter is pending for want of proper address of the defendant who is to be served by way of substituted service by the Company.

6. Mililab Private Limited has initiated proceedings (suit No. 1603 of 2001 and suit No. 4901 of 2000) against the Company in the Bombay High Court alleging trademark infringement and passing off in respect of the "Milical" tradename. An ad interim injunction has been refused to the plaintiff and an ad interim injunction restraining the defendants from making unlawful threats has been issued by the Bombay High Court on July 29, 2003. Both proceedings are currently pending before the court.

7. The Company has initiated proceedings (suit No. 1127 of 2005) against Pradyumna Prabhudas Shah and another in the Bombay High Court alleging trademark infringement and passing off in

respect of the "Elovera" tradename by use of "Lilovera" tradename. An injunction has been granted in favour of the Company until disposal of the suit by an order dated April 27, 2005. The written statement has been filed by the defendant and the matter is pending before the court for framing of issues.

8. The Company has initiated proceedings (suit No. 2358 of 2006) against Deccan Health Care and another in the Bombay High Court alleging trademark infringement and passing off in respect of the "Ascoril" tradename by use of "Decoril" tradename. An ad interim injunction has been granted in favour of the Company by an order dated September 1, 2006. The matter is pending before the court.

9. The Company has initiated proceedings (suit No. 3135 of 2008) against Wockhardt Limited and Cadila Health Care Limited in the Bombay High Court and taken a notice of motion (Notice of Motion No. 3961 of 2008) alleging trademark infringement and passing off in respect of the "Benfree" tradename by use of "Befree" tradename. An application for ad interim injunction prayed for by the Company has been refused by the Bombay High Court by an order dated December 2, 2008 because the plaintiff has stopped using the mark and has had its license for producing the same cancelled by the Commissioner, Food and Drugs Control Administration, Gujarat. In the event of a change in the factual scenario at a later stage, the Company will be entitled to make a fresh application in terms of the order.

10. The Company has initiated proceedings (suit No. 47 of 2009) against Bal Pharma Limited in the Bombay High Court and taken a notice of motion (Notice of Motion No. 212 of 2009) alleging trademark infringement and passing off in respect of the "Kefpod" tradename by use of "Zefpod" tradename. An ad interim injunction has been granted in favour of the Company by an order dated April 4, 2009. The matter is pending before the court.

11. Charak Pharmaceuticals (India) Limited and another have initiated proceedings (No. SL/1851/2007) claiming an injunction against the Company claiming infringement of trademark and passing off in respect of the "Evanova" tradename by use of "Econova" tradename in the Bombay High Court. The ad interim injunction requested by the plaintiff has been rejected. The Company has filed its written statement. The matter is pending before the court as the plaintiffs have replaced their advocates and the new advocates have sought time for appropriate instructions

12. Galderma SA has initiated proceedings (suit No. 834 of 2002) against the Company in the Delhi High Court for restraining the Company from using the product insert for the product of the Company "Deriva," which was similar to the product insert used by the plaintiff. An ex parte ad interim injunction has been granted in favour of the plaintiff by an order dated April 18, 2002 and the parties have made a joint application before the Delhi High Court dated September 12, 2002 stating that they have received an amicable settlement.

Civil Suits

1. A suit (No. 160 of 1998) has been filed by Hari V. Kolte in the court of the Civil Judge, Nashik, against the Company on termination of employment, challenging his termination as being bad and illegal, and praying for back wages and differential amount, amounting to Rs. 1,676,146.50 along with interest at the rate of 24% per annum from the date of the suit until realisation. The suit was decreed in an order dated January 22, 2003 for compensation of the amount prayed for with interest at 6% per annum from the date of the suit until final realisation. The Company has filed an appeal (F.A. 424/03) in the Bombay High Court dated March 5, 2003 which has been admitted and the matter is to be listed for hearing.

2. A suit (O.S. No. 342/95) has been filed by the Company against Enjay Pharma and its partners in the City Civil Court, Secunderabad claiming a sum of Rs. 577,893 with interest, on the ground that certain goods were supplied to the defendant, who was the distributor of the Company, but the goods were not paid for. The suit was dismissed pursuant by the City Civil Court by its decree

dated April 21, 2004, and the Company filed an appeal (No. 260/2004) dated August 25, 2003 which has been admitted by the Andhra Pradesh High Court.

3. Civil proceedings (Case No. 269 of 2001) have been initiated by the Company against the Uttar Pradesh Sales Representative Medical Association in the court of the Civil Judge, Lucknow, under Section 138 of the Code of Civil Procedure, 1908 to obtain a permanent injunction against demonstration at the office of the carrying and forwarding agent. The matter is currently pending before the court.

4. An arbitration petition (No. A.P. 47/06) dated August 1, 2006 has been filed by the Company in the Calcutta High Court against Anand Mohan against the award dated December 28, 2005 passed by the arbitrator in a dispute arising out of premises taken by the Company as office/warehouse from Anand Mohan, when the Company was directed to vacate the premises. The Company had claimed to be a tenant of the respondent under the West Bengal Premises Tenancy Act, whereas the respondent contended that the Company had taken the premises on leave and license basis and the award had been passed in favour of the respondent. The matter is pending before the Calcutta High Court for hearing.

5. A summary suit (No. 408 of 2002) dated February 5, 2002 has been filed by the Company in the Metropolitan Magistrate's Court, Girgaum, against Hemco Mining and Smelting Company Limited, B.N. Patel, the chairman and managing director and Neeta Desai, the director of the company, regarding the dishonouring of bills of exchange drawn and delivered by Hemco Mining and Smelting Company Limited in favour of the Company, claiming an amount of Rs. 7,452,500 with interest on Rs. 5,000,000 at the rate of 18% p.a. or such other rate as the court may deem fit. Summons were served on all the three defendants at the addresses given in the plaints, but were returned. The matter is pending before the court.

6. A summary suit (No. 14 of 2009) has been filed by the Company against Mareechi Exports Private Limited in the court of the Additional District Judge, Patiala House, New Delhi, for recovery of Rs. 1,050,000 paid to the defendant as advance money along with interest on the grounds of termination of the deal for acquisition of know-how and brand "FEXO" from the defendant, due to negative quality assurance/quality control reports. The suit was filed on January 2, 2009 and admitted and notice was issued upon the defendants. Since the defendants were unavailable at their last known address, an application for addition of new address of the defendant was filed on and allowed. The matter has been adjourned for serving the defendants.

Criminal Proceedings

1. Criminal proceedings (RCC No. 158 of 2000) were initiated by Krishna V. Kotwal under sections 406, 409, 420 of the Indian Penal Code, 1860 and section 14 of the Employees' Provident Fund Act, 1952 against the Company as the principal employer and against the contractor engaged by the Company at its factory at Nasik, Aravali Securities. The complainant claimed that he had been working as a security supervisor at the factory at Nasik through Reliable Securities and Aravali Securities and that his services had been terminated illegally. He further claimed that he was not given details of his provident fund account number and copies of the slips for the deductions made from his salary on account of provident fund and under the Employees' State Insurance Act, 1948 and that he had not been enrolled as a member of the provident fund, nor had any contributions been made by the Company or its contractor, Aravali Securities, in terms of the Employees' Provident Fund Act, 1952 or Employees' State Insurance Act, 1948. The Company filed an application for quashing the proceedings for want of sanction from the Employees' Provident Fund Commissioner, but this was rejected by the Judicial Magistrate I Class, Nashik by an order dated July 5, 2006, permitting the issuance of process under Sections 406, 409 and 420 of the Indian Penal Code. Against this, a criminal revision petition was filed before the Additional Sessions Judge, Nashik. An order was passed by the Additional Sessions Judge on April 11, 2007 for proceeding with the trial. A criminal writ petition (No. 1345 of 2007) dated August 22, 2008

has been filed by the Company in the Mumbai High Court and the trial has been stayed pursuant to an order of the High Court dated October 13, 2008.

2. A first information report has been made by the Drugs Inspector, Food and Drugs Administration, Mumbai on February 11, 2004 and investigation was commenced on the basis of the same. Criminal proceedings (No. 295/sw/2006) dated October 20, 2006 have been filed by the State of Maharashtra against the Company and others in the court of the Metropolitan Magistrate, Mazgaon, on the grounds that the Company entered into an arrangement with a dealer for disposal of scrap material which also contained medical waste, but the medical waste containing expired drugs was not disposed as per the law and norms set by the Food and Drug Authorities. The matter is yet to be heard by the court.

3. The Company has initiated criminal proceedings (Case No. 13/I&R/99-Esplanade Court) against Corneal Labs Private Limited in the court of the Additional Chief Metropolitan Magistrate alleging trademark infringement and passing off in respect of the "Ascoril" tradename by use of . An order has been passed by the court of the Additional Chief Metropolitan Magistrate for investigation by the Central Bureau of Investigation under the Code of Criminal Procedure, 1973 on July 7, 1999. The respondent is not traceable.

4. Criminal proceedings (No. 706/2006) have been initiated by the State of Karnataka before the Judicial Magistrate First Class, Gulbarga against the Company and its directors for marketing the scheduled formulation Ecap at a price higher than the notified price under the Drug (Prices Control) Order, 1995. Fresh summons have been issued but have not been served as yet and the matter is pending before the court.

Proceedings under the Negotiable Instruments Act, 1881

1. A complaint (No. 628/SS/2005) dated June 2, 2005 has been filed under section 138 of the Negotiable Instruments Act, 1881 by the Company against Yash Enterprises before the court of the Metropolitan Magistrate, Girgaum, on the ground that a cheque issued by Yash Enterprises as payment for pharmaceutical goods received by it was dishonoured. An amount of Rs. 91,916 has been claimed along with additional costs. The matter is pending before the court.

2. A complaint (No. 629/SS/2005) dated June 2, 2005 has been filed under section 138 of the Negotiable Instruments Act, 1881 by the Company against Ark Enterprises before the court of the Metropolitan Magistrate, Girgaum, on the ground that a cheque issued by Ark Enterprises as payment for pharmaceutical goods received was dishonoured. An amount of Rs. 49,043 has been claimed along with additional costs. The matter is pending before the court.

3. A complaint (No. 5732/M/2007) has been filed under section 138 of the Negotiable Instruments Act, 1881 by the Company against Genotex International India Private Limited before the court of the Metropolitan Magistrate's Court, Andheri, on the ground that a cheque issued by Genotex International India Private Limited was dishonoured. An amount of Rs. 350,000 has been claimed along with additional costs. The entire money has been received and the case is to be withdrawn.

4. A complaint (No. 5731/M/2007) dated October 19, 2007 has been filed under section 138 of the Negotiable Instruments Act, 1881 by the Company against Hospitality Enterprises before the court of the Metropolitan Magistrate's Court, Andheri, on the ground that a cheque issued by Hospitality Enterprises as payment for goods received by it was dishonoured. An amount of Rs. 266,344 has been claimed along with additional costs. The matter is pending before the court.

5. A complaint (No. 1479/S/2002) dated June 6, 2003 has been filed by the Company against Top Syringe Manufacturing Company and its partners Kirit Shandilya and Varsha Kirit Bhatia under section 138 of the Negotiable Instruments Act, 1881 before the court of the Additional Metropolitan Magistrate, Girgaum, on the ground that a cheque issued by Top Syringe Manufacturing Company was dishonoured. Varsha Bhatia filed a criminal application (No. 322 of

2002 in 2048/S/98) dated September 21, 2001 before the Additional Chief Metropolitan Magistrate for recall of issue process in the above matter, which was refused by the court by an order dated March 22, 2002. A criminal revision petition against this has been filed by Varsha Bhatia in the Sessions Court dated April 26, 2002. The matter is pending before the court.

6. A complaint (No. 1478/S/2002) has been filed by the Company against Jagkumar and Company and its proprietors Kirit Shandilya and Jagjivandas Shandilya under section 138 of the Negotiable Instruments Act, 1881 before the court of the Additional Chief Metropolitan Magistrate, Girgaum, on the ground that a cheque issued by Jagkumar and Company was dishonoured. The Company has applied for attachment of property.

7. Criminal proceedings (No. 674/SS/05 and 680/SS/05) have been initiated by the Company against Hemco Mining and Smelting Company Limited and B.N. Patel, the chairman and managing director of the company and Neeta Desai the director of the company and Paresh Mehta, senior executive in the company, under section 138 of the Negotiable Instruments Act, 1881 before the court of the Additional Chief Metropolitan Magistrate, Girgaum on the ground that a cheque issued by Hemco Mining and Smelting Company Limited was dishonoured. A warrant was obtained against the chairman who obtained bail in respect of the same. The matter is pending before the court for the Company to file its examination in chief.

Consumer Complaint

1. A consumer complaint dated August 11, 2006 was filed by A. Anandam against the Company and Vijaya Hospital alleging that after the complainant used Candibiotic ear drops he had untold pain and irritation in his right ear and that the usage of the drops caused a hole in his right eardrum. An application was made by the doctor from Vijaya Hospital who had treated the complainant seeking exemption from appearing before the court for examination. This application was rejected and the doctor has appealed against this order. The matter is currently pending before the court.

Taxation Matters

Income Tax

1. The Company had declared total income of Rs. 111,445,672 for the assessment year 1999-2000 including a claim of deduction under Section 80IA in respect of the Goa unit for Rs. 16,481,392 which was processed and accepted. A notice dated March 8, 2006 was issued to the Company by the Deputy Commissioner of Income Tax Central, Circle-33 (the "Assessing Officer"). By an order dated December 8, 2006, the Assessing Officer has held that a portion chargeable to tax has escaped assessment as the gross profit attributed to the Goa unit (which was eligible for an exemption under Section 80IA of the Income Tax Act) was higher than the gross profit of non eligible units and the Company has not allocated proportionate expenses for earning income. It was also held that the claim of deduction under Section 80HHC had to be reworked after considering excise and sales tax as part of total turnover and reduce the portion thereof deducted under Section 80IA. The claim under Section 80IA was restricted to Rs. 5,665,126 and allowed. The claim for deduction under Section 14A was disallowed having regard to proportionate expenses undertaken by the Company to earn such income. The total income of the Company was assessed at Rs. 125,258,313. Against the order of Assessing Officer, the Company has filed an appeal before the Commissioner of Income Tax (Appeals) ("CIT (Appeals)"). The appeal was partly allowed by an order dated April 2, 2007, wherein the deductions claimed under Section 80IA and Section 14A were allowed. Excise duty and sales tax were directed to be excluded from the computation of total turnover but the Company was held not entitled to claim deduction for any amount under Section 80HHC for which deduction had already been claimed under Section 80IA. The Company has filed an appeal against the order of the CIT (Appeals) before the Income Tax Appellate Tribunal where the matter is currently pending.

2. The Company had declared nil total income for the assessment year 2002-2003 and in a letter dated August 4, 2003 filed an application for revision in the return of income, declaring an income of Rs. 10,046,450. The Assessing Officer, in an order dated January 31, 2005 disallowed the Company's claim for a deduction of Rs.13,769,885 towards maintenance expenses for certain software and Rs.284,134 other repair and maintenance expenses on the ground that it is a capital expenditure and not eligible for deduction under Section 31. The Assessing Officer also brought interest expenditure with regard to investments in equity shares under the purview of Section 14A stating that interest expenditure can be allocated against dividend. The Company has filed an appeal before the CIT (Appeals), which has been partly allowed by an order dated November 2, 2006. Aggrieved by the order of the CIT (Appeals), the Company has filed an appeal before the Income Tax Appellate Tribunal where the matter is currently pending.

3. The Company had declared total income of Rs. 14,406,255 for the assessment year 2003-2004. The Assessing Officer, in an order dated January 31, 2006 disallowed the Company's claim for a deduction of to the tune of Rs. 716,468.04 towards repair and maintenance expenses and Rs. 800,000 in respect of maintenance expenses for certain software on the ground that it was a capital expenditure. A sum of Rs. 100,000 was held deductible as depreciation on capital assets under Section 32 in relation to the capital expenditure incurred. The Assessing Officer had also disallowed a claim made by the Company under Section 35(1)(iv) of the Income Tax Act to the tune of Rs.37,035,456 spent on the construction of building for research and development, a sum of Rs. 8,768,137 in respect of deductions towards contributions under the Employees' State Insurance Act, 1948, Employees' Provident Fund Act, 1952 and towards gratuity, a sum of Rs. 4,062,469 in respect of bad debts, Rs. 3,507,389 in respect of royalties and additional deductions claimed under Section 80HHC. The total income of the Company was assessed at Rs. 170,857,203. The Company filed an appeal against the order of Assessing Officer before the CIT (Appeals), where the appeal was partly allowed by an order dated November 2, 2006. The claim for deduction in respect of repairs and maintenance was permitted to the extent of Rs. 658,568 and the claims for deduction in respect of contributions under the Employees' State Insurance Act, 1948, Employees' Provident Fund Act, 1952 and towards gratuity, expenditure for research and development, payments for royalty and exclusion of excise duty and sales tax from total turnover. Aggrieved by the order of the CIT (Appeals), the Company has filed an appeal before the Income Tax Appellate Tribunal where the matter is currently pending.

4. The Company had declared a total income of Rs. 245,571,471 for the assessment year 2004-2005. The Assessing Officer, in an order dated December 5, 2006 had *inter alia* disallowed the Company's claim for a deduction of Rs. 124,500 as expense incurred for earning dividend, Rs.400,000 as capital expenditure, Rs.732,341 in respect of building repairs and Rs.134,052 in respect of maintenance of machinery as capital expenditure. The Assessing Officer had also disallowed a claim made by the Company under Section 35(1)(iv) of the Income Tax Act on a sum of Rs. 1,46,19,464 spent on the construction of a building for research and development as well as a claim on depreciation in respect of payments made towards royalty. The Company filed an appeal before the CIT (Appeals), which was partly allowed by an order dated April 2, 2007. Aggrieved by the order of the CIT (Appeals), the Company has filed an appeal before the Income Tax Appellate Tribunal where the matter is currently pending.

5. The Company had declared a total income of Rs. 320,484,460 for the assessment year 2005-2006. The Assessing Officer, in an order dated May 9, 2008 had *inter alia* disallowed a sum of Rs.2,242,588 under Section 14A of the Income Tax Act on account of proportionate interest expenditure relatable to the investments made by the Company, Rs.1,074,906 relating to repairs and maintenance expenditure on machinery as capital expenditure, Rs.24,925,217 of research and development expenses on building, Rs.1,972,907 as depreciation on royalty payments, with respect to assessment of the Company's income for the assessment year 2005-2006. The Company filed an appeal before the CIT (Appeals), which was partly allowed by an order dated September 30, 2008. Aggrieved by the order of the CIT (Appeals), the Company has filed an appeal before the Income Tax Appellate Tribunal where the matter is currently pending.

6. The Assessing Officer had held that the Company's transactions were in the nature of "work contracts" and were liable to tax deducted at source under Section 194C of the Income Tax Act and accordingly passed an order under Section 201 holding the company as an assessee in default by an order dated June 23, 2006. The Company filed an appeal before the CIT (Appeals), which was dismissed by an order dated November 13, 2006. The Company filed an appeal before the Income Tax Appellate Tribunal against the order of the CIT (Appeals), which has been allowed by an order dated March 5, 2009. Currently an appeal has been filed by the Income Tax Department and is pending before the High Court of Bombay.

Sales Tax Matters

1. The Commercial Tax Officer, Marredpally Circle, Secunderabad has imposed a tax of Rs. 520,467 due to non filing of form F under the Central Sales Tax Act, 1956 by an order dated December 30, 2008. Aggrieved by this order, the Company has appealed to the Appellate Deputy Commissioner who has remanded the matter to the assessing officer for granting the relief for the Form F submitted before him.

2. The Assistant Commissioner of Commercial Tax, Baroda, has passed an order dated May 1, 2008. imposing purchase tax of Rs. 130,960 under Section 15B of the Gujarat Sales Tax Act and an interest thereon of Rs. 70,718. The officer has also raised a demand of Rs. 1,862,566 including interest amounting to Rs. 614,272 and a penalty of Rs. 113,754 due to the rejection of Form C submitted under the Central Sales Tax Act. Aggrieved by this order, the Company has filed an appeal before the Deputy Commissioner Commercial Tax (Appeals), Baroda where the matter is currently pending.

Excise Matters

1. The Commissioner of Central Excise, Nashik has issued show cause notices dated June 23, 2006 and January 15, 2007 to the Company as the manufacturer of medicines produced at the premises of Niramay Pharma Private Limited and a penalty of Rs. 100,000 has been imposed on the Company by an order dated April 12, 2007. The matter is currently pending before the Customs, Excise and Service Tax Appellate Tribunal at Mumbai.

2. The Commissioner of Central Excise, Nashik has issued a show cause notice dated December 20, 2006 to the Company as the manufacturer of medicines produced at the premises of Liva Healthcare Limited. A duty of Rs. 12,251,417 and penalty of equivalent amount has been imposed on the Company by an order dated September 17, 2007. The matter is currently pending before the Customs, Excise and Service Tax Appellate Tribunal at Mumbai.

Labour Cases

1. Conciliation Proceedings were initiated by Sahendra Pal Singh against the Company before the Assistant Labour Commissioner, Muzaffarnagar, challenging his termination upon being transferred and not reporting at the place of transfer and claiming reinstatement with back wages. The said proceedings were decided in favour of the Company and the matter was referred to the Saharanpur Labour Court by the State Government of Uttar Pradesh. The matter is currently pending before the court.

2. Proceedings have been initiated by Rajesh Joshi against the Company in the Jodhpur High Court under Section 138 of the Code of Civil Procedure, 1908 challenging termination upon being transferred and not reporting at the place of transfer and claiming reinstatement with back wages. The Jodhpur High Court passed an ex parte order in favour of the petitioner. The Company has filed a writ petition dated January 29, 2009 challenging the ex parte order. The matter is currently pending before the court.

3. Proceedings have been initiated by Chaman Malik against the Company in the Ghaziabad Civil Court under Section 138 of the Code of Civil Procedure, 1908 challenging termination upon being transferred and not reporting at the place of transfer and claiming reinstatement with back wages. The Ghaziabad Civil Court has delivered its decree in favour of the Company. The matter has not been appealed against as yet.

4. Proceedings were initiated by S.B. Yadav against Glaxo India Limited in the Labour Court, Bharuch challenging his suspension and demanding reinstatement with back wages. During the pendency of the proceedings, the assets of Glaxo India Limited were taken over by the Company and an award dated March 9, 2007 was passed against Glaxo India Limited and the Company. The Company has challenged the same in a review application (No. 1 dated June 6, 2007) on the grounds that the Company took over the assets of Glaxo India Limited and not its liabilities and that Glaxo India Limited was to transfer all its employees to other locations. The Company also contended that since it had not been made a party to the proceedings, no award could be passed against it. The matter is currently pending before the court for review. Under the provisions of the agreement for the transfer of business between the Company and GGL dated December 24, 2007 along with any amendments made to it, all the assets and liabilities in relation to the generics business has been acquired by GGL. In light of the same, this matter may be transferred to GGL.

5. Proceedings were initiated by Arvind Patel against Glaxo India Limited in the Labour Court, Bharuch challenging his suspension and demanding reinstatement with back wages. The matter was dismissed for default by an order dated December 30, 2004 but was restored on an application (Misc. Application No. 28/2005) being made by the petitioner. During the pendency of the proceedings, the assets of Glaxo India Limited were taken over by the Company and notice dated July 15, 2008 was served on the Company. The Company has challenged the same in the reply filed on December 17, 2008 on the grounds that the Company took over the assets of Glaxo India Limited and not its liabilities and that Glaxo India Limited was to transfer all its employees to other locations. The Company also contended that since it had not been made a party to the proceedings, no award could be passed against it and that the establishment in question had been transferred to GGL by the agreement for transfer of business dated December 24, 2007 along with any amendments made to it. The matter is currently pending before the court for review.

Regulatory Proceedings

1. An order (No. TR/LS/GLENMARK/2007/78555/G) dated December 5, 2007 was passed by the Food and Drugs Administration Commissioner suspending the license of the factory of the Company located at Ankleshwar, Gujarat for a period of one day as a result of the sample of the drug Topiramate produced by the Company not being of standard quality. The Company has appealed against this order before the State of Gujarat, contending that the sample was tested more than a year after it was collected. The State of Gujarat in its order dated February 14, 2008 cancelled the factory license suspension and suspended the production of the drug Topiramate for a period of 10 days from March 1, 2008 to March 10, 2008.

2. There are three Paragraph IV Patent Infringement cases pending against the Company in the United States of America.

Indian Subsidiary

1. There are three Paragraph IV Patent Infringement cases pending against GGL in the United States of America.

Overseas Subsidiaries

1. There are 12 labour related legal proceedings pending against our subsidiary, Glenmark Farmaceutica Ltda. Brazil ("Glenmark Brazil") which, *inter alia*, are with respect to failure of

making payment within requisite time period to the employees and failure to provide documents to the authorities.

2. There are 7 civil legal proceedings pending against Glenmark Brazil in relation to, *inter alia*, collection claims and compensation for damages pursuant to use of a product.

3. There are 10 civil proceedings filed by Glenmark Brazil relation to, *inter alia*, collection claims and consumer claim.

4. There are two taxation related legal proceeding pending against Glenmark Brazil, filed by the state administrative authority, claiming an aggregate payment of Reais 7,159,692.80 in relation to improper credit of "Imposto Sobre Circulação De Mercadorias E Prestação De Serviços", and issuance of invoices without effective remittance and receipt of goods.

5. There is one administrative proceeding pending against Glenmark Brazil filed by Secretaria da Receita Federal, (Federal Revenue).

6. There are 21 civil legal proceedings pending which have been filed by our subsidiary, Glenmark Pharmaceuticals S.R.O ("Glenmark Czech") in relation to, *inter alia*, claim of payments on invoices and compensation.

7. There are 16 commercial legal proceedings pending which have been filed by Glenmark Czech in relation to, *inter alia*, claim of outstanding payments.

8. There are five legal proceedings filed by Glenmark Czech in relation to, *inter alia*, like execution of sale of movables and collection of debt.

9. There are nine criminal legal proceedings filed by Glenmark Czech in relation to criminal activity to the detriment of the creditor and criminal fraud.

10. There is one legal proceeding pending against our subsidiary, Glenmark Pharmaceuticals Peru S.A.C in relation to a labour claim.

11. There is one legal proceeding pending involving our subsidiary, Glenmark Philippines Inc. in relation to inability of one of the debtors to service its current debts and petition for temporary protection by way of an order of the court preventing all of its creditors from enforcing its payments.

12. One case has been filed by our subsidiary, Glenmark Generics Inc. USA ("GGI") before the District Court, New Jersey, United States of America for recovery of payment pursuant to a breach of contract.

13. There are six legal proceedings pending against GGI in relation to Paragraph IV Patent Infringement matters.

GENERAL INFORMATION

1. The Company was incorporated as Glenmark Pharmaceuticals Private Limited on November 18, 1977. The status of the Company was subsequently changed to a public limited company by virtue of the operation of Section 43 (A) (1A) of the Companies Act, 1956, with effect from July 1, 1990. The Company was subsequently converted to a private limited company. The fresh certificate of incorporation consequent to the conversion of the Company from a public limited company to a private limited company was granted to the Company on October 4, 1991 by the Registrar of Companies, Maharashtra, Mumbai. The status of the Company was subsequently changed to a public limited company by a special resolution of the members passed at the extraordinary general meeting on January 12, 1996. The fresh certificate of incorporation consequent to the change of name was granted to the Company on May 20, 1996.

2. Company's registered office is located at B2, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026, Maharashtra. The Company is registered with the Registrar of Companies, Maharashtra, Mumbai under CIN L24299MH1977PLC019982.

3. The Issue was authorised and approved by the Board of Directors on July 27, 2009 and approved by the shareholders via postal ballot on September 2, 2009.

4. The Company has recieved in-principle approvals from the NSE and BSE respectively, to list the Equity Shares.

5. Copies of Memorandum and Articles of Association of the Company will be available for inspection during usual business hours on any working day between 10.00 A.M. to 1.00 P.M. (except Saturdays, Sundays and public holidays) at the Company's Registered Office.

6. The Company has obtained all consents, approvals and authorizations required in connection with this Issue.

7. There has been no material change in the Company's financial or trading position since March 31, 2009, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Preliminary Placement Document, except as disclosed herein.

8. Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings against or affecting the Company or its assets or revenues, nor is the Company aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue of Shares.

9. The Company's auditors are Price Waterhouse, Chartered Accountants, who have audited the consolidated financial statements of the Company as of and for the years ended March 31, 2007, March 31, 2008 and March 31, 2009.

10. The Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

11. The Floor Price for the Issue is Rs. 221.00 per Equity Share, calculated in accordance with Chapter VIII of the SEBI Regulations.

FINANCIAL STATEMENTS
GLENMARK PHARMACEUTICALS LIMITED

Auditors' report to the Board of Directors of Glenmark Pharmaceuticals Limited on the Consolidated Financial Statements of Glenmark Pharmaceuticals Limited and its Subsidiaries

1. We have audited (refer para 3) the attached consolidated Balance Sheet of Glenmark Pharmaceuticals Limited and its subsidiaries and joint venture (the Group), as at 31st March, 2009, and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of Glenmark Pharmaceuticals Limited'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 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 misstatements. 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 did not audit the financial statements of subsidiaries and joint venture, whose financial statements reflect the Group's share of total assets of Rs. ('000) 8,076,955 as at 31st March, 2009 and the Group's share of total revenues of Rs. ('000) 12,378,011 and net cash outflow amounting to Rs.('000) 730,541 for the year ended on that date as considered in the consolidated financial statements. These financial statements and other information of the subsidiaries and joint venture have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint venture is based solely on the reports of other auditors.

4. We report that the consolidated financial statements have been prepared by the Glenmark Pharmaceuticals Limited's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" and Accounting Standard 27, "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanation given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated Balance Sheet, of the state of affairs of Glenmark Pharmaceuticals Limited Group as at 31st March, 2009;

   (b) in the case of the consolidated Profit and Loss Account, of the profit of Glenmark Pharmaceuticals Limited Group for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows of Glenmark Pharmaceuticals Limited Group for the year ended on that date.

Partha Ghosh
Partner
Membership No. F-55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date: June 26, 2009

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

Rs. In ('000s)

				Schedules	As at 31st March,2009	As at 31st March,2008
I.	**SOURCES OF FUNDS**					
	1.	**SHAREHOLDERS' FUNDS**				
		a)	Capital	1	250,520	248,726
		b)	Reserves and Surplus	2	15,731,044	14,930,003
					15,981,564	15,178,729
	2.	**MINORITY INTEREST**			31,552	14,796
	3.	**LOAN FUNDS**				
		a)	Secured Loans	3	3,826,548	1,961,282
		b)	Unsecured Loans	4	17,116,917	7,948,104
					20,943,465	9,909,386
	4.	**Deferred Tax Liability**		5	1,054,748	1,145,547
		Less:	**Deferred Tax Asset**	6	485,489	200,025
					569,259	945,522
				TOTAL	37,525,840	26,048,433
II.	**APPLICATION OF FUNDS**					
	1.	**FIXED ASSETS**		7		
		a)	Gross Block		18,385,786	11,241,021
		b)	Less : Depreciation		2,723,341	2,055,881
		c)	Net Block		15,662,445	9,185,140
		d)	Capital Work-in-progress		5,454,080	3,372,287
					21,116,525	12,557,427
	2.	**INVESTMENTS**		8	181,229	188,171
	3.	**CURRENT ASSETS, LOANS AND ADVANCES**				
		a)	Inventories	9	6,302,253	4,007,391
		b)	Sundry Debtors	10	9,553,428	8,068,517
		c)	Cash and Bank Balances	11	714,823	1,565,069
		d)	Loans and Advances	12	4,220,877	2,869,032
					20,791,381	16,510,009
		Less : CURRENT LIABILITIES AND PROVISIONS				
		a)	Current Liabilities	13	4,398,904	3,029,590
		b)	Provisions	14	164,391	177,584
					4,563,295	3,207,174
		NET CURRENT ASSETS			16,228,086	13,302,835
				TOTAL	37,525,840	26,048,433
	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS			21		

Schedules referred to above and notes attached thereto form an integral part of the Consolidated Balance Sheet.

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

For and on behalf of the Board of Directors

Partha Ghosh
Partner
Membership Number - F 55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : 26th June, 2009

Glenn Saldanha
Managing Director & CEO

Cheryl Pinto
Director

A.S.Mohanty
Director

Marshall Mendonza
Vice President - Legal &
Company Secretary

GLENMARK PHARMACEUTICALS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

Rs. In ('000s)

	Schedules	Year ended 31st March,2009	Year ended 31st March,2008
INCOME			
Sales & Operating Income	15	21,160,332	20,092,005
Other income	16	1,740,116	458,202
		22,900,448	20,550,207
EXPENDITURE			
Cost of Sales	17	8,750,997	6,757,996
Selling and Operating Expenses	18	6,976,794	4,571,018
Depreciation/Amortisation	7	1,026,827	716,795
Interest (net)	19	1,404,766	631,680
Research and Development Expenses	20	882,703	757,730
		19,042,087	13,435,219
Profit before Tax and Exceptional items		3,858,361	7,114,988
Exceptional Item		1,169,548	-
PROFIT BEFORE TAX		**2,688,813**	**7,114,988**
Provision for Taxation			
- Current Year [includes wealth tax provision Rs. 288 (2008-Rs.266)]		651,299	857,114
- Mat Credit (Entitlment)/ Utilisation		395,278	(347,472)
- Deferred Tax		(383,148)	199,223
- Fringe Benefit Tax		81,373	85,000
- Prior Period Tax		9,282	-
NET PROFIT AFTER TAX BEFORE MINORITY INTEREST		1,934,729	6,321,123
Share of (profit)/loss transfer to Minority		(18,092)	204
NET PROFIT AFTER TAX & MINORITY INTEREST		1,916,637	6,321,327
Balance Profit Brought Forward		10,276,665	4,678,920
NET PROFIT AVAILABLE FOR APPROPRIATION		12,193,302	11,000,247
Interim Dividend on Equity Shares		-	171,545
Tax on Interim Dividend on Equity Shares		-	29,154
Proposed Dividend on Equity Shares		100,208	-
Tax on Proposed Dividend on Equity Shares		17,030	-
Transfer to Foreign Currency Monetary Item Translation Difference Account		366,121	-
Transfer to General Reserve		494,490	522,883
BALANCE CARRIED TO BALANCE SHEET		11,215,453	10,276,665
Earnings Per Share (Rs.) [Refer Note 5 of Schedule 21]			
Basic		7.7	25.8
Diluted		7.5	24.9
Face Value per Share		1.0	1.0
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21		

Schedules referred to above and notes attached thereto form an integral part of the Consolidated Profit and Loss Account.

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

For and on behalf of the Board of Directors

Partha Ghosh
Partner
Membership Number - F 55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : 26th June, 2009

Glenn Saldanha
Managing Director & CEO

Cheryl Pinto
Director

A.S.Mohanty
Director

Marshall Mendonza
Vice President - Legal &
Company Secretary

GLENMARK PHARMACEUTICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
A.	**Cash Flow from Operating Activities:**		
	Net Profit before tax	2,688,813	7,114,988
	Adjustments for :		
	Depreciation	1,026,827	716,795
	Interest Expense	1,457,208	710,417
	Interest Income	(52,442)	(78,737)
	Income from Investment - Dividends	(38)	(2)
	(Profit)/Loss on Fixed Assets sold	518	23,425
	Bad Debts written off	5,729	654
	Provision for Bad & Doubtful Debts	54,181	37,733
	Provision for Doubtful Advances.	-	15,000
	Provision for Gratuity & Leave Encashment	53,414	20,330
	Unrealised foreign exchange (gain)/loss	196,081	(111,689)
	Operating Profit Before Working Capital Changes	**5,430,291**	**8,448,914**
	Adjustments for changes in Working Capital :		
	- (increase) in Sundry Debtors	(1,580,108)	(2,507,578)
	- (increase) in Other Receivables	(1,215,386)	(843,993)
	- (increase) in Inventories	(2,294,862)	(1,310,299)
	- increase in Trade and Other Payables	1,213,717	816,278
	Cash Generated from Operations	**1,553,652**	**4,603,322**
	- Taxes (Paid)	(1,394,571)	(885,490)
	Net Cash from Operating Activities	**159,081**	**3,717,832**
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	(7,662,729)	(3,580,623)
	Acquisition of Fixed Assets	-	(450,371)
	Capital Work in Progress	(2,081,793)	(1,196,579)
	Proceeds from Sale of Fixed Assets	183,496	53,614
	Proceeds/(Payment) for Sale/Purchase of Investments	6,942	(934)
	Interest Received	52,442	78,737
	Dividend Received	38	2
	Net Cash used in Investing Activities	**(9,501,604)**	**(5,096,154)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Fresh Issue of		
	Share Capital (including Securities Premium)	350,586	1,986,910
	Net Assets financed by Minority Shareholders	(1,336)	15,000
	Exchange Fluctuation Reserves	(254,409)	103,094
	Proceeds/(Payment) of Long Term Borrowings	164,905	(11,866)
	Proceed from Short Term Borrowings	8,059,154	480,106
	Proceeds from Working Capital Facilities movement	1,614,427	223,842
	Interest Paid	(1,441,050)	(710,337)
	Dividend Paid	-	(171,753)
	Dividend Tax Paid	-	(29,154)

		Year ended 31st March,2009	Year ended 31st March,2008
	Net Cash from Financing Activities	**8,492,277**	**1,885,842**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**(850,246)**	**507,520**
	Cash and Cash Equivalents as at 31st March'08	**1,565,069**	**1,057,549**
	Cash and Cash Equivalents as at 31st March'09	**714,823**	**1,565,069**
	Cash and Cash Equivalents Comprise		
	Cash	6,123	5,208
	Deposits with Scheduled Banks	51,126	34,290
	Deposits with Non-scheduled Banks	126	42,974
	Balance with Scheduled Banks	92,669	93,086
	Balance with Non-scheduled Banks	564,779	1,389,511
		714,823	**1,565,069**

Notes:

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 Cash and Cash Equivalents Includes Rs. 3,717 which are not available for use by the Company. (Refer Schedule 13 to the Consolidated Financial Statements)

3 Figures in bracket indicate Cash outgo.

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

For and on behalf of the Board of Directors

Partha Ghosh
Partner
Membership Number - F 55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : 26th June, 2009

Glenn Saldanha
Managing Director & CEO

Cheryl Pinto
Director

A.S.Mohanty
Director

Marshall Mendonza
Vice President - Legal &
Company Secretary

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009.

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
1.	**CAPITAL**		
	Authorised		
	350,000,000 (2008 -- 350,000,000) Equity Shares of Re 1 each	350,000	350,000
	4,000,000 (2008 -- 4,000,000) Cumulative Redeemable Non Convertible Preference Shares of Rs.100 each	400,000	400,000
	Issued, Subscribed and Paid-up		
	250,519,758 (2008 -- 248,725,752) Equity Shares of Re 1 each, fully paid	250,520	248,726
	TOTAL	250,520	248,726

Notes :

1. During the year ended 31st March, 2009 the Company, pursuant to Employee Stock Option Scheme 2003,has granted 2,305,500 (2008- 1,059,000) options at market price as defined in SEBI (ESOS) Guidelines and cancelled 1,697,500 (2008 - 320,200) options [Number adjusted after split of face value]

2. During the year 500,300 (2008 - 622,220) options (Number adjusted after split of face value) were converted into Equity Shares under the Employee Stock Option Scheme, 2003. As at 31st March, 2009 3,602,960 (Number adjusted after split of face value) options were outstanding under Employee Stock Option Scheme 2003. On exercise of the options so granted under Employee Stock Option Scheme 2003, the paid up Equity Share Capital of the Company will increase by a like number of shares.

3. During the year, 7,500 (2008 - 45,000) Zero Coupon Foreign Currency Convertible Bonds (FCCB) of USD 1,000 each aggregating USD 7.5 million (2008 - USD 45 million) were converted into 1,293,706 (2008 - 7,987,316 (Number adjusted after split of face value)) equity shares of Re.1 each. As at 31st March, 2009, FCC Bonds amounting to USD 36 million were outstanding.

4. Of the above 158,371,140 (2008 - 158,371,140 (Number adjusted after split of face value)) Equity Shares of Re. 1 each are allotted as fully paid-up Bonus Shares by Capitalisation of Reserves.

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
2.	**RESERVES AND SURPLUS**		
	Securities Premium Account		
	Balance at the beginning of the year	2,896,843	797,442
	Add: Premium on Issue of Shares pursuant to Conversion of ESOP	22,636	21,590
	Add: Premium on Issue of Shares pursuant to Conversion of FCC Bonds	326,156	1,956,710
	Add: Writeback of redemption premium for FCC Bonds converted during the year	66,115	311,380
	Less: Redemption premium of FCC Bonds outstanding at year end	127,296	190,279
	Closing Balance	3,184,454	2,896,843
	General Reserve		
	Balance at the beginning of the year	1,487,026	980,797

		As at 31st March,2009	As at 31st March,2008
	Add:Transferred from Profit & Loss Account	494,490	522,883
	Add: Transfer to Fixed assets (Refer note 11 of Schedule 21)	3,915	-
	Less: Transfer from Foreign Currency Monetary Item Translation Difference Account (Refer note 11 of Schedule 21)	491,095	-
	Less: Provision of Gratuity as per AS - 15 (net of tax)	-	16,654
	Closing Balance	1,494,336	1,487,026
	Foreign Currency Monetary Item Translation Difference Account		
	Balance at the beginning of the year	-	-
	Add: Addition during the year	(289,670)	-
	Less: Amortisation of Foreign Currency Monetary Item Translation Difference	111,411	-
	Closing Balance	(178,259)	-
	Capital Redemption Reserve	200,000	200,000
	Capital Reserve	1,000	1,000
	Exchange Fluctuation Reserves		
	Balance at the beginning of the year	68,469	(34,625)
	Addition/(Reduction) during the year	(254,409)	103,094
	Closing Balance	(185,940)	68,469
	Profit and Loss Account Balance	11,215,453	10,276,665
	TOTAL	**15,731,044**	**14,930,003**

Rs. In ('000s)

			As at 31st March,2009	As at 31st March,2008
3.	**SECURED LOANS**	**Note**		
	From Banks			
	Term Loan	1	873,080	665,992
	Working Capital Facilities	2	2,860,900	1,246,473
	Other Loans	3	92,568	48,817
	TOTAL		3,826,548	1,961,282

Notes :

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

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
4.	**UNSECURED LOANS**		
	Short Term Loan from Banks	15,235,805	6,180,316
	Foreign Currency Convertible Bonds [Refer note 6 of Schedule 21]	1,835,280	1,737,064

		As at 31st March,2009	As at 31st March,2008
	Security Deposit	45,832	30,724
	TOTAL	17,116,917	7,948,104

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
5.	**DEFERRED TAX LIABILITY [Refer Note (2)(xi) of Schedule 21]**		
	Depreciation	880,151	1,041,544
	Foreign Currency Long Term Loans and Others	174,597	104,003
	TOTAL	1,054,748	1,145,547

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
6.	**DEFERRED TAX ASSET [Refer Note (2)(xi) of Schedule 21]**		
	Provision for Bad Debts and Doubtful Advances	69,784	52,109
	Unabsorbed Losses and Depreciation	307,669	102,993
	Others	108,036	44,923
	TOTAL	485,489	200,025

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
8.	**INVESTMENTS [Refer Note (2)(vi) of Schedule 21]**		
	LONG TERM INVESTMENTS - At Cost - fully paid		
	Quoted - non trade		
	Equity shares		
	9,000 (2008 -- 9,000) Bank of India of Rs.10 each [Market Value Rs. 1,979 (2008 -- Rs. 2,279)]	405	405
	1,209 (2008 -- 1,209) IDBI Bank Limited of Rs.10 each [Market Value Rs. 55 (2008 -- Rs.108)]	34	34
		439	439
	Investment in Government Securities		
	National Savings Certificate -Sixth Issue	22	22
	National Savings Certificate -Eighth Issue	10	10
	Unquoted - non trade		
	1 (2008 -- 1) Time Share of Dalmia Resorts Limited	20	20
	1 (2008 -- 1) Equity Share of Esquados 340,000 of Glenmark Pharmaceutica Limitada, Lisbon (Portugal)	48	48
	213,032 (2008 - 213,032) Equity Shares of Bharuch Eco-Aqua Infrastructure Limited of Rs.10 each, fully paid up .	2,130	2,130
	1,350,000 (2008 - 1,350,000) 7% cumulative preference shares of Rs	135,000	135,000

		As at 31st March,2009	As at 31st March,2008
	100 each fully paid up of Marksans Pharma Ltd		
	Investment with Napo Pharmaceuticals Inc [1,176,471(2008 - 1,176,471) Preferred shares of USD 0.85 each.]	43,560	43,560
	Nil (2008 - 1) Bond of Titulos divida publica, Brazil	-	3,094
	Nil (2008 - 1) Bond of Creditos judiciarios da Uniao, Brazil	-	3,447
	Investment with Glenmark Pharmaceuticals SK, S.R.O,(formerly known as Medicamenta SK SRO)	-	401
		180,790	187,732
	TOTAL	181,229	188,171
	Aggregate book value of Investments		
	- Quoted [Market value Rs. 2,034 (2008 - Rs. 2,387)]	439	439
	- Unquoted	180,790	187,732
	TOTAL	181,229	188,171

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
9.	**INVENTORIES [Refer Note (2)(vii) of Schedule 21]**		
	(As certified by the management)		
	Raw Materials	1,187,623	1,110,073
	Packing Materials	259,356	172,846
	Work-in-Process	951,568	810,307
	Stores and Spares	45,235	26,136
	Finished Goods	3,858,471	1,888,029
	TOTAL	6,302,253	4,007,391

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
10.	**SUNDRY DEBTORS**		
	Outstanding for more than six months		
	Secured, considered good	-	-
	Unsecured, considered good	1,524,610	591,266
	Unsecured, considered doubtful	191,959	146,133
		1,716,569	737,399
	Less: Provision for doubtful debts	191,959	146,133
		1,524,610	591,266
	Other debts-		
	Secured, considered good	2,543	-
	Unsecured, considered good	8,026,275	7,477,251
		8,028,818	7,477,251
	TOTAL	9,553,428	8,068,517

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
11.	**CASH AND BANK BALANCES**		
	Cash in hand	6,123	5,208
	Balances with Scheduled Banks		
	- Current Accounts	92,593	88,734
	- Margin Money Account	51,126	34,290
	- EEFC Account	76	4,352
	Balances with Non Scheduled Banks		
	- Current Accounts	564,779	1,389,511
	- Deposit Accounts	126	42,974
	TOTAL	714,823	1,565,069

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

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
12.	**LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)		
	Advances recoverable in cash or kind or for value to be received		
	Considered good	1,767,369	959,006
	Considered doubtful	29,800	29,800
		1,797,169	988,806
	Less: Provision for Doubtful advances	(29,800)	(29,800)
		1,767,369	959,006
	Advance to Vendors	772,069	695,244
	Advance tax (net of provision)	531,737	-
	MAT Credit Entitlement	164,749	560,027
	Balance with Excise Authorities	800,335	528,886
	Deposits	184,618	125,869
	TOTAL	4,220,877	2,869,032

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
13.	**CURRENT LIABILITIES**		
	Sundry creditors		
	-Total outstanding dues to Micro enterprises and small enterprises	26,524	-
	-Total outstanding dues to creditors other than Micro enterprises and small enterprises	3,408,255	2,307,878
	Investor Education and Protection Fund shall be credited by		
	- Unclaimed Dividend	3,717	3,789
	[There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.]		
	Advances from Customers	46,648	2,574
	Other Liabilities	491,478	370,407
	Interest accrued but not due	422,282	344,942
	TOTAL	4,398,904	3,029,590

Rs. In ('000s)

		As at 31st March,2009	As at 31st March,2008
14.	**PROVISIONS**		
	Proposed Dividend	100,208	-
	Tax payable on Proposed Dividend	17,030	-
	Provision for Wealth Tax	276	132
	Provision for Fringe Benefit Tax	2,050	935
	Provision for Income-tax (net of advance tax)	-	122,139
	Provident Fund Scheme payable	7,288	8,819
	Provision for Gratuity and Leave Encashment	37,539	45,559
	TOTAL	164,391	177,584

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

7. FIXED ASSETS [Refer note (2)(ii),(2)(iii),(2)(iv),(2)(xii) and (9) of Schedule 21]

Rs. In ('000s)

	GROSS BLOCK						DEPRECIATION/AMORTISATION						NET BLOCK	
	As on 31st March, 2008	Acquisition during the year	Additions during the year	Consolidation Adjustment	Deduction	As on 31st March, 2009	As on 31st March, 2008	Acquisition	For the year	Consolidation Adjustment	On Deduction	As on 31st March, 2009	As on 31st March, 2009	As on 31st March, 2008
Tangible assets														
Freehold Land	31,888		20,173	6	-	52,067	-		-	-	-	-	52,067	31,888
Leasehold Land	130,995		128,270	10,558	(66,615)	203,208	11,953		8,413	2,681	(2,858)	20,189	183,019	119,042
Factory Buildings	1,141,027		1,513,847	1,021	(461,518)	2,194,377	174,186		46,007	(231)	(37,341)	182,621	2,011,756	966,841
Other Buildings & Premises	658,049		245,173	4,768	(24,549)	883,441	69,264		29,871	5,741	(6,001)	98,875	784,566	588,785
Plant and Machinery	1,517,769		1,228,032	(8,597)	(580,648)	2,156,556	161,176		72,223	(405)	(89,735)	143,259	2,013,297	1,356,593
Furniture and Fixtures	357,763		317,733	3,401	(76,829)	602,068	148,840		49,252	1,647	(25,915)	173,824	428,244	208,923
Equipments	2,076,089		1,845,789	17,333	(937,027)	3,002,184	612,151		268,223	9,000	(208,133)	681,241	2,320,943	1,463,938
Vehicles	108,634		32,301	1,441	(32,092)	110,284	38,615		21,899	666	(13,800)	47,380	62,904	70,019
Intangible assets														
- Goodwill	689,801		114,645	(3,860)	-	800,586	140,231		99,463	(2,891)	-	236,803	563,783	549,570
- Computer software	137,543		389,260	3,599	(49,659)	480,743	57,307		53,493	1,328	(8,192)	103,936	376,807	80,236
- Brands	4,391,463		3,492,540	491,434	(475,165)	7,900,272	642,158		377,983	64,134	(49,062)	1,035,213	6,865,059	3,749,305

	GROSS BLOCK						DEPRECIATION/AMORTISATION						NET BLOCK	
	As on 31st March, 2008	Acquisition during the year	Additions during the year	Consolidation Adjustment	Deduction	As on 31st March, 2009	As on 31st March, 2008	Acquisition	For the year	Consolidation Adjustment	On Deduction	As on 31st March, 2009	As on 31st March, 2009	As on 31st March, 2008
TOTAL	11,241,021	-	9,327,763	521,104	(2,704,102)	18,385,786	2,055,881	-	1,026,827	81,670	(441,037)	2,723,341	15,662,445	9,185,140
Previous Year	7,093,670	780,497	3,571,791	82,207	(287,144)	11,241,021	1,165,094	330,126	716,795	53,971	(210,105)	2,055,881	9,185,140	
Capital Work-in-progress													5,454,080	3,372,287

Notes :

1. Addition to Fixed assets includes Capital expenditure of Rs. 104,456 [2008 - Rs.153,415] incurred at approved R&D centres.

2. Equipment and Other Premises include assets aggregating Rs. 26,539 (2008 -- Rs.23,439) [net book value as at March 31, 2009 -- Rs. Nil (2008 -- Rs.2,148)], and Rs. 81,438 (2008 -- Rs. 71,925) [net book value as at March 31, 2008 -- Rs. 31,065 (2008 -- Rs.41,821)] respectively, which have been acquired on finance lease.

3. Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at 31st March, 2009 aggregate Rs. 271,734 (2008 -- Rs. 83,051)

4. Addition to assets include Rs. 5,400 (2008 - Rs. Nil) being borrowing costs.

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
15.	**SALES AND OPERATING INCOME [Refer Note (2) (ix) of Schedule 21]**		
	Sale of goods and IP assets	21,145,423	20,078,295
	Income from services	14,909	13,710
	TOTAL	21,160,332	20,092,005

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
16.	**OTHER INCOME**		
	Lease Rent	11,431	5,975
	Dividend received on non trade Investments	38	2
	Exchange gain	1,352,331	325,184
	Export Incentive	297,093	42,953
	Miscellaneous Income	79,223	84,088
	TOTAL	1,740,116	458,202

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
17.	**COST OF SALES**		
	Salary, wages, bonus and allowances	485,023	298,244
	Contribution to Provident and other Funds	8,838	11,592
	Labour charges	325,489	248,132
	Consumption of raw & packing materials	4,917,533	3,630,155
	Purchase of Traded goods	3,774,902	2,099,177
	Excise Duty	295,483	334,912
	Sales Tax	462,829	416,939
	Power, fuel and water charges	231,447	181,763
	Consumption of stores and spares	153,144	343,168
	Repairs and maintenance - plant and machinery	61,395	34,127
	Repairs and maintenance - building	18,600	13,985
	Rent, rates and taxes	8,027	7,849
	Other manufacturing expenses	119,990	145,018
	(Increase)/Decrease in inventory	(2,111,703)	(1,007,065)
	TOTAL	8,750,997	6,757,996

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
18.	**SELLING AND OPERATING EXPENSES**		
	Salary, bonus and allowances	2,057,021	1,334,094
	Contribution to Provident and other funds	103,402	53,334

		Year ended 31st March,2009	Year ended 31st March,2008
	Staff welfare expenses	69,133	38,099
	Directors' salaries, allowances and commission	144,805	87,481
	Incentive and commission	140,813	113,075
	Sales promotion expenses	1,370,270	718,372
	Export Commission	59,620	51,189
	Commission on sales	45,193	47,876
	Travelling expenses	690,247	505,437
	Freight outward	465,045	371,092
	Telephone expenses	59,673	49,172
	Rates and taxes	56,049	43,082
	Provision for doubtful debts	54,181	37,733
	Provision for doubtful advances	-	15,000
	Bad debts written off	5,729	654
	Insurance premium	69,449	43,507
	Electricity charges	24,084	12,991
	Rent	270,158	173,026
	Legal & Professional Expenses	390,847	314,385
	Repairs & Maintenance - others	123,618	104,082
	Auditors' remuneration and expenses		
	- Audit fees*	20,191	10,653
	- Certification and other matters	1,500	59
	- Reimbursement of out-of-pocket expenses	124	115
	Loss on sale of fixed assets	518	23,425
	Amortisation of Pre-operative/Preliminary expenses	7,422	7,917
	Other operating expenses	747,702	415,168
	TOTAL	6,976,794	4,571,018
	* Audit fees include fees paid to statutory auditors of subsidiary companies.		

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
19.	**INTEREST (Net)**		
	On term loans from bank	810,305	415,944
	On other loans from bank	646,903	294,473
		1,457,208	710,417
	Less: Interest Income		
	On deposits with banks	52,442	78,737
		52,442	78,737
	TOTAL	1,404,766	631,680

Rs. In ('000s)

		Year ended 31st March,2009	Year ended 31st March,2008
20	**RESEARCH AND DEVELOPMENT EXPENSES [Refer Note (2)(x) of Schedule 21]**		
	Salary, bonus and allowances	237,275	200,722
	Contribution to Provident and other Funds	16,847	11,331
	Staff welfare expenses	168	2,430
	Directors' Remuneration	211	27,367

		Year ended 31st March,2009	Year ended 31st March,2008
	Incentive and commission	5,190	13,693
	Consumable & Chemicals	106,084	349,216
	Electricity charges	6,446	20,336
	Repairs and maintenance - building	131	7,446
	Repairs and maintenance - others	5,631	8,288
	Insurance premium	1,980	2,348
	Other expenses	502,740	114,553
	TOTAL	882,703	757,730

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE 21 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) BACKGROUND

The consolidated financial statements relate to Glenmark Pharmaceuticals Limited (the "Company") and its following subsidiaries and Joint Venture company (the "Group").

Name of the Subsidiary / Joint Venture	Country of Incorporation	Ownership and Percentage either directly or through subsidiaries as at 31st March	
		2009	2008
Glenmark Pharmaceuticals Europe Ltd *	United Kingdom	100%	100%
Glenmark Generics (Europe) Ltd ** (formerly Glenmark Pharmaceuticals (Europe) Ltd	United Kingdom	100%	100%
Medicamenta A.S.*	Czech Republic	100%	100%
Glenmark Pharmaceuticals SK, S.R.O. * (Formerly known as Medicamenta SK SRO)	Slovak Republic	100%	
Glenmark Pharmaceuticals S. A.*	Switzerland	100%	100%
Glenmark Holding S. A.,	Switzerland	100%	100%
Glenmark Generics Holding S. A.**	Switzerland	100%	100%
Glenmark Generics Finance S. A. **	Switzerland	100%	
Glenmark Pharmaceuticals S.R.L*	Romania	100%	100%
Glenmark Pharmaceuticals Eood *	Bulgaria	100%	100%
Glenmark Distributor SP z.o.o.*	Poland	100%	
Glenmark Pharmaceuticals SP z o.o.*	Poland	100%	
Glenmark Generics Inc. **(formerly Glenmark Pharmaceuticals Inc.)	USA	100%	100%
Glenmark Therapeutics Inc.*	USA	100%	
Glenmark Farmaceutica Ltda *	Brazil	100%	100%
Glenmark Generics SA ** (formerly Servycal SA)	Argentina	100%	100%
Glenmark Pharmaceuticals Mexico, S.A. DE C.V. *	Mexico	100%	
Glenmark Pharmaceuticals Peru SAC *	Peru	100%	
Glenmark Pharmaceuticals Colombia Ltda*	Colombia	100%	
Badatur SA *	Uruguay	100%	
Glenmark Pharmaceuticals Venezuela, C.A *	Venezuela	100%	
Glenmark Dominicana SA	Dominican Republic	100%	100%
Glenmark Pharmaceuticals Egypt S.A.E.	Egypt	100%	
Glenmark Pharmaceuticals FZE	United Arab Emirates	100%	
Glenmark Impex L.L.C	Russia	100%	100%
Glenmark Philippines Inc.	Philippines	100%	100%
Glenmark Pharmaceuticals (Nigeria) Ltd	Nigeria	100%	100%
Glenmark Pharmaceuticals Malaysia Sdn Bhd	Malaysia	100%	100%
Glenmark Pharmaceuticals (Australia) Pty Ltd,	Australia	100%	100%
Glenmark South Africa (pty) Ltd *(formerly known as Glenmark Pharmaceuticals Pty Ltd)	South Africa	100%	100%

Name of the Subsidiary / Joint Venture	Country of Incorporation	Ownership and Percentage either directly or through subsidiaries as at 31st March	
		2009	2008
Glenmark Pharmaceuticals South Africa (pty) Ltd *(formerly known as Bouwer Bartlett Pty Ltd)	South Africa	100%	100%
Glenmark Pharmaceuticals (Thailand) Co. Ltd	Thailand	49%	
Glenmark Exports Ltd	India	100%	100%
Glenmark Generics Ltd	India	98%	95.95%
* held through Glenmark Holding S.A., Switzerland			
** held through Glenmark Generics Ltd.			

2) SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. However, it was not practicable to use uniform accounting policies for depreciation in the case of following subsidiaries:

Rs. In ('000s)

	Gross Block as on 31st Mar,2009	Percentage of Total Assets
Glenmark Pharmaceuticals S.A.	432,288	2.35%
Premises - 20%		
Vehicles - 40%		
Laboratory Instruments and Equipments - 40%		
Glenmark Pharmaceuticals South Africa (Properietary) Ltd.	384	0.00%
Computer Software - 50%		
Glenmark Philippines Inc.	14,159	0.08%
Vehicles - 33%		
Equipments - 33%		
Furniture and fixtures - 20%		
Glenmark Pharmaceuticals (Australia) Pty.Ltd.	331	0.00%
Equipments - 25% to 40%		
Glenmark Generics Inc.	65,063	0.35%
Leasehold Improvement - 12.5%		
Furniture and fixtures - 14%		
Glenmark Generics(Europe) Ltd.	14,629	0.08%
Equipments - 25%		

The Consolidated Financial Statements have been prepared on the following basis:

(a) In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like item of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per Accounting Standard - AS 21 "Consolidated Financial Statements". In case of Joint Venture Companies, the financial statements have been consolidated as per Accounting Standard (AS – 27) "Financial Reporting of Interests in Joint Ventures".

(b) The excess of cost to the Company of its investment in the Subsidiary Company over the Company's share of net assets of the subsidiary company is recognised in the financial statements as Goodwill, which is amortised/tested for impairment, if any, at each balance sheet date. The excess of Company's share of net assets of the subsidiary company over the cost of acquisition is treated as Capital Reserve.

(c) The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent-subsidiary relationship comes into existence.

(d) The translations of financial statements into Indian Rupees relating to non-integral foreign operations have been carried out using the following procedures:

- assets and liabilities have been translated at closing exchange rates at the year end; and

- income and expenses have been translated at an average of monthly exchange rates.

The resultant translation exchange gain/(loss) has been disclosed as Exchange Fluctuation Reserve under Reserves and Surplus.

(e) The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the requisite disclosure.

ii) Fixed Assets, Depreciation and Amortisation

Fixed assets are stated at cost less accumulated depreciation and amortisation. The Group capitalises all costs relating to the acquisition and installation of fixed assets. Expenditure of revenue nature, incurred in 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.

Fixed assets having aggregate cost of Rs 5,000 or less are depreciated fully in the year of acquisition.
The Group has estimated the useful life of its assets as follows:

Category	Estimated useful life
	(in years)
Plant and machinery	8 - 20
Vehicles	5 - 6
Equipments and Air Conditioners	4 - 20
Furniture and Fixtures	10
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 Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exist, the Group estimates the recoverable amount of the asset . If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

v) Foreign Currency Transactions

(a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/ loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

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

vi) Investments

Long term investments are stated at cost. Provision, where necessary, is made to recognize 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 first-in-first out basis. Cost of work-in-process and finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

viii) Employee Benefits

Long-term Employee Benefits

In case of Defined Contribution plans, the Company's contributions to these plans are charged to the Profit and Loss Account as incurred. Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of 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. The liability for leave encashment and compensated absenses is provided on the basis of valuation, as at Balance Sheet date, carried out by an independent actuary.

ix) Revenue Recognition

The Group recognises revenue on despatch of goods to customers. Revenues from services are recognized on completion of such services. Revenue from IP asset/Marketing rights is recognized on transfer of ownership/right to use in accordance with the terms of relevant agreements. Revenue from contract research being in the nature of product development activities is recognized as per the terms of the agreement. Revenues are recorded at invoice value, inclusive of excise duty and sales-tax, but net of returns and trade discounts.

x) Research and Development

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 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.

Fringe Benefit Tax
Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

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 Group's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

xiii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

xiv) Provisions and Contingent Liabilities

The Group 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.

3) CONTINGENT LIABILITIES NOT PROVIDED FOR

Rs. In ('000s)

	2009	2008
Bank guarantees	71,532	26,374
Disputed Income Tax / Excise Duty / Sales Tax	33,769	30,182
Claims against the Company not acknowledged as debts (Refer Note a)	380	275
Open letters of credit (Refer Note b)	92,726	8,657
Sundry debtors factored with recourse option (Refer Note c)	2,800,000	1,000,000
Guarantees for Rent	7,689	-
Indemnity Bond	331,876	187,549
Corporate Guarantee (USD 27 million)	1,376,460	1,078,110

Note :
a) In respect of labour/industrial disputes.
b) The total amount related to LC outstanding as on 31st March, 2009.
c) The amount related to Credit facilities given by Bank against debtors.

4) With effect from April 1, 2008 Generic business consisting of API and formulation development division at Mahape India, manufacturing facilities situated at Goa, Ankleshwar, Kurkumbh and Mohol in India, API and co-marketing business in India is transferred to Glenmark Generics Limited, subsidiary of the Company.

Pursuant to the above, a Business Transfer Agreement was entered into on December 24, 2007 between Glenmark Pharmaceuticals Limited and Glenmark Generics Limited (GGL) subsidiary of the Company, for sale and transfer of India API and Generic business on a slump sale basis as a going concern for the consideration of Rs. 7,500,000 ('000).

5) EARNINGS PER SHARE

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

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

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

Rs. In ('000s)

	31st Mar, 2009	31st Mar, 2008
Profit after tax and Minority Interest (attributable to equity shareholders)	1,916,637	6,321,327
Reconciliation of number of shares		
	No. of Shares	**No. of Shares**
Weighted average number of shares:	**In ('000s)**	**In ('000s)**

For basic earnings per share	250,025	244,619
Add:		
Deemed exercise of options on unissued equity share capital and Conversion of FCC Bonds	5,237	8,621
For diluted earnings per share	255,262	253,240
Earnings per share (nominal value Re. 1 each)	**Rs**	**Rs**
Basic	7.7	25.8
Diluted	7.5	24.9

6) Foreign Currency Convertible Bond issued

A) The Company had issued 30,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.1,331,700 at issue)

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

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

(iii) Redeemable on maturity date on 11th January, 2011 at 139.729% of its principal amount if not redeemed or converted earlier. The redemption premium of 39.729%payable on maturity of the bond if there is no conversion of the bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of bonds. As of 31st March,2009, 30000 FCC bonds(2008-30000) of USD 1000 each aggregating to USD 30 million are outstanding.

B) The Company had issued 20,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs. 873,200 at issue)

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

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

(iii) Redeemable on maturity date on 16th February, 2010 at 133.74% of its principal amount if not redeemed or converted earlier. The redemption premium of 33.74% payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds. As of 31st March 2009, 1000 FCC Bonds (2008-1000) of USD 1000 each aggregating to USD 1 million are outstanding.

C) The Company had issued 50,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.2,183,000 at issue)

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

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

(iii) Redeemable on maturity date on 16th February, 2010 at 134.07% of its principal amount if not redeemed or converted earlier. The redemption premium of 34.07% payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds. During the year, 7500 FCC Bonds of USD 1000 each aggregating to USD 7.5 million were converted into 1,293,706 equity shares of Re.1 each. As of 31st March, 2009, 5000 FCC Bonds (2008-12500) of USD 1000 each aggrgating to USD 5 million are outstanding.

7) SEGMENT INFORMATION

Business segments

The Group is primarily engaged in a single segment business of manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients and is governed by a similar set of risks and returns.

Geographical segments

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

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

Rs. In ('000s)

	2008-2009	**2007-2008**
Geographical segment		
India	7,155,326	6,719,547
Other than India*	14,005,006	13,372,458
Total	21,160,332	20,092,005

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:

Rs. In ('000s)

	India	**Others***	**India**	**Others***
	2008-2009	**2008-2009**	**2007-2008**	**2007-2008**
Carrying amount of segment assets	16,077,552	26,011,583	13,511,718	15,743,889
Additions to fixed assets	1,620,088	7,707,675	1,212,949	3,139,339

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

8) 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) Key management personnel

Mr. Gracias Saldanha
Mrs. B.E. Saldanha
Mr. Glenn Saldanha
Mrs. Cheryl Pinto
Mr. R.V. Desai
Mr. A.S. Mohanty

b) Transactions with related parties during the year

Rs. In ('000s)

	2008-2009	2007-2008
Managerial Remuneration		
Name of Directors		
1. Mr. Gracias Saldanha	25,882	43,895
2. Mrs. B. E. Saldanha	40	60
3. Mr. Glenn Saldanha	34,093	44,458
4. Mrs. Cheryl Pinto	15,011	9,706
5. Mr. R.V. Desai	9,190	6,237
6. Mr. A.S. Mohanty	11,213	8,181

9) LEASES

a) The Group has entered into operating and finance lease agreements for the rental of property, vehicles, computers, equipment and other assets. Typically, lease agreements are for a period of three to fifteen years.

As at 31st March 2009, the Group had commitments under non-cancellable finance leases as follows:

Rs. In ('000s)

	31st Mar, 2009	31st Mar, 2008
Minimum lease payments		
Due within one year	10,355	8,134
Due later than one year and not later than five years	27,345	21,480
Due later than five years	33,141	26,033
Total	70,841	55,647
Present value of minimum lease payments		
Due within one year	9,815	7,710
Due later than one year and not later than five years	23,206	18,229
Due later than five years	20,233	15,893
Total	53,254	41,832

b) Glenmark Generics Inc., USA (GGI) conducts its operations from facilities that are leased under a 97-month non-cancellable operating lease expiring in September 2013. Additional office space were subleased under a 52-month non-cancellable operating lease which expired in September 2008.

Glenmark Pharmaceuticals South Africa (PTY) Limited has entered into operation lease agreement for the rental of its office premises.The lease agreement is for a period of 5 years.

Glenmark Philippines Inc. has entered into operating lease agreements for the rental of its warehouse and office premises.The lease agreement is for a period of 4 years.

Glenmark Pharmaceuticals SP Z.O.O. has entered into operating lease agreements for the rental of its office premises for a period of 3 to 5 years.

Rs. In ('000s)

	31st Mar, 2009	31st Mar, 2008
Minimum lease payments		
Due within one year	56,709	39,377
Due later than one year and not later than five years	179,790	149,490
Due later than five years	21,674	17,299
Total	258,173	206,166
Total of future minimum sublease payments expected to be received	-	1,909

c) The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

i) The Group's significant leasing arrangements are in respect of the above godowns & premises (Including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to Profit and Loss Account as Rent in Schedule 17 & 18.

ii) The Leasing arrangements which are cancellable range between 11 months and 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 Rs. 78,559(2008 - Rs. 55,076) towards deposit and unadjusted advance rent is recoverable from the lessor.

10) Employee Benefits

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

1. Brief description of the Plans

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

2. Charge to the Profit and Loss Account based on contributions:

Rs. In ('000s)

		2008-09	2007-08
	Superannuation	2,326	2,091
	Provident Fund , Pension Fund and Social Securities	129,087	76,257
		131,413	78,348

3. Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2009:

Rs. In ('000s)

		2008-2009		2007-2008	
		Gratuity (Funded plan)	**Leave Encashment (Funded plan)**	**Gratuity (Funded plan)**	**Leave Encashment (Funded plan)**
(i)	**Change in Defined Benefit Obligation**				
	Opening defined benefit obligation	103,127	48,330	74,923	43,048
	Current service cost	15,036	15,079	11,483	2,845
	Interest cost	7,710	3,169	6,144	3,229
	Actuarial loss / (gain)	5,095	13,209	10,577	(791)
	Benefits paid	(9,539)	(10,948)	-	-
	Closing defined benefit obligation	121,429	68,839	103,127	48,331
(ii)	**Change in Fair Value of Assets**				
	Opening fair value of plan assets	76,559	29,790	63,095	24,648
	Expected return on plan assets	8,152	2,422	4,490	2,297
	Actuarial gain / (loss)	(4,781)	91	8,974	-
	Contributions by employer	47,067	13,917	17,763	2,845
	Benefits paid	(9,539)	(10,949)	(17,764)	-
	Closing fair value of plan assets	117,458	35,271	76,558	29,790
(iii)	**Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**				
	Present Value of Funded Obligation as at end of the year	121,429	68,839	103,127	48,331
	Fair Value of Plan Assets as at end of the year	(117,458)	(35,271)	(76,558)	(29,790)
	Funded Liability/(Asset) recognised in the Balance Sheet	3,971	33,568	26,569	18,541
	Present Value of Unfunded Obligation as at end of the year	-	-	-	-
	Unrecognised Actuarial Gain/(Loss)	-	-	-	-
	Unfunded Liability/(Asset) recognised in the Balance Sheet	-	-	-	-
(iv)	**Amount recognised in the Balance Sheet**				
	Present value of	121,429	68,839	103,127	48,331

		2008-2009		2007-2008	
		Gratuity (Funded plan)	**Leave Encashment (Funded plan)**	**Gratuity (Funded plan)**	**Leave Encashment (Funded plan)**
	obligations as at year end				
	Fair value of plan assets as at year end	(117,458)	(35,271)	(76,558)	(29,790)
	Amount not recognised as an asset	-	-	-	-
	Net (asset) / liability recognised as on 31st March 2009	3,971	33,568	26,569	18,541
(v)	**Expenses recognised in the Profit and Loss Account**				
	Current service cost	15,036	15,079	11,483	2,845
	Interest on defined benefit obligation	7,710	3,169	6,144	3,229
	Expected return on plan assets	(8,152)	(2,422)	(1,884)	(2,297)
	Net actuarial loss / (gain) recognised in the current year	9,876	13,118	1,603	(791)
	Total expense	24,470	28,944	17,346	2,986
(vi)	**Actual Return on Plan Assets**				
	Expected return on plan assets	8,152	2,422	4,490	2,297
	Actuarial gain / (loss) on Plan Assets	(4,781)	91	8,974	-
	Actual Return on Plan Assets	3,371	2,513	13,464	2,297
(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.)	7.5%-8%	7.5%-8%	8.20%	8.20%
	Expected rate of return on plan assets (p.a.)	8%-9%	8%-9.25%	8.00%	8.00%

(ix) Expected employer's contribution for the next year is Rs. 61,500 ('000) for Gratuity and Leave Encashment.

There is no other change in the accounting estimates due to applicability of AS – 15 (Revised) as the parameters considered in the FY 2008 – 09 are same as those considered in FY 2007 – 08.

11) The Ministry of Corporate Affairs, through its notification dated 31st March 2009, has relaxed the provisions of Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates" for treating the exchange gain / loss arising on restatement of long term foreign currency monetary items.

The Company has opted to follow the changes as per the above notification for its foreign currency long term loans.

Accordingly previous year exchange gain of Rs 3,915 ('000) has been reduced from General Reserve and current year exchange loss of Rs 24,541 ('000) on restatement of the foreign currency loan is added to the cost of assets and will be depreciated over the useful life of the assets.

Losses arising from the effect of change in foreign exchange rates on foreign currency loan/bond not relating to acquisition of depreciable capital assets amounting to Rs 1,195,592 ('000) for FY 2008-09 and gain of Rs 905,923 ('000) for the 2007-08, are transferred to Foreign Currency Monetary item Translation Difference Account. Rs 114,458 ('000) has been amortised during the year.

Had the Company not adopted these changes, the current year´s depreciation would have been lower by Rs 1,061 ('000) and the profit would be have been lower by Rs 1,081,132 ('000).

12) The Exceptional item represents Rs. 1,169,548 ('000) towards one time additional sales allowances given to customers by Glenmark Generics Inc., USA during the year.

13) Subsequent to the year end 31st March 2009, Glenmark Pharmaceuticals Limited has acquired a manufacturing unit at Nalagarh, Himachal Pradesh for purchase consideration of Rs. 2,000 lakhs.

14) Extracts of Assets and Liabilities as on 31st March 2009 and Income and Expenses for the year ended 31st March 2009 related to the interest of the Company (without elimination of the effect of transactions between the Company and Glenmark Pharmaceuticals (Thailand) Co. Ltd, Thailand) have been extracted from the audited accounts.

PARTICULARS	(Rs. In '000s)
Assets	
Net Fixed Assets including CWIP	-
Investments	-
Deferred Tax Asset	52
Inventories	-
Sundry Debtors	-
Cash Bank Balances	1,114
Other Current Assets	-
Loans and Advances	59
Liabilities	
Secured Loans	-
Unsecured Loans	-
Deferred Tax Liability	-
Current Liabilities	66
Provisions	-
Income	
Net Sales	-
Other Income	-
Expenses	
Cost of Sales	-
Selling and Operating expenses	325
Interest Net	-
Depreciation	-
Provision for Taxation including Deferred and Fringe Benefit Tax	(49)
Contingent Liabilities	-
Capital Commitments	-

15) PRIOR YEAR COMPARATIVES

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

Signatures to the Schedules 1 to 21 which form an integral part of the Financial Statements.

For and on behalf of the Board of Directors

Partha Ghosh
Partner
Membership Number - F 55913
For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Mumbai
Date : 26th June, 2009

Glenn Saldanha
Managing Director & CEO

Cheryl Pinto
Director

A.S.Mohanty
Director

Marshall Mendonza
Vice President - Legal &
Company Secretary

GLENMARK PHARMACEUTICALS LIMITED

AUDITORS' REPORT

Auditors' report to the Board of Directors of Glenmark Pharmaceuticals Limited on the Consolidated Financial Statements of Glenmark Pharmaceuticals Limited and its Subsidiaries

1. We have audited (refer para 3) the attached Consolidated Balance Sheet of Glenmark Pharmaceuticals Limited and its subsidiaries (the Group), as at 31st March, 2008, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of Glenmark Pharmaceuticals Limited'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 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 misstatements. 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 did not audit the financial statements of subsidiaries, whose financial statements reflect the Group's share of total assets of Rs. ('000) 10,079,818 as at March 31, 2008 and the Group's share of total revenues of Rs. ('000) 6,043,762 and net cash inflow amounting to Rs. ('000) 492,583 for the year ended on that date as considered in the consolidated financial statements. These financial statements and other information of the subsidiaries have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Glenmark Pharmaceuticals Limited's management in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanation given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of Glenmark Pharmaceuticals Limited Group as at March 31, 2008;

(b) in the case of the Consolidated Profit and Loss Account, of the profit of Glenmark Pharmaceuticals Limited Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of Glenmark Pharmaceuticals Limited Group for the year ended on that date.

Partha Ghosh
Partner
Membership Number F-55913
For and on behalf of
Place: Mumbai Price Waterhouse

Date: 11th August, 2008 Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008

Rs. In ('000s)

				Schedules	As at 31st March,2008	As at 31st March,2007
I.	**SOURCES OF FUNDS**					
	1.	**SHAREHOLDERS' FUNDS**				
		a)	Capital	1	248,726	240,116
		b)	Reserves and Surplus	2	14,930,003	6,623,534
					15,178,729	6,863,650
	2.	**MINORITY INTEREST**			14,796	-
	3.	**LOAN FUNDS**				
		a)	Secured Loans	3	1,961,282	1,749,306
		b)	Unsecured Loans	4	7,948,104	7,617,757
					9,909,386	9,367,063
	4.	**Deferred Tax Liability**		5	1,145,547	812,690
		Less:	**Deferred Tax Asset**	6	200,025	92,698
					945,522	719,992
				TOTAL	26,048,433	16,950,705
II.	**APPLICATION OF FUNDS**					
	1.	**FIXED ASSETS**		7		
		a)	Gross Block		11,241,021	7,093,670
		b)	Less : Depreciation		2,055,881	1,165,094
		c)	Net Block		9,185,140	5,928,576
		d)	Capital Work-in-progress		3,372,287	2,175,708
					12,557,427	8,104,284
	2.	**INVESTMENTS**		8	188,171	187,237
	3.	**CURRENT ASSETS, LOANS AND ADVANCES**				
		a)	Inventories	9	4,007,391	2,697,092
		b)	Sundry Debtors	10	8,068,517	5,659,677
		c)	Cash and Bank Balances	11	1,565,069	1,057,549
		d)	Loans and Advances	12	2,869,032	1,640,014
					16,510,009	11,054,332
		Less : CURRENT LIABILITIES AND PROVISIONS				
		a)	Current Liabilities	13	3,029,590	2,323,333
		b)	Provisions	14	177,584	71,815
					3,207,174	2,395,148
		NET CURRENT ASSETS			13,302,835	8,659,184
				TOTAL	26,048,433	16,950,705
	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS			21		

Schedules referred to above and notes attached thereto form an integral part of the Consolidated Balance Sheet.

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

For and on behalf of the Board of Directors

Partha Ghosh Partner Membership Number - F 55913 For and on behalf of Price Waterhouse Chartered Accountants	**Glenn Saldanha** Managing Director & CEO	**Rajesh Desai** Director – Finance	**Sanjay Chowdhary** Company Secretary

Mumbai,
Date: 11th August, 2008

GLENMARK PHARMACEUTICALS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

Rs. In ('000s)

	Schedules	Year ended 31st March,2008	Year ended 31st March,2007
INCOME			
Sales & Operating Income	15	20,092,005	12,515,336
Other income	16	458,202	156,992
		20,550,207	12,672,328
EXPENDITURE			
Cost of Sales	17	6,757,996	4,574,712
Selling and Operating Expenses	18	4,571,018	3,245,159
Depreciation/Amortisation	7	716,795	422,589
Interest (net)	19	631,680	384,076
Research and Development Expenses	20	757,730	432,609
		13,435,219	9,059,145
PROFIT BEFORE TAX		**7,114,988**	**3,613,183**
Provision for Taxation			
- Current Year [includes wealth tax provision Rs. 266 (2007-Rs.230)]		857,114	350,371
- MAT Credit Entitlement		(347,472)	(181,219)
- Deferred Tax		199,223	303,700
- Fringe Benefit Tax		85,000	39,731
NET PROFIT AFTER TAX BEFORE MINORITY INTEREST		6,321,123	3,100,600
Share of loss transfer to Minority		204	-
NET PROFIT AFTER TAX & MINORITY INTEREST		6,321,327	3,100,600
Balance Profit Brought Forward		4,678,920	2,035,422
NET PROFIT AVAILABLE FOR APPROPRIATION		11,000,247	5,136,022
Dividend on Preference Shares		-	6,942
Tax on Dividend on Preference Shares		-	974
Interim Dividend on Equity Shares		171,545	95,756
Tax on Interim Dividend on Equity Shares		29,154	13,430
Transfer to Capital Redemption Reserve		-	200,000
Transfer to General Reserve		522,883	140,000
BALANCE CARRIED TO BALANCE SHEET		10,276,665	4,678,920
Earnings Per Share (Rs.) [Refer Note 6 of Schedule 21]			
Basic		25.84	12.99
Diluted		24.96	11.56
Face Value per Share		1.00	1.00
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21		

Schedules referred to above and notes attached thereto form an integral part of the Consolidated Profit and Loss Account.

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

For and on behalf of the Board of Directors

Partha Ghosh Partner Membership Number - F 55913 For and on behalf of Price Waterhouse Chartered Accountants	**Glenn Saldanha** Managing Director & CEO	**Rajesh Desai** Director – Finance	**Sanjay Chowdhary** Company Secretary

Mumbai,
Date: 11th August, 2008

GLENMARK PHARMACEUTICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
A.	**Cash Flow from Operating Activities:**		
	Net Profit before tax	7,114,988	3,613,183
	Adjustments for :		
	Depreciation	716,795	422,589
	Interest Expense	707,506	395,386
	Interest Expense - Finance lease	2,911	2,872
	Interest Income	(78,737)	(14,182)
	Income from Investment - Dividends	(2)	(2)
	(Profit)/Loss on Fixed Assets sold	23,425	(11,392)
	Deferred Revenue Expenditure Written off	-	16,111
	Bad Debts written off	654	-
	Provision for Bad & Doubtful Debts	37,733	26,213
	Provision for Doubtful Advances.	15,000	-
	Provision for Gratuity & Leave Encashment	20,330	-
	Unrealised foreign exchange (gain)/loss	(111,689)	21,325
	Operating Profit Before Working Capital Changes	**8,448,914**	**4,472,103**
	Adjustments for changes in working capital :		
	- (increase)/decrease in Sundry Debtors	(2,507,578)	(1,950,323)
	- (increase)/decrease in Other Receivables	(843,993)	(571,161)
	- (increase)/decrease in Inventories	(1,310,299)	(1,121,787)
	- increase/(decrease) in Trade and Other Payables	816,278	380,560
	Cash Generated from Operations	**4,603,322**	**1,209,392**
	- Taxes (Paid) / Received (Net of Tax deducted at source)	(885,490)	(276,981)
	Net Cash from Operating Activities	**3,717,832**	**932,411**
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	(3,580,623)	(1,896,573)
	Acquisition of Fixed Assets	(450,371)	-
	Capital Work in Progress	(1,196,579)	(900,470)
	Proceeds from Sale of Fixed Assets	53,614	86,367
	Proceeds/(Payment) for Sale/Purchase of Investments	(934)	9,751
	Finance Lease Rent Payment Against Principal Amount	(2,421)	(1,292)
	Interest Received	78,737	14,400
	Dividend Received	2	2
	Net Cash used in Investing Activities	**(5,098,575)**	**(2,687,815)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Fresh Issue of		
	Share Capital (including Securities Premium)	1,986,910	311,343
	Proceeds from issue of shares of Subsidiaries	15,000	-
	Exchange Fluctuation Reserves	103,094	(133,982)
	Repayment of Long Term Borrowings	(9,445)	(78,727)
	Proceed from Short Term Borrowings	480,106	1,811,695
	Proceeds from Working Capital Facilities movement	223,842	358,041

		Year ended 31st March,2008	Year ended 31st March,2007
	Finance Lease Rent (Interest Part only)	(2,911)	(2,872)
	Interest Paid	(707,426)	(391,878)
	Dividend Paid	(171,753)	(102,247)
	Dividend Tax Paid	(29,154)	(14,404)
	Net Cash from Financing Activities	**1,888,263**	**1,756,969**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**507,520**	**1,565**
	Cash and Cash Equivalents as at 31st March'07	**1,057,549**	**1,055,984**
	Cash and Cash Equivalents as at 31st March'08	**1,565,069**	**1,057,549**
	Cash and Cash Equivalents Comprise		
	Cash	5,208	2,496
	Deposits with Scheduled Banks	34,290	31,683
	Deposits with Non-scheduled Banks	42,974	139
	Balance with Scheduled Banks	93,086	73,738
	Balance with Non-scheduled Banks	1,389,511	949,493
		1,565,069	**1,057,549**

Notes :

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 Cash and Cash Equivalents Includes Rs. 3,789 which are not available for use by the Company. (Refer Schedule 13 to the Consolidated Financial Statements)

3 Figures in bracket indicate Cash outgo.

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

For and on behalf of the Board of Directors

Partha Ghosh Partner Membership Number - F 55913 For and on behalf of Price Waterhouse Chartered Accountants	**Glenn Saldanha** Managing Director & CEO	**Rajesh Desai** Director – Finance	**Sanjay Chowdhary** Company Secretary

Mumbai,
Date: 11th August, 2008

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH,2008.

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
1.	**CAPITAL**		
	Authorised		
	350,000,000 (2007 -- 350,000,000) Equity Shares of Re.1 each	350,000	350,000
	4,000,000 (2007 -- 4,000,000) Cumulative Redeemable		
	Non Convertible Preference Shares of Rs.100 each	400,000	400,000
	Issued, Subscribed and Paid-up		
	248,725,752 (2007 -- 240,116,216) Equity Shares of Re.1 each fully paid.	248,726	240,116
	TOTAL	248,726	240,116

Notes:

1. The Shareholders have approved on 27th July, 2007 by way of Postal Ballot, the sub-division/split of the face value of the equity shares from Rs.2 per share to Re.1 per share. Accordingly, previous year's figures have been recast.

2. During the year ended March 31, 2008 the Company, pursuant to Employee Stock Option Scheme 2003, has granted 1,059,000 (2007 - 1,001,000) options at market price as defined in SEBI (ESOS) Guidelines and cancelled 320,200 (2007 - 949,600) options [Number adjusted after split of face value]

3. During the year 622,220 (2007 - 345,880) (Number adjusted after split of face value) were converted into Equity Shares under the Employee Stock Option Scheme, 2003. As at March 31, 2008, 3,495,260 (Number adjusted after split of face value) options were outstanding under Employee Stock Option Scheme 2003. On exercise of the options so granted under Employee Stock Option Scheme 2003, the paid up Equity Share Capital of the Company will increase by a like number of shares.

4. During the year, 45,000 (2007 - 11,500) Zero Coupon Foreign Currency Convertible Bonds (FCCB) of USD 1,000 each aggregating USD 45 million (2007 - USD 11.50 million) were converted into 7,987,316 (2007 - 2,328,816 (Number adjusted after split of face value)) equity shares of Re.1 each. As at March 31, 2008, FCC Bonds amounting to USD 43.50 million were outstanding.

5. Of the above 158,371,140 (2007 - 158,371,140 (Number adjusted after split of face value)) Equity Shares of Re.1 each are allotted as fully paid-up Bonus Shares by Capitalisation of Reserves.

Rs. In ('000s)

			As at 31st March,2008	As at 31st March,2007
2.	**RESERVES AND SURPLUS**			
	Securities Premium Account			
	Balance at the beginning of the year		797,442	517,033
	Add: Premium on Issue of Shares pursuant to Conversion of ESOP		21,590	8,953
	Add: Premium on Issue of Shares pursuant to Conversion of FCC Bonds		1,956,710	499,760
	Add: Writeback of redemption premium for FCC Bonds converted during the year		311,380	48,914

			As at 31st March,2008	As at 31st March,2007
	Less: Redemption premium of FCC Bonds outstanding at year end		(190,279)	(277,218)
	Closing Balance		2,896,843	797,442
	General Reserve			
	Balance at the beginning of the year		980,797	840,797
	Add:Transferred from Profit & Loss Account		522,883	140,000
	Less: Provision of Gratuity as per AS - 15 (net of tax)		(16,654)	-
	Closing Balance		1,487,026	980,797
	Capital Redemption Reserve			
	Balance at the beginning of the year		200,000	-
	Add:Transferred from Profit and Loss Account on redemption of Preference Shares		-	200,000
	Closing Balance		200,000	200,000
	Capital Reserve		1,000	1,000
	Exchange Fluctuation Reserves			
	Balance at the beginning of the year		(34,625)	99,357
	Addition/(Reduction) during the year		103,094	(133,982)
	Closing Balance		68,469	(34,625)
	Profit and Loss Account Balance		10,276,665	4,678,920
	TOTAL		**14,930,003**	**6,623,534**

Rs. In ('000s)

			As at 31st March,2008	As at 31st March,2007
3.	**SECURED LOANS**	**Note**		
	From Banks			
	Term Loan	1	665,992	675,000
	Working Capital Facilities	2	1,246,473	1,022,631
	Other Loans	3	48,817	51,675
	TOTAL		1,961,282	1,749,306

Notes :

1. Term loan is secured by way of exclusive charge as the case may be, at certain locations, on Company's fixed assets both present and future.

2. Working Capital Facilities from Bank 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.

3. Other Loans are secured by way of Hypothecation of certain Premises, Equipments and Vehicles.

Rs. In ('000s)

			As at 31st March,2008	As at 31st March,2007
4.	**UNSECURED LOANS**	**Note**		
	Short Term Loan from Banks		6,180,316	3,743,193
	Foreign Currency Convertible Bonds	1	1,737,064	3,851,520

			As at 31st March,2008	As at 31st March,2007
	Security Deposit		30,724	12,599
	Deferred Sales Tax Loan	2	-	10,445
	TOTAL		7,948,104	7,617,757

Notes :

1. FCC Bonds Issue

A) The Company had issued 30,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.1,331,700 at issue)

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

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

(iii) Redeemable on maturity date on 11th January, 2011 at 139.729% of its principal amount if not redeemed or converted earlier. The redemption premium of 39.729%payable on maturity of the bond if there is no conversion of the bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of bonds. As of 31st March, 2008, 30000 FCC bonds (2007-30000) of USD 1000 each aggregating to USD 30 million are outstanding.

B) The Company had issued 20,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.873,200 at issue)

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

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

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

During the year 2006-07, 11,500 FCC Bonds of USD 1,000 each aggregating to USD 11.5 million were converted into 1,164,408 equity shares of Rs.2 each. During the year, 7500 FCC Bonds of USD 1000 each aggregating to USD 7.5 million were converted into 1,518,793 equity shares of Re.1 each. As of 31st March, 2008, 1000 FCC Bonds (2007-8500) of USD 1000 each aggregating to USD 1 million are outstanding.

C) The Company had issued 50,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.2,183,000 at issue)

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

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

(iii) Redeemable on maturity date on 16th February, 2010 at 134.07% of its principal amount if not redeemed or converted earlier.

The Redemption Premium of 34.07% payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds. During the year, out of the above, 37500 FCC Bonds of USD 1000 each aggrgating to USD 37.5 million were converted into 6,468,523 equity shares of Re.1 each.

As of 31st March, 2008, 12500 FCC Bonds (2007-50000) of USD 1000 each aggregating to USD 12.5 million are outstanding.

2. During the year the Company has fully repaid the sales tax deferral loan under Part I of the 1983 and 1988 Package Schemes of the Government of Maharashtra.

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
5.	**DEFERRED TAX LIABILITY [Refer Note (2)(xi) of Schedule 21]**		
	Depreciation	1,041,544	799,097
	Others	104,003	13,593
	TOTAL	1,145,547	812,690

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
6.	**DEFERRED TAX ASSET [Refer Note (2)(xi) of Schedule 21]**		
	Provision for Bad Debts and Doubtful Advances	52,109	36,814
	Unabsorbed Losses and Depreciation	102,993	55,884
	Others	44,923	-
	TOTAL	200,025	92,698

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
8.	**INVESTMENTS [Refer Note (2)(vi) of Schedule 21]**		
	LONG TERM INVESTMENTS - At Cost - fully paid		
	Quoted - non trade		
	Equity shares		
	9,000 (2007 -- 9,000) Bank of India of Rs.10 each [Market Value Rs.2,279 (2007 -- Rs. 1,510)]	405	405

		As at 31st March,2008	As at 31st March,2007
	1,209 (2007 -- 1,209) IDBI Bank Limited of Rs.10 each [Market Value Rs.108 (2007 -- Rs.94)]	34	34
		439	439
	Investment in Government Securities		
	National Savings Certificate -Sixth Issue	22	22
	National Savings Certificate -Eighth Issue	10	-
	Unquoted - non trade		
	1 (2007 -- 1) Time Share of Dalmia Resorts Limited	20	20
	1 (2007 -- 1) Equity Share of Esquados 340,000 of Glenmark	48	48
	Pharmaceutica Limitada, Lisbon (Portugal)		
	213,032 (2007 - 213,032) Equity Shares of Bharuch Eco-Aqua	2,130	2,130
	Infrastructure Limited of Rs.10 each.		
	1,350,000 (2007 - 1,350,000) 7% cumulative preference shares of Rs.100	135,000	135,000
	each of Marksans Pharma Ltd		
	Investment with Napo Pharmaceuticals Inc	43,560	43,560
	1,176,471 (2007 - 1,176,471) Preferred shares of USD 0.85 each.		
	1 (2007 - 1) Bond of Titulos divida publica, Brazil	3,094	2,847
	1 (2007 - 1) Bond of Creditos judiciarios da Uniao, Brazil	3,447	3,171
	Investment with Medicamenta SK SRO	401	-
		187,732	186,798
	TOTAL	188,171	187,237
	Aggregate book value of Investments		
	- Quoted [Market value Rs. 2,387 (2007 - Rs. 1,604)]	439	439
	- Unquoted	187,732	186,798
	TOTAL	188,171	187,237

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
9.	**INVENTORIES [Refer Note (2)(vii) of Schedule 21]**		
	(As certified by the management)		
	Raw Materials	1,110,073	820,446
	Packing Materials	172,846	156,443
	Work-in-Process	810,307	685,045
	Stores and Spares	26,136	28,932
	Finished Goods	1,888,029	1,006,226
	TOTAL	4,007,391	2,697,092

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
10.	**SUNDRY DEBTORS**		
	Outstanding for more than six months		
	Secured, considered good	-	-

		As at 31st March,2008	As at 31st March,2007
	Unsecured, considered good	591,266	569,825
	Unsecured, considered doubtful	146,133	109,760
		737,399	679,585
	Less: Provision for doubtful debts	226,372	109,760
		511,027	569,825
	Other debts-		
	Secured, considered good	80,238	-
	Unsecured, considered good	7,477,252	5,089,852
		7,557,490	5,089,852
	TOTAL	8,068,517	5,659,677

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
11.	**CASH AND BANK BALANCES**		
	Cash in hand	5,208	2,496
	Balances with Scheduled Banks		
	- Current Accounts	88,734	68,717
	- Margin Money Account	34,290	27,732
	- EEFC Account	4,352	5,021
	- Deposit Accounts	-	3,951
	Balances with Non Scheduled Banks		
	- Current Accounts	1,389,511	949,493
	- Deposit Accounts	42,974	139
	TOTAL	1,565,069	1,057,549

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

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
12.	**LOANS AND ADVANCES** (unsecured, considered good unless otherwise stated)		
	Advance to Vendors	695,244	288,940
	Advances recoverable in cash or kind or for value to be received		
	Considered good	959,006	804,199
	Considered doubtful	29,800	14,800
	Less: Provision for Doubtful advances	(29,800)	(14,800)
	MAT Credit Entitlement	560,027	212,555
	Balance with Excise Authorities	528,886	243,178
	Deposits	125,869	91,142
	TOTAL	2,869,032	1,640,014

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
13.	**CURRENT LIABILITIES**		
	Acceptances	-	1,569

		As at 31st March,2008	As at 31st March,2007
	Sundry creditors		
	- Total outstanding dues to creditors other than Micro enterprises and small enterprises	2,307,878	1,599,978
	Investor Education and Protection Fund shall be credited by		
	- Unclaimed Dividend	3,789	3,997
	[There are no amounts due and outstanding to be credited to Investor Education		
	and Protection Fund.]		
	Advances from Customers	2,574	736
	Other Liabilities	370,407	251,089
	Interest accrued but not due	344,942	465,964
	TOTAL	3,029,590	2,323,333

Rs. In ('000s)

		As at 31st March,2008	As at 31st March,2007
14.	**PROVISIONS**		
	Provision for Wealth Tax	132	230
	Provision for Fringe Benefit Tax	935	6,488
	Provision for Income-tax (net of advance tax)	122,139	59,864
	Provident Fund Scheme payable	8,819	5,233
	Provision for Gratuity and leave encashment	45,559	-
	TOTAL	177,584	71,815

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2008 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

7. FIXED ASSETS [Refer note (2)(ii),(2)(iii),(2)(iv),(2)(xii) and (10) of Schedule 21]

Rs. In ('000s)

	GROSS BLOCK						DEPRECIATION/AMORTISATION						NET BLOCK	
	As on 31st March, 2007	Acquisition during the year	Additions during the year	Consolidation Adjustment	Deduction	As on 31st March, 2008	As on 31st March, 2007	Acquisition	For the year	Consolidation Adjustment	Deduction	As on 31st March, 2008	As on 31st March, 2008	As on 31st March, 2007
Tangible assets														
Freehold Land	34,431	13,354	-	-	(15,897)	31,888	-	-	-	-	-	-	31,888	34,431
Leasehold Land	128,139	-	5,712	(2,856)	-	130,995	7,210	-	5,080	(337)	-	11,953	119,042	120,929
Factory Buildings	627,729	435,300	184,005	59	(106,066)	1,141,027	57,221	152,461	36,867	2,326	(74,689)	174,186	966,841	570,508
Other Buildings & Premises	309,426	-	339,892	8,858	(127)	658,049	41,534	-	23,532	4,201	(3)	69,264	588,785	267,892
Plant and Machinery	781,021	-	720,692	16,402	(346)	1,517,769	112,027	-	47,296	2,111	(258)	161,176	1,356,593	668,994
Furniture and Fixtures	294,368	-	63,270	219	(94)	357,763	110,486	-	37,814	781	(241)	148,840	208,923	183,882
Equipments	1,468,488	134,139	503,420	2,757	(32,715)	2,076,089	365,689	90,335	159,071	5,274	(8,218)	612,151	1,463,938	1,102,799
Vehicles	86,920	-	38,215	(1,561)	(14,940)	108,634	34,128	-	15,584	(1,360)	(9,737)	38,615	70,019	52,792
Intangible assets														
- Goodwill	391,305	-	279,670	18,826	-	689,801	67,486	-	67,762	4,983	-	140,231	549,570	323,819
- Computer software	96,523	4,288	34,241	2,491	-	137,543	35,600	1,545	18,908	1,254	-	57,307	80,236	60,923
- Brands	2,875,320	193,416	1,402,674	37,012	(116,959)	4,391,463	333,713	85,785	304,881	34,738	(116,959)	642,158	3,749,305	2,541,607
TOTAL	7,093,670	780,497	3,571,791	82,207	(287,144)	11,241,021	1,165,094	330,126	716,795	53,971	(210,105)	2,055,881	9,185,140	5,928,576

Previous Year	5,298,186	-	1,859,364	38,252	(102,132)	7,093,670	768,296	-	422,589	1,517	(27,308)	1,165,094		
Capital Work-in-progress													3,372,287	2,175,708

Notes :

1. Capital Work in progress includes:

	2008	**2007**
At Aurangabad Plant	2,985	-
At Ankleshwar Plant	222,536	206,454
At Baddi Plant	3,804	6,883
At Goa Plant	294,068	105,729
At Nasik Plant	1,789	-
At R&D Centre Mahape including Product development	1,330,966	1,004,234
Products, Patent, Brands under registration	1,114,320	612,750
Capital Advances	373,400	225,677
Other work-in-processes	28,419	13,981

2. Addition to Fixed assets includes Capital expenditure of Rs. 153,415 [2007 - Rs.81,086] incurred at approved R&D centres.

3. Equipment and Other Premises include assets aggregating Rs.23,439 (2007 -- Rs.20,847) [net book value as at March 31, 2008 -- Rs.2,148 (2007 -- Rs.9,767)] , and Rs.71,925 (2007 -- Rs. 59,455) [net book value as at March 31, 2008 -- Rs.41,821 (2007 -- Rs.44,695)] respectively, which have been acquired on finance lease.

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
15.	**SALES AND OPERATING INCOME [Refer Note (2) (ix) of Schedule 21]**		
	Sale of goods and I P assets	20,078,295	12,484,516
	Income from services	13,710	30,820
	TOTAL	20,092,005	12,515,336

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
16.	**OTHER INCOME**		
	Lease Rent	5,975	6,779
	Dividend received on non trade Investments	2	2
	Exchange gain	325,184	81,367
	Export Incentive	42,953	20,220
	Profit on sale of fixed assets	-	11,392
	Miscellaneous income	84,088	37,232
	TOTAL	458,202	156,992

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
17.	**COST OF SALES**		
	Salary, wages, bonus and allowances	298,244	213,469
	Contribution to Provident and other Funds	11,592	8,083
	Labour charges	248,132	201,086
	Consumption of raw & packing materials	3,630,155	2,712,121
	Purchase of Traded goods	2,099,177	1,266,647
	Excise Duty	334,912	294,899
	Sales Tax	416,939	328,467
	Power, fuel and water charges	181,763	155,113
	Consumption of stores and spares	343,168	126,425
	Repairs and maintenance - plant and machinery	48,112	34,212
	Rent, rates and taxes	7,849	9,004
	Other manufacturing expenses	145,018	39,766
	(Increase)/decrease in inventory	(1,007,065)	(814,580)
	TOTAL	6,757,996	4,574,712

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
18.	**SELLING AND OPERATING EXPENSES**		
	Salary, bonus and allowances	1,334,094	937,250
	Contribution to Provident and other funds	53,334	32,990
	Staff welfare expenses	38,099	22,846
	Directors' salaries, allowances and commission	87,481	57,645
	Incentive and commission	113,075	61,620
	Sales promotion expenses	718,372	481,544
	Export Commission	51,189	48,790
	Commission on sales	47,876	28,630
	Travelling expenses	505,437	371,101
	Freight outward	371,092	183,567
	Telephone expenses	49,172	37,730
	Rates and taxes	43,082	31,962
	Provision for doubtful debts	37,733	26,213
	Provision for doubtful advances	15,000	-
	Bad debts written off	654	-
	Insurance premium	43,507	41,476
	Electricity charges	12,991	10,733
	Rent	173,026	143,745
	Legal & Professional Expenses	314,385	259,819
	Repairs & Maintenance - others	104,082	85,258
	Auditors' remuneration and expenses		
	- Audit fees*	10,653	9,184
	- Certification and other matters	59	30
	- Reimbursement of out-of-pocket expenses	115	103
	Loss on sale of fixed assets	23,425	-
	Amortisation of Pre-operative/Preliminary expenses	7,917	20,002
	Other operating expenses	415,168	352,921
	TOTAL	4,571,018	3,245,159
	* Audit fees includes fees paid to Statutory Auditors of Subsidiary companies.		

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
19.	**INTEREST (Net)**		
	On term loans from bank	415,944	113,434
	On other loans from bank	294,473	284,824
		710,417	398,258
	Less: Interest Income		
	On deposits with banks	78,737	14,182
		78,737	14,182
	TOTAL	631,680	384,076

Rs. In ('000s)

		Year ended 31st March,2008	Year ended 31st March,2007
20	**RESEARCH AND DEVELOPMENT EXPENSES [Refer Note (2)(x) of Schedule 21]**		

		Year ended 31st March,2008	Year ended 31st March,2007
	Salary, bonus and allowances	214,415	151,825
	Contribution to Provident and other funds	11,331	8,719
	Staff welfare expenses	2,430	2,210
	Directors' Remuneration	27,367	19,280
	Consumable & Chemicals	349,216	127,326
	Electricity charges	20,336	14,083
	Repairs and maintenance - Building	7,446	3,072
	Insurance premium	2,348	968
	Other expenses	122,841	105,126
	TOTAL	757,730	432,609

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008

SCHEDULE 21 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) BACKGROUND

(a) The consolidated financial statements relate to Glenmark Pharmaceuticals Limited (the "Company") and its following subsidiaries (the "Group").

Name of the Subsidiary	Country of Incorporation	Ownership and Percentage either directly or through subsidiaries as at March 31, 2008
Glenmark Dominicana S.A.	Dominicana Republic	100%
Glenmark Impex LLC	Russia	100%
Glenmark Philippines Inc.	Philippines	100%
Glenmark Farmaceutica Ltda.*	Brazil	100%
Glenmark Generics Ltd.	India	95.95%
(formerly known as Glenmark Organics Ltd.)		
Glenmark Exports Ltd.	India	100%
GM Pharma Ltd (merged with Glenmark Generics Ltd. vide court order dated July 4, 2008 , w.e.f. January 31, 2008)	India	100%
Glenmark Pharmaceuticals Inc.*	USA	100%
Glenmark Generics(Europe) Ltd., U.K.**	UK	100%
(formerly known as Glenmark Pharmaceuticals (Europe) Ltd, U.K.)		
Glenmark Pharmaceuticals Nigeria Ltd.	Nigeria	100%
Glenmark Pharmaceuticals SDN.BHD.	Malaysia	100%
Glenmark Pharmaceuticals S.A.*	Switzerland	100%
Glenmark Generics SA*	Argentina	100%
(formerly known as Servycal SA, Argentina)		
Glenmark South Africa (Properietary) Ltd*	South Africa	100%
Glenmark Pharmaceuticals South Africa (Properietary) Ltd.*	South Africa	100%
Glenmark Pharmaceuticals (Australia) Pty.Ltd.	Australia	100%
Glenmark Holding S.A.	Switzerland	100%
Glenmark Pharmaceuticals Europe Ltd, U.K.*	UK	100%
Medicamenta A.S. *	Czech Republic	100%
Glenmark Pharmaceuticals S.R.L. *	Romania	100%
Glenmark Generics Holding SA. *	Switzerland	100%
Glenmark Pharmaceuticals EOOD, Bulgaria (Pending for Registration) *	Bulgaria	100%
*held through Glenmark Holding S.A., Switzerland		
** held through Glenmark Generics Ltd.		

2) SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. However, it was not practicable to use uniform accounting policies for depreciation in the case of following subsidiaries:

	Gross Block as on 31st Mar,2008	**Percentage of Total Assets**
	Rs. In ('000s)	
Glenmark Pharmaceuticals S.A.	171,829	1.53%
Premises - 20%		
Vehicles - 40%		
Laboratory Instruments and Equipments - 40%		
Glenmark Pharmaceuticals South Africa (Properietary) Ltd.	272	0.00%
Computer Software - 50%		
Glenmark Philippines Inc.	10,256	0.09%
Vehicles - 33%		
Equipments - 33%		
Furniture and fixtures - 20%		
Glenmark Pharmaceuticals Inc.	47,901	0.43%
Leasehold Improvement - 12.5%		
Furniture and fixtures - 14%		
Glenmark Generics(Europe) Ltd., U.K.		
Equipments - 25%	8,239	0.07%

The Consolidated Financial Statements have been prepared on the following basis:

(a) In respect of Subsidiary Companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like item of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per Accounting Standard - AS 21 “Consolidated Financial Statements”.

(b) The excess of cost to the Company of its investment in the Subsidiary Company over the Company's share of net assets of the subsidiary company is recognised in the financial statements as Goodwill, which is amortised/tested for impairment, if any, at each balance sheet date. The excess of Company's share of net assets of the subsidiary company over the cost of acquisition is treated as Capital Reserve.

(c) The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent-subsidiary relationship comes into existence.

(d) The translations of financial statements into Indian Rupees relating to non-integral foreign operations have been carried out using the following procedures:

- assets and liabilities have been translated at closing exchange rates at the year end; and

- income and expenses have been translated at an average of monthly exchange rates.

The resultant translation exchange gain/(loss) has been disclosed as Exchange Fluctuation Reserve under Reserves and Surplus.

(e) The Notes and Significant Accounting Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Group has disclosed such notes and policies, which represent the requisite disclosure.

ii) Fixed Assets, Depreciation and Amortisation

Fixed assets are stated at cost less accumulated depreciation and amortisation. The Group capitalises all costs relating to the acquisition and installation of fixed assets. Expenditure of revenue nature, incurred in 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.

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

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

Category	**Estimated useful life**
	(in years)
Plant and machinery	8 - 20
Vehicles	5 - 6
Equipments and air conditioners	4 - 20
Furniture and fixtures	10
Brands	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 Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exist, the Group estimates the recoverable amount of the asset . If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

v) Foreign Currency Transactions

(a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/ loss arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

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

vi) Investments

Long term investments are stated at cost. Provision, where necessary, is made to recognize 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 first-in-first out 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.

viii) Employee Benefits

Long-term Employee Benefits

In case of Defined Contribution plans, the Company's contributions to these plans are charged to the Profit and Loss Account as incurred. Liability for Defined Benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method. The estimate of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors. The expected rate of return of 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. The liability for leave encashment and compensated absenses is provided on the basis of valuation, as at Balance Sheet date, carried out by an independent actuary.

ix) Revenue Recognition

The Group recognises revenue on despatch of goods to customers. Revenues from services are recognized on completion of such services. Revenue from IP asset/Marketing rights is recognized on transfer of ownership/right to use in accordance with the terms of relevant agreements. Revenue from contract research being in the nature of product development activities is recognized as per the terms of the agreement. Revenues are recorded at invoice value, inclusive of excise duty and sales-tax, but net of returns and trade discounts.

x) Research and Development

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 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.

Fringe Benefit Tax
Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

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 Group's policy on depreciation of fixed assets. The interest is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

xiii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

xiv) Provisions and Contingent Liabilities

The Group 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.

3) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at March 31, 2008 aggregate Rs.83,051 (2007 -- Rs.52,323)

4) CONTINGENT LIABILITIES NOT PROVIDED FOR

Rs. In ('000s)

	2008	2007
Bank guarantees	26,374	8,975
Disputed Income Tax/Excise Duty	30,182	49,395
Claims against the Company not acknowledged as debts (Refer Note a)	275	632
Open letters of credit (Refer Note b)	8,657	21,358
Sundry debtors factored with recourse option (Refer Note c)	1,000,000	300,000
Channel financing with recourse option (Refer Note c)	-	18,732
Indemnity Bond	187,549	34,878
Corporate Guarantee (USD 27 million)	1,078,110	1,175,040

Note :

a) In respect of labour/industrial disputes.

b) The total amount related to LC outstanding as on 31st March, 2008.

c) The amount related to Credit facilities given by Bank against debtors.

5) With effect from April 1, 2008 Generic business consisting of API and formulation development division at Mahape India, manufacturing facilities situated at Goa, Ankleshwar, Kurkumbh and Mohol in India, API and co-marketing business in India is transferred to Glenmark Generics Limited, subsidiary of the Company.

Pursuant to the above, a Business Transfer Agreement was entered into on December 24, 2007 between Glenmark Pharmaceuticals Limited and Glenmark Generics Limited (GGL) subsidiary of the Company, for sale and transfer of India API and Generic business on a slump sale basis as a going concern for the consideration of Rs. 7,500 million.

6) EARNINGS PER SHARE

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

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

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

Rs. In ('000s)

Reconciliation of earnings	31st Mar, 2008	31st Mar, 2007
Profit after tax and Minority Interest	6,321,327	3,100,600
Less:		
Preference dividends	-	6,942
Dividend tax on preference shares	-	974
Net profit attributable to equity shareholders for calculation of Basic EPS	6,321,327	3,092,684

Reconciliation of number of shares

Rs. In ('000s)

Reconciliation of number of shares:	2007-08 No. of Shares	2006-07 No. of Shares
Weighted average number of shares		

Reconciliation of number of shares:	2007-08 No. of Shares	2006-07 No. of Shares
For basic earnings per share	244,619	238,116
Add:		
Deemed exercise of options on unissued equity share capital	1,792	1,758
Conversion of FCC Bonds	6,829	27,684
For diluted earnings per share	253,240	267,558
Earnings per share (nominal value Re. 1 each)	**Rs**	**Rs**
Basic	25.84	12.99
Diluted	24.96	11.56

7) SEGMENT INFORMATION

Business segments

The Group is primarily engaged in a single segment business of manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients and is governed by a similar set of risks and returns.

Geographical segments

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

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

Rs. In ('000s)

Geographical segment	2007-2008	2006-2007
India	6,719,547	4,988,060
Other than India*	13,372,458	7,527,276
Total	20,092,005	12,515,336

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:

Rs. In ('000s)

	India	Others*	India	Others*
	2007-2008	2007-2008	2006-2007	2006-2007
Carrying amount of segment assets	13,511,718	15,743,889	9,923,447	9,422,406
Additions to fixed assets	1,212,949	3,139,339	545,196	1,314,168

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

8) 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) Key management personnel

Mr. Gracias Saldanha
Mrs B.E. Saldanha
Mr Glenn Saldanha
Mrs Cheryl Pinto
Mr. R.V. Desai
Mr. A.S. Mohanty

b) Transactions with related parties during the year

Rs. In ('000s)

	2007-2008	2006-2007
Managerial Remuneration		
Name of Directors		
1. Mr. Gracias Saldanha	43,895	17,816
2. Mrs. B. E. Saldanha	60	50
3. Mr. Glenn Saldanha	44,458	34,798
4. Mrs. Cheryl Pinto	9,706	9,522
5. Mr. R.V. Desai	6,237	4,823
6. Mr. A.S. Mohanty	8,181	6,326

9) Employee Benefits

The Group has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India [the 'revised AS 15']. Consequently, the additional liability for employee benefits based on actuarial valuation as at 1st April, 2007, amounting to Rs.16,654 (net of deferred tax credit of Rs 8,575), has been adjusted against General Reserve as at 1st April, 2007.

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

1 Brief description of the Plans

The Group has various schemes for long-term benefits such as provident fund, superannuation, gratuity, leave encashment, pension fund and social securities. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through appropriate authorities. The Group's defined contribution plans are superannuation and employees' Provident Fund and pension scheme since the Group has no further obligation beyond making the contributions. The Group's defined benefit plans include gratuity and leave encashment.

2	Charge to the Profit and Loss Account based on contributions:	Rupees in ('000)
	Superannuation	2,091
	Provident fund, Pension fund and Social securities	76,257
		78,348

3 Disclosures for defined benefit plans based on actuarial reports as on 31st March, 2008:

Rupees in ('000)

		Gratuity	Leave Encashment
		(Funded plan)	(Funded plan)
(i)	Change in Defined Benefit Obligation		
	Opening defined benefit obligation	74,923	43,048
	Current service cost	11,483	2,845
	Interest cost	6,144	3,229
	Actuarial loss / (gain)	10,577	(791)
	Benefits paid	-	-
	Closing defined benefit obligation	103,127	48,331
(ii)	Change in Fair Value of Assets		
	Opening fair value of plan assets	63,095	24,648
	Expected return on plan assets	4,490	2,297
	Actuarial gain / (loss)	8,974	-
	Contributions by employer	17,763	2,845
	Benefits paid	(17,764)	-
	Closing fair value of plan assets	76,558	29,790
(iii)	Amount recognised in the Balance Sheet		
	Present value of obligations as at year end	103,127	48,331
	Fair value of plan assets as at year end	(76,558)	(29,790)
	Amount not recognised as an asset	-	-
	Net (asset) / liability recognised as on 31st March 2008	26,569	18,541
(iv)	Expenses recognised in the Profit and Loss Account		
	Current service cost	11,483	2,845
	Interest on defined benefit obligation	6,144	3,229
	Expected return on plan assets	(1,884)	(2,297)
	Net actuarial loss / (gain) recognised in the current year	1,603	(791)
	Total expense	17,346	2,986
(v)	Asset information		
	Administered by Birla Sunlife Insurance Co. Ltd and LIC of India	100%	100%
(vi)	Principal actuarial assumptions used		
	Discount rate (p.a.)	8.20%	8.20%
	Expected rate of return on plan assets (p.a.)	8.00%	8.00%

This being the first year of implementation of Revised AS-15, previous year figures have not been given.

10) LEASES

a) The Group has entered into operating and finance lease agreements for the rental of property, vehicles,computers, equipment and other assets. Typically, lease agreements are for a period of three to fifteen years.

At March 31 2008, the Group had commitments under non-cancellable finance leases as follows:

Rs. In ('000s)

	31st Mar, 2008	31st Mar, 2007
Minimum lease payments		
Due within one year	8,134	8,134
Due later than one year and not later than five years	21,480	26,218
Due later than five years	26,033	29,429
Total	55,647	63,781
Present value of minimum lease payments		
Due within one year	7,710	7,710
Due later than one year and not later than five years	18,229	22,124
Due later than five years	15,893	17,528
Total	41,832	47,362

b) Glenmark Pharmaceuticals Inc., USA (GPI) conducts its operations from facilities that are leased under a 97-month non-cancellable operating lease expiring in September 2013. Additional office space were subleased under a 52-month non-cancellable operating lease expiring in September 2008 and four year non-cancellable operating lease which has expired in March 2007.

Glenmark Pharmaceuticals South Africa (PTY) Limited has entered into operation lease agreement for the rental of its office premises.The lease agreement is for a period of 5 years.

Glenmark Philippines Inc. has entered into operating lease agreements for the rental of its warehouse and office premises.The lease agreement is for a period of 4 years.

Rs. In ('000s)

	31st Mar, 2008	31st Mar, 2007
Minimum lease payments		
Due within one year	39,377	22,529
Due later than one year and not later than five years	149,490	61,407
Due later than five years	17,299	7,251
Total	206,166	91,187

Rs. In ('000s)

	31st Mar, 2008	31st Mar, 2007
Total of future minimum sublease payments expected to be received	1,909	5,641

c) The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

i) The Group's significant leasing arrangements are in respect of the above godowns & premises (Including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to Profit and Loss Account as Rent in Schedule 17 & 18.

ii) The Leasing arrangements which are cancellable range between 11 months and 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 Rs. 55,076 (2007 - Rs.32,611) towards deposit and unadjusted advance rent is recoverable from the lessor.

11) Glenmark Holding S.A. has acquired Medicamenta A.S., a manufacturing and marketing company in Czech Republic for a consideration of Rs.573,117. The excess consideration over the Assets value has been recognised as Goodwill and is depicted in Schedule of Fixed assets.

12) PRIOR YEAR COMPARATIVES

Prior year's figures have been regrouped or reclassified wherever necessary, to conform year's classification.

Signatures to the Schedules 1 to 21 which form an integral part of the Consolidated Financial Statements.

For and on behalf of the Board of Directors

Partha Ghosh Partner Membership Number - F 55913 For and on behalf of Price Waterhouse Chartered Accountants	**Glenn Saldanha** Managing Director & CEO	**Rajesh Desai** Director – Finance	**Sanjay Chowdhary** Company Secretary

Mumbai,
Date: 11th August, 2008

GLENMARK PHARMACEUTICALS LIMITED

Auditors' report to the Board of Directors of Glenmark Pharmaceuticals Limited on the Consolidated Financial Statements of Glenmark Pharmaceuticals Limited and its Subsidiaries.

1. We have audited (refer para 3) the attached consolidated Balance Sheet of Glenmark Pharmaceuticals Limited (the "Company") and its subsidiaries (the "Group") as at March 31, 2007, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company'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 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 misstatements. 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 did not audit the financial statements of subsidiaries, whose financial statements reflect the Group's share of total assets of Rs.139,180.58 lakhs as at March 31, 2007 and the Group's share of total revenues of Rs.65,043.43 lakhs and net cash inflows amounting to Rs. 7,792.53 lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements and other information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2007;

   b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
   c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of Price Waterhouse
Chartered Accountants

Partha Ghosh
Partner
Membership Number F-55913

Place: Mumbai,
Date: August 13, 2007

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2007

Rs. In ('000s)

				Schedules	As at 31st March,2007	As at 31st March,2006
I.	**SOURCES OF FUNDS**					
	1.	**SHAREHOLDERS' FUNDS**				
		a)	Share Capital	1	240,116	437,486
		b)	Reserves and Surplus	2	6,623,534	3,493,609
					6,863,650	3,931,095
	2.	**LOAN FUNDS**				
		a)	Secured Loans	3	1,749,306	1,471,284
		b)	Unsecured Loans	4	7,617,757	5,882,753
					9,367,063	7,354,037
	3.	**Deferred Tax Liability**		5	812,690	499,929
		Less:	**Deferred Tax Asset**	6	92,698	79,976
					719,992	419,953
				TOTAL	16,950,705	11,705,085
II.	**APPLICATION OF FUNDS**					
	1.	**FIXED ASSETS**		7		
		a)	Gross Block		7,095,490	5,299,531
		b)	Less : Depreciation		1,165,094	768,296
		c)	Net Block		5,930,396	4,531,235
		d)	Capital Work-in-progress		2,173,888	1,273,418
					8,104,284	5,804,653
	2.	**INVESTMENTS**		8	187,237	196,988
	3.	**CURRENT ASSETS, LOANS AND ADVANCES**				
		a)	Inventories	9	2,697,092	1,575,305
		b)	Sundry Debtors	10	5,711,645	3,815,943
		c)	Cash and Bank Balances	11	1,057,549	1,055,984
		d)	Loans and Advances	12	1,588,046	967,612
					11,054,332	7,414,844
		Less : CURRENT LIABILITIES AND PROVISIONS				
		a)	Current Liabilities	13	2,328,566	1,719,439
		b)	Provisions	14	66,582	8,072
					2,395,148	1,727,511
		NET CURRENT ASSETS			8,659,184	5,687,333
	4.	**MISCELLANEOUS EXPENDITURE**		15	-	16,111
		(to the extent not written off or adjusted)				
				TOTAL	16,950,705	11,705,085
	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS			22		

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

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

For and on behalf of Price Waterhouse
Chartered Accountants

For and on behalf of the Board of Directors

Partha Ghosh	**Glenn Saldanha**	**Rajesh Desai**	**Sanjay Chowdhary**
Partner	Managing Director & CEO	Director – Finance	Assistant Company Secretary

Membership Number - F 55913

Mumbai, August 13, 2007

GLENMARK PHARMACEUTICALS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

Rs. In ('000s)

	Schedules	Year ended 31st March,2007	Year ended 31st March,2006
INCOME			
Sales & Operating Income	16	12,515,336	7,575,892
Other income	17	156,992	128,203
		12,672,328	7,704,095
EXPENDITURE			
Cost of Sales	18	4,574,712	3,817,334
Selling and Operating Expenses	19	3,245,159	2,123,161
Depreciation / Amortisation	7	422,589	232,344
Interest (net)	20	384,076	147,196
Research and Development Expenses	21	432,609	263,344
		9,059,145	6,583,379
PROFIT BEFORE TAX		**3,613,183**	**1,120,716**
Provision for Taxation			
- Current Year [includes wealth tax provision Rs. 230(2006-Rs.221)]		329,984	140,886
- MAT Credit Entitlement		(181,219)	(35,071)
- Prior Period Tax		20,387	-
- Deferred Tax		303,700	101,501
- Fringe Benefit Tax		39,731	33,640
NET PROFIT AFTER TAX		3,100,600	879,760
Balance Profit Brought Forward		2,035,295	1,401,367
NET PROFIT AVAILABLE FOR APPROPRIATION		5,135,895	2,281,127
Dividend on Preference Shares		6,942	14,000
Tax on Dividend on Preference Shares		974	1,964
Interim Dividend on Equity Shares		95,756	83,105
Tax on Interim Dividend on Equity Shares		13,430	11,656
Transfer to Capital Redemption Reserve		200,000	-
Transfer to General Reserve		140,000	135,107
BALANCE CARRIED TO BALANCE SHEET		4,678,793	2,035,295
Earnings Per Share (Rs.) [Refer Note 4 of Schedule 22]			
Basic		25.98	7.28
Diluted		23.12	6.41
Face Value of Shares		2.00	2.00
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	22		

Schedules referred to above and notes attached thereto form an integral part of the Profit and Loss Account.

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

For and on behalf of Price Waterhouse
Chartered Accountants

For and on behalf of the Board of Directors

Partha Ghosh
Partner
Membership Number - F 55913

Glenn Saldanha
Managing Director & CEO

Rajesh Desai
Director – Finance

Sanjay Chowdhary
Assistant Company Secretary

Mumbai, August 13, 2007

GLENMARK PHARMACEUTICALS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2007

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
A.	**Cash Flow from Operating Activities:**		
	Net Profit before tax	3,613,183	1,120,716
	Adjustments for:		
	Depreciation	422,589	232,344
	Interest Expense	395,386	180,704
	Interest Expense - Finance lease	2,872	968
	Interest Income	(14,182)	(34,476)
	Income from Investment - Dividends	(2)	(1,210)
	(Profit)/Loss on Fixed Assets sold	(11,392)	796
	Deferred Revenue Expenditure Written off	16,111	3,450
	Provision for Bad & Doubtful Debts	26,213	25,632
	Provision for Doubtful Advances Written back	-	(800)
	Provision for Gratuity & Leave Encashment	-	(2,145)
	Unrealised foreign exchange (gain) /loss	21,325	35,361
	Employee stock option plan	-	(311)
	Operating Profit Before Working Capital Changes	**4,472,103**	**1,561,029**
	Adjustments for changes in working capital :		
	- (increase)/decrease in Sundry Debtors	(1,950,323)	(1,460,599)
	- (increase)/decrease in Other Receivables	(571,161)	(319,387)
	- (increase)/decrease in Inventories	(1,121,787)	(381,090)
	- increase/(decrease) in Trade and Other Payables	380,560	504,178
	Cash Generated from Operations	**1,209,392**	**(95,869)**
	- Taxes (Paid) / Received (Net of Tax deducted at source)	(276,981)	(172,482)
	Net Cash from / (used in) Operating Activities	**932,411**	**(268,351)**
B.	**Cash Flow from Investing Activities:**		
	Purchase of Fixed Assets	(1,896,573)	(2,189,245)
	Acquisition of Fixed Assets	-	(3,013)
	Capital Work in Progress	(900,470)	(429,056)
	Proceeds from Sale of Fixed Assets	86,367	68,283
	Proceeds from Sale of Investments	9,751	-
	Purchase of Investments	-	(44,871)
	Finance Lease Rent Payment Against Principal Amount	(1,292)	(5,160)
	Interest Received	14,400	34,347
	Dividend Received	2	1,210
	Net Cash used in Investing Activities	**(2,687,815)**	**(2,567,505)**
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Fresh Issue of		
	Share Capital (including Securities Premium)	311,343	3,668
	Exchange Fluctuation Reserves	(133,982)	114,208
	Issue expenses of FCCB	-	(54,934)
	Proceeds / (Repayment) of Long Term Borrowings	(78,727)	(203,644)
	Proceed /(Repayment) of Short Term Borrowings	1,811,695	2,759,773

		Year ended 31st March,2007	Year ended 31st March,2006
	Proceeds from Cash Credits (Net)	358,041	385,895
	Finance Lease Rent (Interest Part only)	(2,872)	(968)
	Interest Paid	(391,878)	(180,058)
	Dividend Paid	(102,247)	(179,590)
	Dividend Tax Paid	(14,404)	(25,265)
	Net Cash from Financing Activities	**1,756,969**	**2,619,085**
	Net Increase/(Decrease) in Cash & Cash Equivalents	**1,565**	**(216,771)**
	Cash and Cash Equivalents as at 31st March'06	**1,055,984**	**1,272,755**
	Cash and Cash Equivalents as at 31st March'07	**1,057,549**	**1,055,984**
	Cash and Cash Equivalents Comprise		
	Cash	2,496	2,118
	Deposits with Scheduled Banks	31,683	39,728
	Deposits with Non-scheduled Banks	139	809,846
	Balance with Scheduled Banks	80,721	56,956
	Balance with Non-scheduled Banks	942,510	147,336
		1,057,549	**1,055,984**

Notes :

1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

2 Cash and Cash Equivalents Includes Rs. 3,997 which are not available for use by the Company. (Refer Schedule 13 to the Consolidated Financial Statements)

3 Figures in bracket indicate Cash outgo.

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

---

For and on behalf of Price Waterhouse
Chartered Accountants

For and on behalf of the Board of Directors

Partha Ghosh
Partner
Membership Number - F 55913

Glenn Saldanha
Managing Director & CEO

Rajesh Desai
Director – Finance

Sanjay Chowdhary
Assistant Company Secretary

Mumbai, August 13, 2007

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH,2007.

Rs. In ('000s)

			As at 31st March,2007	As at 31st March,2006
1.	**SHARE CAPITAL**	**Note**		
	Authorised			
	175,000,000 (2006 -- 150,000,000) Equity Shares of Rs 2 each		350,000	300,000
	4,000,000 (2006 -- 4,000,000) Cumulative Redeemable			
	Non Convertible Preference Shares of Rs 100 each		400,000	400,000
	Unclassified Capital		-	50,000
	Issued, Subscribed and Paid-up			
	120,058,108 (2006 -- 118,720,760) Equity Shares of Rs 2 each		240,116	237,442
	Nil (2006 -- 2,000,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each (Redeemed on 28th September, 2006 as per terms of issue)		-	200,000
	Equity Share Warrants			
	Nil (2006 -- 440,000) Equity Share Warrants of Rs. 0.10 each	1	-	44
	TOTAL		240,116	437,486

Notes :

1. In terms of Employee Stock Option Plan approved by the members Nil (2006 -- 440,000) convertible warrants are outstanding with Glenmark Pharmaceuticals Limited Employees Welfare Trust.During the year 440,000 warrants were cancelled.

2. During the year ended March 31, 2007 the Company, pursuant to Employee Stock Option Scheme 2003,has granted 500,500 (2006 - 333,000) options at market price as defined in SEBI (ESOS) Guidelines and cancelled 474,800 (2006 - 537,150) options [Number adjusted after split of face value and issue of bonus shares]

3. During the year 172,940 (2006 - 89,620) (Number of options and price were adjusted after split of face value and issue of bonus shares) were converted into Equity Shares under the Employee Stock Option Scheme, 2003. As at March 31, 2007 1,689,340 (Number adjusted after split of face value and issue of bonus shares) options were outstanding under Employee Stock Option Scheme 2003. On exercise of the options so granted under Employee Stock Option Scheme 2003, the paid up Equity Share Capital of the Company will increase by a like number of shares.

4. During the year, 11,500 Zero Coupen Foreign Currency Convertible Bonds of USD 1,000 each aggregating USD 11.5 million were converted into 1,164,408 equity shares of Rs.2/- each.

5. Of the above 79,185,570 (2006 - 79,185,570) Equity Shares of Rs. 2 each are allotted as fully paid-up Bonus Shares by Capitalisation of Reserves.

Rs. In ('000s)

			As at 31st March,2007	As at 31st March,2006
2.	**RESERVES AND SURPLUS**	**Note**		
	Securities Premium Account			
	Balance at the beginning of the year		517,033	758,689
	Add: Issue of Shares/Conversion of ESOP		8,953	3,449
	Add: Conversion of FCC Bonds during the year		499,760	-
	Add: Calls in Arrears received during the year		-	19
	Less : Issue cost of FCCB [Net of tax]		-	36,443
	Add: Writeback of Redemption Premium for FCC Bonds converted during the year.		48,914	-
	Less : Redemption Premium of FCCB		277,218	208,681
	Closing Balance		797,442	517,033
	General Reserve			
	Balance at the beginning of the year		840,797	705,690
	Add : Transferred from Profit & Loss Account		140,000	135,107
	Closing Balance		980,797	840,797
	Capital Redemption Reserve			
	Balance at the beginning of the year		-	-
	Add : Transferred from Profit & Loss account on Redemption of Preference Share	1	200,000	-
	Closing Balance		200,000	-
	Capital Reserve		1,127	1,127
	Exchange Fluctuation Reserves			
	Balance at the beginning of the year		99,357	(14,851)
	Addition/ (Reduction) during the year		(133,982)	114,208
	Closing Balance		(34,625)	99,357
	Employee Stock Option			
	Employee Stock Options outstanding		-	370
	Less : Conversion of Option		-	202
	Less : Cancellation of Option		-	168
		A	-	-
	Deferred Employee Stock Compensation		-	59
	Less : Amortisation of ESOP expense.		-	31
	Less : Cancellation of Option		-	28
		B	-	-
	Net Employee Stock Option	**A-B**	-	-
	Profit and Loss Account Balance		4,678,793	2,035,295
	TOTAL		**6,623,534**	**3,493,609**

Note :

1. During the year ended March 31, 2007, 200,000 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each were redeemed as per the terms of issue.

Rs. In ('000s)

			As at 31st March,2007	As at 31st March,2006
3.	**SECURED LOANS**	**Note**		
	Term Loan	1	675,000	743,853
	Working Capital Facilities	2	1,022,631	664,590
	Other Loans	3	51,675	62,841
	TOTAL		1,749,306	1,471,284

Notes :

1. Term loan is secured by way of exclusive charge as the case may be,at certain locations, on Company's fixed assets both present and future.

2. Working Capital Facilities from Bank 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.

3. Other Loans are secured by way of Hypothecation of certain Premises, Equipments and Vehicles.

Rs. In ('000s)

			As at 31st March,2007	As at 31st March,2006
4.	**UNSECURED LOANS**	**Note**		
	Short Term Loan from Banks		3,743,193	1,427,978
	Foreign Currency Convertible Bonds	1	3,851,520	4,438,000
	Security Deposit		12,599	6,330
	Deferred Sales Tax Loan	2	10,445	10,445
	TOTAL		7,617,757	5,882,753

Notes :

1. FCCB Issue

   A) The Company had issued 30,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.1,331,700 at issue)

      (i) Convertible at the option of the bondholder at any time on or after 11th November, 2007 but prior to the close of business on 29th November 2010 at a fixed exchange rate of Rs.44.94 per 1 USD and the price greater of 35% of the average of the order book volume–weighted-average-price of a share on each Trading Day during the period commencing on 10th September 2007 and ending on 10th November, 2007 and the Floor Price (Rs.317.25) of par value of Rs.2 per share.

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

      (iii) Redeemable on maturity date on 11th January, 2011 at 139.729% of its principal amount if not redeemed or converted earlier.

      The redemption premium of 39.729%payable on maturity of the bond if there is no conversion of the bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of bonds.

B) The Company had issued 20,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.873,200 at issue)

(i) Convertible at the option of the bondholder at any time on or after 28th March, 2005 but prior to the close of business on 2nd January, 2010 at a fixed exchange rate of Rs.43.66 per 1 USD and price of Rs.862.394 per share of par value of Rs.2 per share subject to adjustment in certain events i.e. issue of Bonus Shares, Division, Consolidation,Reclassification of Shares etc.

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

(iii) Redeemable on maturity date on 16th February, 2010 at 133.74% of its principal amount if not redeemed or converted earlier.

The redemption premium of 33.74%payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds.

During the year out of the above, 11,500 FCC Bonds of USD 1,000 each aggregating to USD 11.5 million were converted into 1,164,408 equity shares of Rs.2 /- each.

C) The Company had issued 50,000 Zero Coupon Foreign Currency Convertible Bonds of USD 1,000 each (Rs.2,183,000 at issue)

(i) Convertible at the option of the bondholder at any time on or after 15th November, 2006 but prior to the close of business on 2nd January 2010 at a fixed exchange rate of Rs.43.66 per 1 USD and the price greater of 35% of the average of the order book volume–weighted-average-price of a share on each Trading Day during the period commencing on 15th September, 2006 and ending on 14th November, 2006 and the Floor Price (Rs.500) of par value of Rs.2 per share.

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

(iii) Redeemable on maturity date on 16th February, 2010 at 134.07% of its principal amount if not redeemed or converted earlier.

The Redemption Premium of 34.07% payable on maturity of the Bond if there is no conversion of the Bond to be debited to Securities Premium Account evenly over the period of 5 years from the date of issue of Bonds.

2. The Company has availed of an interest free sales tax deferral loan under Part I of the 1983 and 1988 Package Schemes of the Government of Maharashtra, repayable after twelve years in six half-yearly installments.

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
5.	**DEFERRED TAX LIABILITY [Refer Note (2)(ix) of Schedule 22]**		
	Liabilities		
	Depreciation	799,097	499,929

		As at 31st March,2007	As at 31st March,2006
	Others	13,593	-
	TOTAL	812,690	499,929

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
6.	**DEFERRED TAX ASSET [Refer Note (2)(ix) of Schedule 22]**		
	Assets		
	Provision for Bad Debts and Doubtful Advances	36,814	28,041
	Unabsorbed Losses and Depreciation	55,884	48,569
	Others	-	3,366
	TOTAL	92,698	79,976

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
8.	**INVESTMENTS [Refer Note (2)(iv) of Schedule 22]**		
	LONG TERM INVESTMENTS		
	Quoted - traded		
	Equity shares		
	9,000 (2006 -- 9,000) Bank of India of Rs.10 each [Market Value Rs.1,510 (2006 -- Rs. 1,201)]	405	405
	1,209 (2006 -- 1,209) IDBI Bank Limited of Rs. 10 each [Market Value Rs.94 (2006 -- Rs.95)]	34	34
		439	439
	Unquoted - non trade		
	National Savings Certificate -Sixth Issue	22	12
	1 (2006 -- 1) Time Share of Dalmia Resorts Limited	20	20
	1 (2006 -- 1) Equity Share of Esquados 340,000 of Glenmark	48	48
	Pharmaceutica Limitada, Lisbon (Portugal)		
	213,032 (2006 - 213,032) Equity Shares of Bharuch Eco-Aqua	2,130	2,130
	Infrastructure Limited of Rs.10 each, fully paid up .		
	Nil (2006 - 100,000) 12% cumulative preference shares of Rs 100	-	10,000
	each fully paid up of Cheryl Laboratories (P) Limited		
	1,350,000 (2006 - 1,350,000) 7% cumulative preference shares of Rs 100 each fully paid up of Marksans Pharma Ltd	135,000	135,000
	Investment with Napo Pharmaceuticals Inc	43,560	43,560
	[1,176,471 (2006 - 1,176,471) Preferred shares of USD 0.85 each]		
	1 (2006 - 1) Bond of Titulos divida publica , Brazil	2,847	2,734
	1 (2006 - 1) Bond of Creditos judiciarios da Uniao , Brazil	3,171	3,045
		186,798	196,549
	TOTAL	187,237	196,988

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
9.	**INVENTORIES [Refer Note (2)(v) of Schedule 22]**		
	(As certified by the management)		
	Raw Materials	820,446	599,218
	Packing Materials	156,443	86,558
	Work-in-Process	685,045	335,276
	Stores and Spares	28,932	12,838
	Finished Goods*	1,006,226	541,415
	TOTAL	2,697,092	1,575,305
	* Includes Stock in transit Rs.8,309 (2006 - Rs.Nil)		

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
10.	**SUNDRY DEBTORS**		
	Outstanding for more than six months		
	Secured, considered good		
	Unsecured, considered good	569,825	729,961
	Unsecured, considered doubtful	109,760	83,679
		679,585	813,640
	Less: Provision for doubtful debts	109,760	83,679
		569,825	729,961
	Other debts-		
	Secured, considered good	-	-
	Unsecured, considered good	5,141,820	3,085,982
		5,141,820	3,085,982
	TOTAL	5,711,645	3,815,943

		As at 31st March,2007	As at 31st March,2006
		Rs. In ('000s)	Rs. In ('000s)
11.	**CASH AND BANK BALANCES**		
	Cash in hand	2,496	2,118
	Balances with Scheduled Banks		
	- Current Accounts	75,700	49,374
	- Margin Money Account	27,732	35,068
	- EEFC Account	5,021	7,582
	- Deposit Accounts	3,951	4,660
	Balances with Non Scheduled Banks		
	- Current Accounts	942,510	147,336
	- Deposit Accounts	139	809,846
	TOTAL	1,057,549	1,055,984

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

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
12.	**LOANS AND ADVANCES** (unsecured, considered good)		
	Advance to Vendors	288,940	147,712
	Advances recoverable in cash or kind or for value to be received	752,231	496,748

		As at 31st March,2007	As at 31st March,2006
	Advance tax (net of provision) [Refer Note (2) (ix) of Schedule 22]	-	36,048
	MAT Credit Entitlement	212,555	53,562
	Balance with Excise Authorities	243,178	124,873
	Deposits	91,142	108,669
	TOTAL	1,588,046	967,612

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
13.	**CURRENT LIABILITIES**		
	Acceptances	1,569	1,053
	Sundry creditors - Small scale industrial undertakings	977	15,295
	- Others	1,599,001	1,066,887
	Investor Education and Protection Fund shall be credited by		
	- Unclaimed Dividend	3,997	3,546
	[There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.]		
	Advances from Customers	736	2,931
	Other Liabilities	256,322	395,575
	Interest accrued but not due	465,964	234,152
	TOTAL	2,328,566	1,719,439

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
14.	**PROVISIONS**		
	Wealth Tax	230	257
	Provision for Fringe Benefit Tax	6,488	7,815
	Income-tax (net of advance tax) [Refer Note (2) (ix) of Schedule 22]	59,864	-
	TOTAL	66,582	8,072

Rs. In ('000s)

		As at 31st March,2007	As at 31st March,2006
15.	**MISCELLANEOUS EXPENDITURE [Refer Note (2)(xi) of Schedule 22] (to the extent not written off or adjusted)**		
	Pre-operative / Preliminary expenses	-	16,111
	TOTAL	-	16,111

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2007 AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

7. FIXED ASSETS [Refer note (2)(ii),(2)(x),(2)(xii),(2)(xiii) and (7) of Schedule 22]

(Rs. In '000s)

	GROSS BLOCK						DEPRECIATION/AMORTISATION						NET BLOCK	
	As on 1st Apr, 2006	Acquisition during the year	Additions during the year	Consolidation Adjustment	Deduction	As on 31st Mar, 2007	As on 1st Apr, 2006	Acquisition	For the year	Consolidation Adjustment	Deduction	As on 31st Mar, 2007	As on 31st Mar, 2007	As on 31st Mar, 2006
Tangible assets														
Freehold Land	34,431	-	-	-	-	34,431	-	-	-	-	-	-	34,431	34,431
Leasehold Land	108,978	-	22,400	1,020	(4,259)	128,139	3,169	-	4,458	(149)	(268)	7,210	120,929	105,809
Factory Buildings	514,018	-	135,776	-	(22,065)	627,729	43,925	-	18,248	-	(4,952)	57,221	570,508	470,093
Other Buildings & Premises	329,890	-	8,678	3,379	(32,521)	309,426	25,282	-	19,300	(53)	(2,995)	41,534	267,892	304,608
Plant and Machinery	544,704	-	239,793	2,362	(5,838)	781,021	77,813	-	35,026	997	(1,809)	112,027	668,994	466,891
Furniture and Fixtures	254,558	-	47,009	475	(7,674)	294,368	77,786	-	35,907	(64)	(3,143)	110,486	183,882	176,772
Equipments	1,226,292	-	248,107	(1,145)	(4,766)	1,468,488	248,279	-	120,854	(646)	(2,798)	365,689	1,102,799	978,013
Vehicles	85,892	-	25,079	958	(25,009)	86,920	30,133	-	14,893	445	(11,343)	34,128	52,792	55,759
Intangible assets														
- Goodwill	382,742	-	-	8,563	-	391,305	27,500	-	39,042	944	-	67,486	323,819	355,242
- Computer software	68,959	-	26,915	649	-	96,523	21,202	-	14,454	(56)	-	35,600	60,923	47,757
- Brands	1,749,067	-	1,106,082	21,991	-	2,877,140	213,207	-	120,407	99	-	333,713	2,543,427	1,535,860
TOTAL	5,299,531	-	1,859,839	38,252	(102,132)	7,095,490	768,296	-	422,589	1,517	(27,308)	1,165,094	5,930,396	4,531,235
Previous Year	3,890,385	4,199	1,358,138	136,670	(89,861)	5,299,531	518,175	1,186	232,344	22,166	(5,575)	768,296	4,531,235	3,372,210

	GROSS BLOCK						DEPRECIATION/AMORTISATION						NET BLOCK	
	As on 1st Apr, 2006	Acquisition during the year	Additions during the year	Consolidation Adjustment	Deduction	As on 31st Mar, 2007	As on 1st Apr, 2006	Acquisition	For the year	Consolidation Adjustment	Deduction	As on 31st Mar, 2007	As on 31st Mar, 2007	As on 31st Mar, 2006
Capital Work-in-process including Capital advances.													2,173,888	1,273,418

Notes :

1. Equipment and Other Premises include assets aggregating Rs.20,847 (2006 -- Rs.39,290) [net book value as at March 31, 2007 -- Rs.9,767 (2006 -- Rs.27,446)] , and Rs.59,455 (2006 -- Rs. 56,574) [net book value as at March 31, 2007 -- Rs.44,695 (2006 -- Rs.53,833) respectively, which have been acquired on finance lease.

2. Additions to assets include Rs.Nil (2006 -- Rs.6,898) being borrowing costs.

3. Capital Work in progress includes :

	2007	2006
At Aurangabad Plant	-	9,977
At Ankleshwar Plant	206,454	-
At Baddi Plant	6,883	124,299
At Goa Plant	105,729	880
At R&D Centre Mahape including Product development	1,004,234	346,548
At Servycal S.A.	7,086	970
Products, Patent, Brands under registration	603,844	696,883
Capital Advances	225,677	82,104
Other work-in-processes	13,981	11,757

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
16.	**SALES AND OPERATING INCOME [Refer Note (2) (vii) of Schedule 22]**		
	Sale of goods and I P assets*	12,484,516	7,564,066
	Income from services	30,820	11,826
	TOTAL	12,515,336	7,575,892

* includes Sales Tax and Excise Duty aggregating Rs 328,467 (2006 -- Rs 258,281) and Rs 350,096 (2006 -- Rs 623,495) respectively.

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
17.	**OTHER INCOME**		
	Lease Rent	6,779	1,907
	Dividend received	2	1,210
	Exchange gain	81,367	66,039
	Export Incentive	20,220	23,986
	Profit on sale of fixed assets	11,392	-
	Provision for Doubtful Advances Written back	-	800
	Miscellaneous income	37,232	34,261
	TOTAL	156,992	128,203

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
18.	**COST OF SALES**		
	Salary, wages and allowances	213,469	140,293
	Contribution to PF and Other Funds	8,083	4,350
	Labour charges	201,086	167,374
	Consumption of raw & packing materials	2,712,121	1,901,578
	Purchase of Trading goods	1,266,647	619,705
	Excise duty paid	294,899	556,115
	Sales tax	328,467	258,281
	Power, fuel and water charges	155,113	88,410
	Consumable stores	126,425	63,358
	Repairs and maintenance - plant and machinery	34,212	33,336
	Rent, rates and taxes	9,004	2,881
	Other manufacturing expenses	39,766	48,207
	(Increase)/decrease in inventory	(814,580)	(66,554)
	TOTAL	4,574,712	3,817,334

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
19.	**SELLING AND OPERATING EXPENSES**		
	Salary and allowances	937,250	588,651
	Contribution to PF and Other Funds	32,990	27,244
	Staff welfare	22,846	12,295
	Directors' salaries and allowances	57,645	43,154
	Incentive and commission	61,620	38,695
	Sales promotion expenses	481,544	336,881
	Export Commission	48,790	20,893
	Commission on sales	28,630	41,381
	Travelling expenses	371,101	311,468
	Freight outward	183,567	135,518
	Telephone expenses	37,730	30,463
	Rates and taxes	31,962	34,389
	Provision for doubtful debts	26,213	25,632
	Insurance premium	41,476	21,183
	Electricity charges	10,733	10,833
	Rent	143,745	50,685
	Legal & Professional Expenses	259,819	98,711
	Repairs & Maintenance	85,258	76,382
	Auditors' remuneration		
	Audit fees *	9,184	5,445
	Other matters	30	40
	Out of pocket expenses	103	97
	Loss on sale of assets	-	796
	Amortisation of Pre-operative / Preliminary expenses	20,002	9,365
	Other operating expenses	352,921	202,960
	TOTAL	3,245,159	2,123,161
	* Audit fees includes fees paid to Statutory Auditors of Subsidiary companies.		

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
20.	**INTEREST (Net)**		
	On loans from banks	113,434	98,028
	Other interest	284,824	83,644
		398,258	181,672
	Less: Interest Received		
	On deposits with banks	14,182	34,476
		14,182	34,476
	TOTAL	384,076	147,196

Rs. In ('000s)

		Year ended 31st March,2007	Year ended 31st March,2006
21	**RESEARCH AND DEVELOPMENT EXPENSES [Refer Note (2) (viii)of Schedule 22]**		

		Year ended 31st March,2007	Year ended 31st March,2006
	Salary and other allowances	151,825	113,211
	Contribution to PF and Other Funds	8,719	6,141
	Staff welfare expenses	2,210	3,947
	Directors' Remuneration	19,280	235
	Consumable & Chemicals	127,326	48,166
	Electricity charges	14,083	8,249
	Repairs and maintenance	3,072	6,719
	Insurance premium	968	1,075
	Other expenses	105,126	75,601
	TOTAL	432,609	263,344

GLENMARK PHARMACEUTICALS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007

22 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) PRINCIPLES OF CONSOLIDATION

(a) The consolidated financial statements relate to Glenmark Pharmaceuticals Limited and its subsidiaries (the "Group"). The financial statements of Subsidiary Companies have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions in accordance with Accounting Standard (AS-21) - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

(b) Glenmark Pharmaceuticals Limited ("GPL"), the holding company, had controlling interest in the following entities as at 31st March, 2007:

Name of the Subsidiary	Country of Incorporation	Percentage of ownership
Glenmark Dominicana S.A.	Dominicana Republic	100%
Glenmark Impex LLC	Russia	100%
Glenmark Philippines Inc.	Philippines	100%
Glenmark Farmaceutica Ltda.*	Brazil	100%
Glenmark Organics Ltd.	India	100%
Glenmark Exports Ltd.	India	100%
GM Pharma Ltd	India	100%
Glenmark Pharmaceuticals Inc.*	USA	100%
Glenmark Pharmaceuticals (Europe) Ltd , U.K.	UK	100%
[Formerly known as Glenmark Pharmaceuticals (UK) Ltd]		
Glenmark Pharmaceuticals Nigeria Ltd.	Nigeria	100%
Glenmark Pharmaceuticals SDN.BHD.	Malaysia	100%
Glenmark Pharmaceuticals S.A.*	Switzerland	100%
Servycal SA,*	Argentina	100%
Glenmark South Africa (Properietary) Ltd*	South Africa	100%
[Formerly known as Glenmark Pharmaceuticals Pty. Ltd.]		
Glenmark Pharmaceuticals South Africa (Properietary) Ltd.*	South Africa	100%
[Formerly known as Bouwer Bartlett Pty. Ltd.]		
Glenmark Pharmaceuticals (Australia) Pty.Ltd.	Australia	100%
Glenmark Holding S.A.	Switzerland	100%

* Held through Glenmark Holding S.A.

(c) Assets and liabilities of foreign subsidiaries are translated into Indian rupees at the rate of exchange prevailing as at the Balance Sheet date.

Revenues and expenses are translated into Indian rupees at average exchange rates prevailing during the year and the resulting net translation adjustment has been adjusted to Exchange Fluctuation Reserve in Reserves and Surplus.

(d) The excess of cost of acquisition over GPL's interest in net identifiable assets of the Subsidiary Company is recognized in the financial statements as Goodwill which is amortised over a period of ten years. The excess of GPL's interest in net identifiable assets of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve.

(e) These Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.However, in case of depreciation it was not practicable to use uniform accounting policies in case of Glenmark Pharmaceuticals S.A., Glenmark Pharmaceuticals South Africa (Properietary) Ltd.,Glenmark Philippines Inc.and Glenmark Pharmaceuticals Inc. as mentioned below.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of the assets, using the straight line method as follows:

Rs. In ('000s)

	Gross Block as on 31st Mar,2007	**Percentage of Total Assets**
Glenmark Pharmaceuticals S.A.	102,940	1.45%
Premises - 20%		
Vehicles - 40%		
Laboratory Instruments and Equipments - 40%		
Glenmark Pharmaceuticals South Africa (Properietary) Ltd.	226	0.00%
Computer Software - 50%		
Glenmark Philippines Inc.	8,376	0.12%
Vehicles - 33%		
Equipments - 33%		
Furniture and fixtures - 20%		
Glenmark Pharmaceuticals Inc.	44,456	0.63%
Leasehold Improvement - 12.5%		
Furniture and fixtures - 14%		

2) SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in Section 211(3C) of the Companies Act,1956.

ii) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. The Group capitalises all costs relating to the acquisition and installation of fixed assets. Expenditure of revenue nature, incurred in 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.

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

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

Category	Estimated useful life
	(in years)
Plant and machinery	8 - 20
Vehicles	5 - 6
Equipments and air conditioners	4 - 20
Furniture and fixtures	5 - 10
Brands	5 - 10

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

iii) Foreign Currency Transactions

(a) Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/ loss arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

(b) Gain/ loss on account of foreign exchange fluctuation in respect of liabilities in foreign currencies specific to acquisition of fixed assets are adjusted to the carrying cost of the respective fixed assets. Such adjustments are restricted to only acquisition of fixed assets from a country outside India in case related foreign currency transactions are entered into on or after April 1, 2004.

iv) Investments

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

v) Inventories

Inventories of finished goods are valued at cost or net realisable value, whichever is lower. Cost of raw materials and packing materials is ascertained on a first-in-first out basis. Cost of work-in-process and finished goods include the cost of materials

consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

vi) Employee Benefits

Retirement benefits to employees comprise payments towards gratuity, superannuation and provident fund under the schemes of the Group and encashment of leave. Annual contributions to the superannuation and provident funds are charged to the Profit and Loss Account.

Annual contributions for Leave encashment and Gratuity are determined in accordance with the relevant fund/scheme and are charged to the Profit and Loss Account.

vii) Revenue Recognition

The Group recognizes revenue on dispatch of goods to customers. Revenues from services are recognized on completion of such services. Revenue from IP asset/Marketing rights is recognized on transfer of ownership/right to use in accordance with the terms of relevant agreements. Revenue from contract research being in the nature of product development activities is recognized as per the terms of the agreement. Revenues are recorded at invoice value, inclusive of excise duty and sales-tax, but net of returns and trade discounts.

viii) Research and Development

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 economical benefits. Other research and development costs are expensed as incurred.

ix) Income tax

Current Tax
Provision for Current Tax has been made in accordance with the Income Tax and Wealth Tax Laws prevailing for the relevant assessment years.

Deferred Tax
Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities because of a change in tax rates is recognised in the Statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Fringe Benefit Tax
Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

x) 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 Group'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 payments for operating leases are recognised as expense on a straight-line basis over the lease term. Lease income from operating leases is recognised as income on a straight-line basis over the lease term. Initial direct costs are recognised immediately as an expense.

xi) Miscellaneous Expenditure

Preliminary expenses /Pre-operative expenses incurred prior to April 01, 2004 are amortised over the originating period of five years.

xii) 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.

xiii) Impairment of Assets

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

xiv) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

xv) Provisions and Contingent Liabilities

The Group 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.

3) CONTINGENT LIABILITIES NOT PROVIDED FOR

Rs. In ('000s)

		2007	2006
(a)	Bank guarantees	8,975	29,217
	Disputed taxes/duties (Refer Note - (i))	49,395	26,020
	Labour / Industrial disputes	632	343
	Open letters of credit (Refer Note (ii))	21,358	4,690
	Sundry debtors factored with recourse option (Refer Note (iii))	300,000	100,000
	Channel financing with recourse option (Refer Note (iii))	18,732	20,500
	Indemnity Bond	34,878	21,789

Note

(i) In respect of Income-tax demand for the assessment years 1999-00, 2001-02, 2004-05 and 2006-07 aggregating Rs.23,129 ('000) on account of disallowances/ non allowability of deduction under the Income-tax Act made by the authorities which is appealed against.

(ii) The total amount related to LC outstanding as on 31st March, 2007.

(iii) The amount related to Credit facilities given by Bank against debtors.

(b) Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for as at March 31, 2007 aggregate Rs.52,323 (2006 -- Rs.54,124)

4) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (net profit for the year less dividends on preference shares) by the weighted average number of equity shares outstanding during the year.

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

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

Rs. In ('000s)

Reconciliation of earnings	31st Mar, 2007	31st Mar, 2006
Profit after tax for the financial year	3,100,600	879,760
Less:		
Preference dividends	6,942	14,000
Dividend tax on preference shares	974	1,964
Net profit attributable to equity shareholders for calculation of Basic EPS	3,092,684	863,796

Reconciliation of number of shares

	2007 Shares	2006 Shares
Weighted average number of shares:	in '000s	in '000s

	2007 Shares	2006 Shares
Weighted average number of shares:	in '000s	in '000s
For basic earnings per share	119,058	118,666
Add:		
Deemed exercise of options on unissued equity share capital	879	1,133
Conversion of FCC Bonds	13,842	15,007
For diluted earnings per share	133,779	134,806

Earnings per share (nominal value Rs 2 each)	Rs.	Rs.
Basic	25.98	7.28
Diluted	23.12	6.41

5) SEGMENT INFORMATION

Business segments

The Group is primarily engaged in a single segment business of manufacturing and marketing of pharmaceutical formulations and active pharmaceutical ingredients and is governed by a similar set of risks and returns.

Geographical segments

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

Sales by market -- The following is the distribution of the Group's sale by geographical market:

	2007	2006
Geographical segment	Rs. In '000s	Rs. In '000s
India	4,988,060	4,427,964
Other than India*	7,527,276	3,147,928
Total	12,515,336	7,575,892

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:

Rs. In ('000s)

	India	Others*	India	Others*
	2007	2007	2006	2006
Carrying amount of segment assets	9,923,447	9,422,406	7,477,846	5,362,104
Additions to tangible assets	545,196	188,695	683,064	202,367

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

6) RELATED PARTY DISCLOSURES

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

Key management personnel

Mr. Gracias Saldanha
Mrs B.E. Saldanha
Mr Glenn Saldanha
Mrs Cheryl Pinto
Mr. R.V. Desai
Mr. A.S. Mohanty

b) Transactions with related parties during the year

Rs. In ('000s)

	2006-2007	2005-2006
Managerial Remuneration		
Name of Directors		
1. Mr. Gracias Saldanha	17,816	9,220
2. Mrs. B. E. Saldanha	50	10,386
3. Mr. Glenn Saldanha	34,798	10,999
4. Mrs. Cheryl Pinto	9,522	4,897
5. Other Directors	11,398	7,586

7) LEASES

a) The Group has entered into operating and finance lease agreements for the rental of property, vehicles,computers, equipment and other assets. Typically, lease agreements are for a period of three to fifteen years. At March 31 2007, the Group had commitments under non-cancellable finance leases as follows:

Rs. In ('000s)

	31st Mar, 2007	31st Mar, 2006
Minimum lease payments		
Due within one year	8,134	5,098
Due later than one year and not later than five years	26,218	14,447
Due later than five years	29,429	-
Total	63,781	19,545
Present value of minimum lease payments		
Due within one year	7,710	4,833
Due later than one year and not later than five years	22,124	12,000
Due later than five years	17,528	-
Total	47,362	16,833

b) Glenmark Pharmaceuticals Inc., USA (GPI) conducts its operations from facilities that are leased under a 97-month non-cancellable operating lease expiring in September 2013. Additional office space were subleased under a 52-month non-cancellable operating lease

expiring in September 2008 and four year non-cancellable operating lease which has expired in March 2007.

Rs. In ('000s)

	31st Mar, 2007	31st Mar, 2006
Minimum lease payments		
Due within one year	19,387	-
Due later than one year and not later than five years	60,448	-
Due later than five years	7,251	-
Total	87,086	-
Present value of minimum lease payments		
Due within one year	18,464	-
Due later than one year and not later than five years	51,188	-
Due later than five years	5,411	-
Total	75,063	-

Rs. In ('000s)

	31st Mar, 2007	31st Mar, 2006
Total of future minimum sublease payments expected to be received	5,641	-

c) GPL had leased out its manufacturing facility at Panoli, Gujarat till 30th June 2005 and the same has been capitalized in the books of account in accordance with Accounting Standard 19 - "Leases" issued by The Institute of Chartered Accountants of India in this regard. Depreciation has been provided based on the estimated useful life of the asset.

(i) Details in respect of assets given on operating Lease

Rs. In ('000s)

	31st Mar, 2007	31st Mar, 2006
Gross Block		
Leasehold Land	-	4,259
Factory Buildings	-	22,065
Plant and Machinery	-	5,838
Equipments	-	3,764
Furniture and Fixtures	-	165
	-	36,091
Accumulated depreciation		
Leasehold Land	-	226
Factory Buildings	-	4,223
Plant and Machinery	-	1,451
Equipments	-	1,634
Furniture and Fixtures	-	87
	-	7,621
Depreciation [Up to June 2005]		330

(ii) The lease income of Rs.Nil (2006 -- Rs. 480) has been accrued on the basis of the lease agreement executed with the lessees.

d) The Group has taken on lease/leave and licence godowns/residential & office premises at various locations.

i) The Group's significant leasing arrangements are in respect of the above godowns & premises (Including furniture and fittings therein, as applicable). The aggregate lease rentals payable are charged to Profit and Loss Account as Rent in Schedule 18 & 19.

ii) The Leasing arrangements which are cancellable range between 11 months and 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 Rs.32,611 (2006 - Rs.30,272) towards deposit and unadjusted advance rent is recoverable from the lessor.

8) PRIOR YEAR COMPARATIVES

Prior year's figures have been regrouped wherever necessary.

Signatures to the Schedules 1 to 22 which form an integral part of the Consolidated Financial Statements.

For and on behalf of Price Waterhouse
Chartered Accountants

For and on behalf of the Board of Directors

Partha Ghosh	**Glenn Saldanha**	**Rajesh Desai**	**Sanjay Chowdhary**
Partner	Managing Director & CEO	Director – Finance	Assistant Company Secretary
Membership Number - F 55913			

Mumbai, August 13, 2007

RECENT DEVELOPMENTS

Glenmark Pharmaceuticals limited
Unaudited Financial Results for the quarter ended June 30, 2009

(Rs. in Lakhs)

	Particulars	Standalone			Consolidated		
		Quarter ended June 30, 2009 (Unaudited)	Quarter ended June 30, 2008 (Unaudited)	Year ended March 31, 2009 (Audited)	Quarter ended June 30, 2009 (Unaudited)	Quarter ended June 30, 2008 (Unaudited)	Year ended March 31, 2009 (Audited)
1.	(a) Net Sales / Income from Operations	21,995.92	19,397.51	85,529.13	54,368.76	46,082.49	209,301.68
	(b) Other Operating Income	13.91	17.25	81.46	504.63	128.45	2,852.25
	(c) Total Income	22,009.83	19,414.76	85,610.59	54,873.39	46,210.94	212,153.93
2.	Expenditure						
	a. (Increase)/Decrease in Stock in Trade and work in process	351.43	(223.35)	(1,516.20)	4,177.55	517.98	(21,117.03)
	b. Consumption of Materials	4,292.99	3,606.86	17,289.71	11,571.29	10,694.27	49,828.52
	c. Purchase of traded goods	1,308.23	1,328.31	6,872.27	2,012.51	1,493.93	37,749.02
	d. Employees Cost	2,761.27	3,575.44	12,983.32	8,206.86	7,286.44	31,227.23
	e. Depreciation	528.44	431.98	1,910.45	3,115.29	2,153.12	10,268.27
	f. Other expenditure	12,655.69	6,388.95	27,787.96	16,264.16	11,993.44	66,115.56
	g. Total	21,898.05	15,108.19	65,327.51	45,347.66	34,139.18	174,071.57
3.	Profit from Operations before Other Income, Interest & Exceptional Items (1-2)	111.78	4,306.57	20,283.08	9,525.73	12,071.76	38,082.36
4.	Other Income	187.70	27.00	9,867.77	254.61	963.23	14,548.91
5.	Profit before Interest & Exceptional Items (3+4)	299.48	4,333.57	30,150.85	9,780.34	13,034.99	52,631.27
6.	Interest (net)	198.13	948.88	5,513.86	4,383.76	1,551.51	14,047.66

Glenmark Pharmaceuticals limited
Unaudited Financial Results for the quarter ended June 30, 2009

(Rs. in Lakhs)

	Particulars	Standalone			Consolidated		
		Quarter ended June 30, 2009 (Unaudited)	Quarter ended June 30, 2008 (Unaudited)	Year ended March 31, 2009 (Audited)	Quarter ended June 30, 2009 (Unaudited)	Quarter ended June 30, 2008 (Unaudited)	Year ended March 31, 2009 (Audited)
7.	Profit after Interest but before Exceptional Items (5-6)	101.35	3,384.69	24,636.99	5,396.58	11,483.48	38,583.61
8.	Exceptional items	-	29.80	29.80	-	-	11,695.48
9.	Profit/(Loss) from Ordinary Activities before tax (7-8)	101.35	3,354.89	24,607.19	5,396.58	11,483.48	26,888.13
10.	Taxation						
	- Provision for Tax	105.51	481.05	3563.2*	853.41	2,157.17	7419.54*
	- Deferred Tax	(526.16)	(2,809.73)	(748.64)	(802.29)	(2,211.37)	121.30
11.	Net Profit/(Loss) from Ordinary Activities after tax (9-10)	522.00	5,683.57	21,792.63	5,345.46	11,537.68	19,347.29
12.	Paid-up Equity Share Capital (Face value per share Re.1)	2,505.86	2,501.07	2,505.20	2,505.86	2,501.07	2,505.20
13.	Reserves Excluding Revaluation Reserves	-	-	120,491.85	-	-	157,310.44
14.	Earning Per Share						
	Basic Earnings Per Share (in rupees)	0.21	2.28	8.72	2.11	4.63	7.74
	Diluted Earnings Per Share (in rupees)	0.20	2.23	8.54	2.07	4.53	7.58
15.	Public Shareholding						
	Number of Shares	120,090,979	119,697,120	120,024,179	120,090,979	119,697,120	120,024,179
	Percentage of Shareholding	47.92%	47.86%	47.91%	47.92%	47.86%	47.91%
16.	Promoters and promoter group Shareholding						
	a) Pledged/Encumber						

Glenmark Pharmaceuticals limited
Unaudited Financial Results for the quarter ended June 30, 2009

(Rs. in Lakhs)

	Particulars	Standalone			Consolidated		
		Quarter ended June 30, 2009 (Unaudited)	Quarter ended June 30, 2008 (Unaudited)	Year ended March 31, 2009 (Audited)	Quarter ended June 30, 2009 (Unaudited)	Quarter ended June 30, 2008 (Unaudited)	Year ended March 31, 2009 (Audited)
	ed						
	- Number of shares	Nil	N.A.	Nil	Nil	N.A.	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	N.A.	Nil	Nil	N.A.	Nil
	- Percentage of shares (as a% of the total share capital of the company)	Nil	N.A.	Nil	Nil	N.A.	Nil
	b) Non-encumbered						
	- Number of Shares	130,495,579	N.A.	130,495,579	130,495,579	N.A.	130,495,579
	- Percentage of shares (as a% of the total shareholding of promoter and promoter group)	100.00%	N.A.	100.00%	100.00%	N.A.	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	52.08%	N.A.	52.09%	52.08%	N.A.	52.09%

* includes Prior Period Tax

Notes:

1. The above results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on July 27, 2009.
2. The Statutory Auditors have carried out a limited review of the Standalone result for the quarter ended June 30, 2009.
3. The Company is exclusively in the Pharmaceutical business segment.
4. In the Standalone result, Net sales includes export sales Rs. 5,700.64 lakhs (Previous period Rs. 5,425.24 lakhs).
5. During the quarter ended June 30, 2009, pursuant to Employee Stock Option Scheme 2003, the Company has converted 65,800 options into equity shares of Re. 1 each. As at June 30, 2009, 3,537,160 options were outstanding, which upon exercise are convertible into equivalent number of equity shares.
6. In the Standalone result, as per the transitional provision given in the notification issued by Ministry of Corporate Affairs dated March 31, 2009 the Company has opted for the option of adjusting the exchange difference on long term foreign currency monetary items

i) To the cost of the assets acquired out of this foreign currency monetary item. During the quarter, company has decapitalised exchange difference amounting to Rs. 60.45 lakhs on restatement of long term loans used for acquiring the fixed assets.

ii) To the Foreign Currency Monetary Item Translation Difference account. During the quarter, company has transferred exchange gain of Rs. 1,331.27 lakhs (net after amortisation) on restatement of long term loans.
Accordingly, proportionate amount of Rs. 159.22 lakhs is amortised for the quarter ended June 30, 2009. Due to the above, profit for the quarter is lower by Rs. 1,550.94 lakhs.

7. In Standalone result, other expenditure includes Foreign currency exchange loss of Rs. 5,227.89 lakhs for the quarter ended June 30, 2009 (Previous period Rs. 12.66 lakhs).
8. During the quarter, the Company acquired a manufacturing unit at Nalagarh, Himachal Pradesh for a consideration of Rs. 2,000 lakhs.
9. There were no investor complaints pending at the beginning of the quarter. One complaint was received from investors during the quarter and same has been resolved.
10. Diluted EPS includes provision for conversion of FCC Bonds and ESOPs.
11. Previous period's figures have been re-grouped/ re-classified wherever necessary.

For and on behalf of the Board of Directors
Glenn Saldanha
Managing Director & CEO

Mumbai, July 27, 2009
Visit us at www.glenmarkpharma.com

DECLARATION

The Company certifies that all relevant provisions of Chapter VIII of the SEBI Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII of the SEBI Regulations and that all approvals and permissions required to carry on its business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

_____

Managing Director and Chief Executive Officer

September 10, 2009

Mumbai

ISSUER
GLENMARK PHARMACEUTICALS LIMITED

REGISTERED OFFICE OF THE ISSUER

B2, Mahalaxmi Chambers, 22, Bhulabhai Desai Road, Mumbai 400 026, Maharashtra

JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

Enam Securities Private Limited
801/ 802, Dalamal Towers
Nariman Point
Mumbai 400 021

Citigroup Global Markets India Private Limited
12th Floor, Bakhtawar
Nariman Point
Mumbai 400 021

DOMESTIC LEGAL ADVISERS TO THE ISSUER

Trilegal
#23 Madhuli, 2nd Floor
Dr. Annie Besant Road, Worli
Mumbai 400 018

LEGAL ADVISERS TO THE JOINT GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

Indian Legal Counsel
Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013

International Legal Counsel
Allen & Overy LLP
24 Raffles Place, # 22-00 Clifford Centre
Singapore 048621

AUDITORS TO THE COMPANY

Price Waterhouse, Chartered Accountants
252, Veer Savarkar Marg
Shivaji Park, Dadar
Mumbai 400 028