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STRICTLY PRIVATE & CONFIDENTIAL

January 31, 2014

To,

The Board of Directors
Glenmark Pharmaceuticals Limited
B/2, Mahalaxmi Chambers,22,
Bhulabhai Desai Road,
Mumbai – 400 026,
Maharashtra

The Board of Directors
Glenmark Generics Limited
B/2, Mahalaxmi Chambers,22,
Bhulabhai Desai Road,
Mumbai – 400 026,
Maharashtra

Re: Recommendation of fair share exchange ratio for the purpose of proposed amalgamation of Glenmark Generics Limited into Glenmark Pharmaceuticals Limited

Dear Sir,

As requested by the Management of Glenmark Pharmaceuticals Limited and Glenmark Generics Limited (hereinafter collectively referred to as the "Management"), we have carried out fair valuation of equity shares of Glenmark Pharmaceuticals Limited (hereinafter referred to as "GPL") and Glenmark Generics Limited (hereinafter referred to as "GGL") to recommend fair share exchange ratio for the proposed amalgamation of GGL into GPL (hereinafter collectively referred to as the "Companies").

1. PURPOSE OF VALUATION

1.1 We have been informed that the management of the Companies are considering a proposal for the amalgamation of GGL into GPL (hereinafter referred to as "amalgamation") pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "Scheme"). Subject to necessary approvals, GGL would be merged into GPL, with effect from the Appointed Date of April 1, 2014. In consideration for the amalgamation, equity shares of GPL would

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For Glenmark Pharmaceuticals Ltd.

Sanjay Kumar Chowdhary
Company Secretary & Compliance Officer

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be issued to the minority shareholders of GGL. We have been informed that, as part of the Scheme, Glenmark Access Limited ('GAL'), a 100% subsidiary of GPL, will also be amalgamated with GPL for which no shares would be issued.

1.2 In this connection, SSPA & Co., Chartered Accountants (SSPA) has been appointed to carry out the relative valuation of equity shares of GPL and GGL to recommend the fair share exchange ratio.

2 BRIEF BACKGROUND OF GPL

2.1 GPL was incorporated in 1977 as a Private Limited Company and was converted into Public Limited Company and listed on recognised stock exchanges in the year 1996 and 2000 respectively. The registered office of the Company is situated at Mumbai, Maharashtra.

2.2 GPL is a research driven, global, integrated pharmaceutical company headquartered at Mumbai, India. It is ranked among the top 80 Pharma & Biotech companies of the world in terms of revenue (Source: SCRIP 100 Rankings published in the year 2013). GPL is a leading player in the discovery of new molecules both New Chemical Entity (NCEs) and New Biological Entity (NBEs). It has several molecules in various stages of clinical development and is primarily focused in the areas of Inflammation and Pain. We have been informed that GPL has significant presence in branded generics market across emerging economies including India. GPL along with its subsidiaries have 14 manufacturing facilities in four countries and have 6 R&D centers.

2.3 The shares of the GPL are listed on The National Stock Exchange of India Limited ('NSE') and BSE Limited.

3 BRIEF BACKGROUND OF GGL

3.1 GGL (erstwhile known as Glenmark Organics Limited) was incorporated in 1994 as a Public Limited Company. The registered office of the Company is situated at Mumbai, Maharashtra.

3.2 GGL is engaged in developing, manufacturing, selling and the distribution of generics through wholesalers, retailers and pharmacy chains. From Active Pharmaceutical Ingredient ('APIs') to front end marketing capabilities, the businesses of GGL's are

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vertically integrated into the generics market, by focusing on key niche segments including Dermatology, Hormones, Controlled Substances, Oncology and Modified Release Products.

3.3 We have been informed that GGL services the requirements of the US and Western Europe generics markets. It sells its products in over 80 countries, including the US, various countries in the European Union, South America and India

3.4 We have been informed that currently GPL and its 100% subsidiary GAL together holds 99.33% equity stake in GGL.

3.5 The shares of GGL are not listed on any recognised Stock Exchanges.

4 EXCLUSIONS AND LIMITATIONS

4.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

4.2 No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

4.3 Our work does not constitute certification of the historical financial statements of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

4.4 A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the Companies have drawn our attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the

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fair value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the report date. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

4.5 In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. We assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.

4.6 Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.

4.7 This report is prepared only in connection with the proposed amalgamation exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.

4.8 The information contained herein and our report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed amalgamation as aforesaid, can be done only with our prior permission in writing.

4.9 SSPA nor its partners, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

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5 SOURCES OF INFORMATION

For the purpose of the valuation exercise, we have relied upon the following sources of information provided by the management.

(a) Audited financial Statements of GPL and GGL for the financial year ended March 31, 2013.

(b) Estimated Consolidated financial Statements of GPL and GGL for the financial year ending March 31, 2014.

(c) Draft Scheme of Amalgamation u/s 391 to 394 and other applicable provisions of the Companies Act, 1956.

(d) Other relevant details regarding the Companies such as their history, their promoters, past and present activities, future plans and prospects, other relevant information and data including information in the public domain.

(e) Such other information and explanations as we required and which have been provided by the management of the Companies.

6 VALUATION APPROACH

6.1 For the purpose of valuation for amalgamation, generally the following approaches are adopted:

(a) the "Underlying Asset" approach;

(b) the "Income" approach; and

(c) the "Market Price" approach;

6.2 Since GGL is an unlisted entity and this being a relative valuation for amalgamation, we have thought fit not to use the "Market Price" approach for the present valuation exercise.

6.3 Considering the above, we have thought fit to determine the relative values of the Companies using the "Underlying Asset" approach and "Income" approach.

7 UNDERLYING ASSET APPROACH

7.1 In case of the "Underlying Asset" approach, the value is determined by dividing the net assets of the company by the diluted number of shares. The Underlying Asset approach represents the value with reference to the historical cost of the assets owned by the

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MUMBAI

Company and attached liabilities as at the valuation date. Such value usually represents the support value of a going concern.

7.2 Since the shares are valued on a "going concern" basis and an actual realization of the operating assets is not contemplated, we have considered it appropriate not to determine the realizable or replacement value of the assets. The operating assets have therefore been considered at their book values.

7.3 We have computed the net asset value of the equity shares by adjusting, wherever necessary, the value of the net assets attributable to equity holders as appearing in the Estimated consolidated financial statements as at March 31, 2014 for, inter alia, the contingent liabilities adjusted for probability for devolvement, and Inflow on account of exercise of Employee Stock Option ('ESOPs) after making adjustments for tax, wherever applicable.

7.4 The underlying value for equity shareholders as arrived above is divided by diluted number of equity shares to arrive at the value per share.

8 INCOME APPROACH

8.1 Under the "Income" approach, shares have been valued using Comparable Companies Multiple (CCM) method.

8.2 Under CCM Method, value of the shares of the company is determined by using multiples derived from valuations of comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Under this method, the Earnings before Interest, Tax and Depreciation are capitalized using the EV/EBIDTA multiple of comparable listed companies.

8.3 To the value so arrived, adjustments are made for contingent liabilities adjusted for probability of devolvement, outstanding loans and other payables, value of investments, cash and cash equivalents, Inflow on account of exercise of ESOPs, etc. after considering the tax impact wherever applicable.

8.4 The equity value so arrived at is divided by the diluted number of equity shares to arrive at the value per share.

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GLENMARK PHARMACEUTICALS LTD. MUMBAI

9 RECOMMENDATION OF FAIR EXCHANGE RATIO

9.1 The fair basis of amalgamation of the Companies would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of each company. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to work out relative value of shares of the Companies to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

Considering the fact that, after the amalgamation, the business of the Companies is intended to be continued on a "going concern" basis, to arrive at relative value of GGL and GPL, we have considered it appropriate to give a weight of "1" each to the value determined under the "underlying asset" approach and "4" each to the value determined the "income approach".

9.2 The share exchange ratio has been arrived on the basis of a relative valuation of the shares of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

9.3 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

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"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible."

9.4 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this report, in our opinion, a fair ratio of exchange in the event of amalgamation of GGL into GPL would be as under:

4 (Four) equity shares of GPL of INR 1 each fully paid up for every 5 (Five) equity shares of GGL of INR 10 each fully paid up.

Thanking you,
Yours faithfully,

SSPA & CO. MUMBAI CHARTERED ACCOUNTANTS

SSPA & CO.
Chartered Accountants
Firm registration number: 128851W

Place: Mumbai

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