



Dear Friends,

Today is a momentous day in the life of our organization - a day when we commit ourselves to an ideal that embodies our philosophy and vision for the future. Glenmark has always been recognized for a number of virtues, especially innovation and quality. And from now on it will also be known for paving a new way for a new world. A new way - our way - a way that will become our life and define how we do things in the new world.

We all acknowledge that the global business and economy is going through a paradigm shift. In the next ten years, you will see a different world from the existing one. The internet started this revolution and the revolution is not yet over. We are in a new world where minds without boundaries and business without borders are the new realities. A world where knowledge has no address and performance wears no masks of culture.

Even the landscape of pharmaceutical business is all set to change. In the new world order boundaries will blur and it is going to be one global market, one set of regulatory guidelines with one talent pool. The quality of products required across markets will need to be uniform because consumers and governments even in least developed economies will demand the best for their own people. The blurring of boundaries also means that the entire pharma industry will compete for one talent pool - a talent pool which will cut across geographies and the industry will have to look outside its conventional net to get the best talent with the right skills. Spiraling health care costs will present another defining factor for the pharmaceutical world. Governments will have no choice but to move to the developed world model. At the same time, they will have to encourage innovation as new diseases threaten to undo developmental and economic gains. We foresee that in the not too distant future, the branded generics industry will have to either move up or down the value chain. What I mean is that the industry will eventually have two major business models and hence pharmaceutical organizations across the world, including those in India, will be compelled to make the transformation from being a branded generic to either a pure innovation led organization or a generic-generic player.

At Glenmark, we believe that we are more than one step ahead in seizing the opportunities that the new world will offer and the challenges that it will present. Our direction over the past few months has been charted keeping in mind the imminent changes in the industry landscape. The recent separation of the business into specialty and generics with the creation



of GGL and GPL is a step towards that goal. We have in many ways begun to embrace this new world order with new ways of doing things. For the Specialty business, the idea is to transform it into a pure innovative organization which will develop innovative products and thus create a truly global organization. In many ways the progression has already begun and we have already achieved tremendous success. Our focus in this business will continue to build a robust pipeline of both NBEs and NCEs. Today, we are working on novel therapeutic target areas for chronic diseases and we will continue with the same dynamism. I am confident that in the next five years, Glenmark will have its first innovative product in the world market. It is keeping this in mind that we are building global front ends in various countries.

On the generics front, the creation of the dedicated generics subsidiary will help us grow at an exponential pace. Our objective is clear - we aim to emerge among the leading generics organization in the world. And we will do so by leveraging our low-cost manufacturing, economies of scale, global front ends through acquisitions and organic growth to achieve this vision. We will also focus on building strengths in certain therapeutic segments while going about achieving our vision for the generics subsidiary.

Friends, we have always maintained that quality defines us and now we will seek to further raise the quality bar for the one global market. We aspire to set a benchmark for quality and consistency across locations. Our strategies bear out our ambitions. We have realized early the need to access global talent and that's the reason we have initiated the process of going to places which have the best resources in its particular area. For instance, we have set up an R&D lab for biopharmaceutical research in Switzerland, we acquired an oncology business in Argentina to build our oncology portfolio worldwide, our clinical trials lab has been set up in the UK, and we have chosen India for chemical research. At the same time, we would like to create one global perception for the organization - we want the specialty business to be seen as a truly innovative organization and the generics business to be recognized for providing the best quality products across markets at competitive prices. Financial re-engineering will also be critical to our success. The financial world will also converge and access to capital will be unrestricted across geographies. With the context changing, we would need to look at new ways for optimizing our financial resources. Whether it is accessing capital or setting up manufacturing facilities, we will need to look at the global market rather than have a country specific view. This would mean setting up manufacturing facilities in countries which provide maximum tax benefits and help us service all markets competitively or access the cheapest available funds from markets across the world.



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## Letter from Glenn Saldanha

Managing Director & CEO

We are trying to stay ahead of the race as this new world envisages. We now have the global platform to achieve our vision. Both the specialty and the generics business have the critical mass to now grow manifold. We will continue with the same passion and dynamism to truly build a world class specialty and a world-class generics organization.

So as the new world unfolds, we will make our mark on it in our own new way. A way that is not just about innovation and quality but also about many other merits. A way that is about resolve. A way that is about commitment. A way that is about confidence. A way that is about excellence. And a way that is about empathy. This is Glenmark - A new way for a new world.

Regards,

Glenn Saldanha

