



Dear Friends,

We have the good fortune of living in one of the most exciting times of human history - a time in which every aspect of our lives is being constantly improved thanks to man's ingenuity and innovation.

Our organisation too is similarly going through an exhilarating phase with innovation being the central pivot of all our activities. I hope to be able to use this platform to provide you a larger picture on the direction our company is headed and delve a little more into innovation, which has been our organisation's lifeblood for some years now.

In the past few years, Glenmark has grown at a scorching pace. While sales have trebled, profits have grown over seven times in just three years. When we look back, we know that for whatever we have achieved so far, innovation has been the defining factor in our success. We have managed to do what very few pharma companies have done in the world. We have continuously developed new molecules, cut out-licensing deals, expanded our presence in new markets and built a strong generics business, all within a short span of a few years.

When we look ahead, sustaining this growth is going to be the single biggest challenge and I have no doubt that innovation will continue to be the differentiator. But how does one define innovation? Apple's Steve Job put it rather succinctly when Apple's Mac became a success. He said: "Innovation has nothing to do with how many R&D dollars you have. When Apple came up with the Mac, IBM was spending at least 100 times more on R&D. It's not about money. It's about the people you have, how you're led, and how much you get it."

This sums it up for Glenmark too, the reason for our success is our people. It is about our employees who have propelled us on this growth path and will continue to be the driving force. However, let me clear an apprehension that most of us would have - innovation does not and need not happen only in R&D. It should be all-pervasive. To put it simply, it is about creating "something extraordinary from the ordinary." So if a junior employee on the shopfloor makes a very small change that makes even a marginal improvement in productivity then that is innovation.

Small improvements at every level are as important as discovering new molecules. And it is also well stated in our values statement that we value knowledge such that it empowers our people to find innovative solutions to manage change.

We need to spread and build the spirit of innovation across the organisation. I am personally open to ideas and thoughts in this regard. It is important that if we have to sustain our growth momentum and leapfrog into the next level, we have to create a culture of innovation. Here are some simple thoughts that could serve as a guideline for creating an innovation culture in the various teams across our organisation.

1. Look for small improvements with the same zeal and fervour as you look for those big breakthrough changes.
2. Build an information network. Find out what is happening in your area of expertise in the outside world. You don't have to reinvent the wheel.
3. Get insights. Step back. It will help you see things in a different light, sometimes that is the only difference.
4. Challenge the establishment with ideas backed with data and conviction.

This, I hope, will provide a start to each of you to chart your own innovation courses. At this juncture, I would like to conclude by reiterating that the only way we can sustain this growth momentum is by being innovative in every sphere of work. And I look forward to a time in the not so distant future when each of us will not just talk of innovation but be living examples of it.

Regards,

Glenn Saldanha

"Innovation does not and need not happen only in R&D. It should be all-pervasive. To put it simply, it is about creating something extraordinary from the ordinary."