

Glenmark Pharmaceuticals Ltd.
Investors/Analysts Conference Call for Q2 FY 2007-08
(October 31, 2007)

Moderator: Good evening ladies and gentlemen, I am Monali the moderator, for this conference. Welcome to the Glenmark Pharmaceuticals Conference Call. For the duration of the presentation all participants' line will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to international bridge, after that the question and answer session will be conducted for participants in India. I would now like to handover to Ms. Vasudha Jha of Glenmark Pharmaceuticals, thank you and over to you madam.

Vasudha Jha: Thank you. Good afternoon everybody and welcome to Glenmark's second quarter 2008 earnings conference call. We have with us here Mr. Glenn Saldanha, Managing Director and CEO. Mr. Rajesh V Desai, Director - Finance, IT & Legal. Mr. Terrence Coughlin, President - US Operations, and Head API Sales. Before we start, I would like to reiterate that the information, statements, and analysis made in this presentation describing the company's objectives, projections, and estimates are forward-looking statement and progressive within the meaning of applicable security laws and regulations. The analysis contained here in is based on numerous assumptions. Actual results may vary from those expressed or implied depending upon economic conditions, government policies and other incidental factors. No representation or warranty, either expressed or implied, is provided in relation to this presentation. This presentation should not be regarded by recipients as a substitute for the exercise of their own judgment. I would now like to take you through the Management Discussion and Analysis for Second quarter of the Financial Year 2007 – 08 Ended 30th September, 2007.

**Review of Operations for the Second quarter of the
Financial Year 2007- 08**

During the second quarter of FY2008, Glenmark's total [consolidated] revenues increased to Rs. 3839.47 Mn [USD¹ 93.83 Mn] against Rs. 2557.00 Mn [USD² 55.67 Mn] for the second quarter of the previous year, recording a growth of 50.16%.

Consolidated profits for the second quarter of FY 08 increased to Rs. 751.26 Mn [USD 18.36 Mn] from Rs. 402.01 Mn [USD 8.75 Mn] for the previous year, an increase of 86.88%.

¹ Average conversion rate for Q2 FY 2007-08 of Rs. 40.92 / USD 1.00

² Average conversion rate for Q2 FY 2006-07 of Rs.45.93 / USD 1.00

Formulations

USA

Glenmark Pharmaceuticals Inc., U.S.A. [GPI], Glenmark's wholly owned US subsidiary posted revenues of Rs. 810.72 Mn [USD 19.81 Mn] for the second quarter of FY 08 against revenues of Rs. 338.00 Mn [USD 7.36 Mn] registering an increase of 139.86 % over the second quarter of the previous year.

Glenmark Pharmaceuticals Ltd [Glenmark], a research-based company headquartered in Mumbai (India) received final US FDA approval to market three products in Q2 FY 08. These are Carvedilol oral tablets 3.125 mg, 6.25 mg, 12.5 mg and 25 mg - a generic version of Glaxo brand Coreg; a tentative approval for Topiramate 25 mg, 50 mg, 100 mg and 200 mg oral tablets - the generic equivalent of Ortho McNeil's anti-epilepsy Topamax; and the first generic version of Trileptal (Oxcarbazepine). The approval is for marketing Oxcarbazepine tablets in three strengths – 150 mg, 300 mg and 600 mg. Trileptal is a widely used medication to treat epilepsy that has FDA approval.

Glenmark was one of the first ANDA applicants to submit a Paragraph IV certification to the '525 patent' for Oxcarbazepine. Therefore, with this approval, Glenmark has been awarded for 180 days of shared generic drug exclusivity for these strengths.

With these approvals, GPI now has a portfolio of over 20 generic products for the US market and has over 35 ANDAs undergoing US FDA approval process/launch. There were four ANDAs filed in Q2FY08; and we are on track for our targeted number of 21 ANDAs this year.

Further, Glenmark has filed a total of 4 potential first to file Para 4 challenges thus far. The three that are in the public domain are Desloratidine, Ezetimibe and Atomoxetine. Of these three, if successful, Glenmark could be the only company to have the 180 day exclusivity on Ezetimibe.

Latin America [Brazil and Argentina]

Glenmark's consolidated revenues from its Latin American operations, comprising Glenmark Farmacêutica Ltda [GFL], the wholly owned Brazilian subsidiary of Glenmark, Servycal S.A. [Servycal], the wholly owned Argentinean subsidiary and commercial operations in 10 other Latin American countries, were Rs. 571.70 Mn [USD 13.97 Mn] in the second quarter of 2007-08 against Rs. 268.32 Mn [USD 5.84 Mn] for the second quarter of the previous year reflecting an increase of 113.07%.

In Brazil, seven new dossiers were filed during Q2. We are on track to file 25 dossiers during FY08 and launch 18 products.

In Argentina, six new dossiers were filed during the second quarter. We also filed 35 oncology dossiers in various markets across rest of the world. We also launched 17

oncology products in various markets during the previous quarter including Finasteride 5 mg tab and Epirubicin 10 and 50 mg inj in Argentina; Docetaxel 20 mg and 80 mg inj; Pamidronate 30 & 90 mg Inj in Uruguay; Zoledronic Acid 4 mg Inj and Paclitaxel 100 mg inj in Columbia; Carboplatin 150 mg inj, Cisplatin 10 mg and 50 mg inj, Doxorubicin 10 mg inj, Irinotecan 40 mg inj and Leucovorin 50 mg inj in Ecuador.

Semi Regulated Markets (SRM)

Revenues from the export of branded formulations increased to Rs. 545.02 Mn [USD 13.32 Mn] in the second quarter of FY 08 against Rs. 525.10 Mn [USD 11.43 Mn] for the second quarter of the previous year, recording a growth of 3.79%.

Glenmark filed 93 products in the second quarter and obtained registrations for 58 formulation products in several of its export markets.

Glenmark has adopted differentiated product strategy in Russia and the focus is on developing brands in niche segments of dermatology, pulmonology, gynecology and gastroenterology. The company actively promotes its products to the target specialties through its own field force. According to IMS retail audit, for MAT June 2007, the company was ranked 115 in the market growing at 42% compared to a market growth of 25%. During this time the company received approval for one product - Ascoril 200 ml. The company also filed two products for registration with the MOH and got re-registration for two products

India

Glenmark's formulation business in India increased to Rs. 1418.16 Mn [USD 34.66 Mn] in second quarter of FY 08 against Rs. 1108.34 Mn [USD 24.13 Mn] in the previous year, recording a growth of 27.95%. The Company registered a value growth of 22%, vis-à-vis that of the industry [13%] [ORG June 2007].

During the second quarter of the financial year, the overall healthy growth trend has been a result of a balanced performance of the portfolio across therapy areas. While anti-infective, Respiratory, and Cardiac basket have reflected a strong picture; the Dermatology, Anti-diabetics and Gynaecology segments have shown a steady positive performance

Twelve products were launched in the second quarter. For the first time in India, Glenmark launched Flexilor (Lornoxicam), Dycerin A and Fitfoot. These would qualify differentiated products launched for the first time in India. Fitfoot has been launched by Healtheon to prevent foot amputation due to neuropathy in diabetics. Fitfoot ensures hands on foot care as it contains Aloe vera, Grape seed extract, Dimethicone, Squalene and Allantoin. The formulation developed by the Glenmark team has a non greasy feeling and has been taken up by foot care conscious Diabetologists. Fitfoot fulfils the need of Diabetologists to provide holistic care to their patients.

Glenmark plans to launch another 19 products in the third quarter of this year.

The company also received MHRA, UK approval for its plant in Baddi. The plant was also inspected by USFDA and the facility has been recommended for approval. The formal approval certificate from the USFDA will be received in due course of time.

Europe

Mylan (Merck Generics)

The companies have successfully completed another development and have jointly submitted the product dossier in September for review by regulatory agencies in multiple European markets by the Decentralised Procedure. This is their third co-development product now under registration review. Other product developments are also progressing well.

Medicamenta

Medicamenta, Glenmark's wholly owned subsidiary, posted revenue of Rs.68.05 mn for the second quarter of 2007. Glenmark plans to use the manufacturing site at Medicamenta, in Czech Republic, as a central site for its European quality release, warehousing and distribution centre. Work is ongoing to develop the facility in accordance with these requirements.

Active Pharmaceutical Ingredients [API]

International

Revenues from sale of API to regulated and semi-regulated markets globally were Rs. 131.12 Mn [USD 3.20 Mn] for Q2FY 08 against Rs. 139.87 Mn [USD 3.05 Mn] for Q2 of the previous year, recording decrease of 6.26%.

Glenmark filed one USDMF during Q2 FY08 and is on track to file 15 DMFs this year.

Domestic

Revenues from the domestic API and co-marketing business amounted to Rs. 294.70 Mn [USD 7.20 Mn] in Q2 FY 08 against Rs. 177.37 Mn [USD 3.86 Mn] for Q2 of the previous year, recording an increase of 66.15%.

Research and Development

Glenmark today has a pipeline of 11 NCE and NBE molecules in the pipeline, with three molecules in Phase II clinical development.

NCEs:

Oglemilast:

GRC 3886:

USFDA has provided a favorable response to the submission made by Forest, allowing it to initiate an additional Phase II study in COPD for Oglemilast (GRC 3886), Glenmark's lead PDE4 inhibitor molecule. The approval came after Forest satisfactorily addressed FDA's outstanding non-clinical questions. Glenmark is working closely with Forest Labs, which is Glenmark's North American partner for Oglemilast, to detail out plans for further longer term development, while additional communication is expected from the FDA in the next 2-3 months. Glenmark views this as an important positive step in continuing overall clinical development of Oglemilast

GRC 8200:

Glenmark's lead molecules, GRC 8200 also continues to progress well in its Phase II clinical trials. Merck has recently announced plans to curtail focus on diabetes and discussions are on with Merck to define future development for the compound. However, near term development program has not been compromised.

GRC 6211:

Glenmark Pharmaceuticals S.A. (GPSA) a wholly owned subsidiary of Glenmark Pharmaceuticals Limited India (GPL), has out licensed its molecule GRC 6211 to Eli Lilly and Company. Under the terms of the agreement, Lilly will acquire the rights to a portfolio of transient receptor potential vanilloid sub-family 1 (TRPV1) antagonist molecules, including a clinical compound, GRC 6211. GRC 6211 is currently in early clinical Phase II development as a potential next-generation treatment for various pain conditions, including osteoarthritic pain.

Under the terms of the agreement, Glenmark will receive an upfront fee of \$45 million and could receive up to an additional \$215 million in potential development and sales milestones for the initial indication, as well as royalties on sales if GRC 6211 is successfully commercialized. If other indications are successfully developed, Glenmark would be entitled to additional milestones up to \$90 million. Lilly will have marketing rights for North America, Europe and Japan, while Glenmark will retain the marketing rights in all other countries. Further Glenmark will have the right to co-promote GRC 6211 in the United States.

GRC 4039:

Glenmark's candidate for Rheumatoid Arthritis, Inflammation and Multiple Sclerosis - GRC 4039, a PDE 4 inhibitor, will commence Phase I trials in the Q3/Q4 of FY08.

GRC 10693 and GRC 10801

Glenmark has two more molecules in advanced pre-clinical stages. Glenmark plans to move GRC 10693 and GRC 10801 into Phase 1 in Q4 FY08 timeframe.

Biologics

GBR 500:

Glenmark has successfully completed the technology transfer of the antibodies acquired from Chromos in Q1 FY 08. GBR 500 (formerly CHR 1103), a broad anti-inflammatory agent with a novel mechanism of action, being initially developed to treat acute multiple sclerosis. Glenmark would advance this antibody into Phase 1 in Q1 FY09.

GBR 600:

GBR 600(formerly CHR 1201), an anti-thrombolytic humanized monoclonal antibody is progressing as per plans. GBR 600 belongs to a novel target mechanism. Glenmark plans to start Phase 1 in Q4 FY09.

Glenmark-Dyax collaboration:

Glenmark's other NBE programs which are being run in collaboration with Dyax are also progressing well. This collaboration is in the areas of Inflammation and Oncology. Glenmark plans to advance three NBE's into the clinics in FY10-FY11. Some of these candidates would come from this collaboration. Now we invite questions from the audience.

Moderator: Can we start with the Q and A session Madam?

Vasudha Jha: Yes please start with the Q and A session.

Moderator: Thank you very much. At this moment, I would like to handover the proceedings to international moderator to conduct the Q&A for participants connected to **1635**. After this we will have a question and answer session for participants at India bridge. Thank you and over to Zareena.

Zareena: Thank you Monali, we will now begin the question and answer session for participants connected to the international bridge. Please press 0 and 1 to ask a question. Participants with question to post please press 0 and 1 now. At this moment there are no further questions from participants at international. I would like to hand over the proceedings back to India moderator Monali.

Moderator: Thank you Zareena. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions may please press * and 1 on your telephone keypad. On pressing * and 1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking questions. To ask the question please press * and 1 now. First in line we have Mr. Manoj Garg from M. K. Shares.

Manoj Garg: A very good afternoon to all of you. Congratulations for good set of numbers. I had few questions; to start with we just like to understand your further plan for GRC 3886 in the European market. Whether outlicense, sale in pipeline and what timeframe you suggest?

Glenn Saldanha: Well clearly we said that 3886 is we would out-license that for Europe, those discussions are ongoing. I cannot give you a specific timeframe at this point, but what we committed to capital markets we will try to conclude two deals this year. One of them we have already closed 6211 and you know the second one could potentially be 3886 or one of the other compounds from our pipeline.

Manoj Garg: Okay. Another thing, which you have highlighted that while our deal with Eli Lilly, this would be regarding for the entire family of TPPI, TRPV1. Will it also include GRC 4039 because it is again targeting the same segment?

Glenn Saldanha: 4039 is PDE 4 inhibitor, so it is a completely different segment.

Manoj Garg: Okay.

Glenn Saldanha: 6211 and the IP and know how are all associated with 6211.

Manoj Garg: Fine sir, and sir like we have been maintaining the statement like last time we said in the con call that may be 4039 would be in phase 1 trial most likely would be in Q2, now we are saying that it would be in Q3 or Q4. Any reason for the delay sir?

Glenn Saldanha: Welcome to the world of drug discovery, I think that you know delays are always part of this game, right because you are venturing into the unknown so I mean we are seeing some shifting in time lines, but it is nothing significant, so it is still on course to starting the phase 1 in Q3 or Q4.

Manoj Garg: Right. Next sir our peers who have demerger R&D as a separate company, do we have any such plans going forward?

Glenn Saldanha: We have no plans to demerger any R&D; I mean to have R&D as a separate entity.

Manoj Garg: Thank you sir. Thank you, that is all from my side.

Moderator: Thank you very much sir. Next in line we have Mr. Jaswinder Suri from Span Capital.

Jaswinder Suri: Yeah, congratulations on the good set of numbers. My question relates primarily to 6211, could you further elaborate as to the further flow of milestones when would they get triggered?

Glenn Saldanha: We do not provide any guidance as far as milestones going forward right, I mean what I suggest at our Analysts meet, we keep revising our guidance towards milestone and I think I suggest that you know from the financial community perspective, it is important to monitor what our guidances are and base your numbers of that and we would not be providing any specific guidance towards when further milestones are received on any of our candidates.

Jaswinder Suri: I understand, what I am trying to ask is what event would trigger now since it is an early Phase 2 clinical trial when would the next milestone be triggered, I mean not in terms of time line but events specific?

Glenn Saldanha: That I cannot say specifically for 6211 but standard, I mean just for any drug that typically it is either completion of phase 2, start of phase 3, completion of phase 3, could be on ANDA filing, ANDA approval, so there is a whole bunch of milestones that are possible.

Jaswinder Suri: Right, okay.

Glenn Saldanha: Could be even on the start of a specific phase to so you know it is extremely open ended.

Jaswinder Suri: Okay, and with regards to 3886 in Teijin Pharma, what is the progress on that front?

Glenn Saldanha: Teijin Pharma will run the phase 1, they will be starting phase 1 shortly. It is all contingent on now that Forest and we have got the approval. Teijin Pharma will start gearing up to start their phase 1 and start going to move forward in Japan.

Jaswinder Suri: Okay, so milestones are Teijin at the end of phase 1?

Glenn Saldanha: Again, I cannot specify when the milestones are due. Right. I mean we would keep getting milestones from Teijin.

Jaswinder Suri: Okay, thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Bhavin Shah from Daulat Capital.

Bhavin Shah: Good afternoon sir and congrats on the great set of numbers. Sir my questions are pertaining to these three molecules that have in news currently on 3886, 8200, and 6211. Sir beginning with GRC 6211 for which we have signed an out licensed in deal with Eli Lilly. Sir have we received the \$45 Million Dollars?

Glenn Saldanha: Yes, we have got the 45 Million in the Bank.

Bhavin Shah: And sir for 8200 after having you know the announcement made by Merck for its curtaining focus on diabetes, how do you plan to take your molecule forward?

Glenn Saldanha: Well we are still not clear about Merck's intentions at this point, in fact we have some meetings lined up and we will get a better clarity. As far as the molecule, the molecule is doing well and Merck continues to develop it, so there is no delay in any

of the development so far. I think once we get a better idea of what Merck's intentions are you know we could provide a better guidance on 8200, but clearly the molecule is doing well so you know whatever option Merck takes whether they look at sub licensing it whether they look at giving it back to us, it is pretty much a win-win for Glenmark, the way we look at it.

Bhavin Shah: And finally on 3886 we have been awaiting our balance milestone payment from Forest lab now that successfully we has you know given the documentation to FDA and the other working on R&D is going successfully, how do you feel that coming across to you sir, I mean close to two to three months, may be do we see that happen?

Glenn Saldanha: Yes. We should be getting milestones shortly.

Bhavin Shah: Great sir, and sir fourthly my last question is we had a small news about your raising funds from domestic markets or internationally, if you could possibly update on that event?

Mr. Terry: Yeah, actually we just enabling resolution we passed in the AGM and as far as mandatory requirement we will have to file minutes with the exchange, so stock exchange took news from there and published, so there is no such specific news for this. It is an enabling resolution we have passed.

Bhavin Shah: So there is no clear indication that you will be raising money from the domestic market or from the international market for now?

Glenn Saldanha: There is no plan to raise any further capital.

Bhavin Shah: Okay sir, thank you so much.

Moderator: Thank you very much sir. Next in line we have Mr. Vikram Sahu from Goldman Sachs.

Vikram Sahu: A couple of questions if I may please; the first relates to your retaining co-promotion rights for 6211 in the US, we will be grateful if you take us through the rationale behind that and what opportunities you think this creates, it might be stating the obvious but I would like you to do that please nonetheless and also just connected to it, in the past with 200 and 3886 we have gotten a sense for what royalty stream you would get from the eventual sales, would you be able to give us a sense for the ballpark figures for 6211 please? I have a follow on question, but if you could have to go that, please with?

Glenn Saldanha: The 6211 the royalty is mid-teens Vikram, so again you could take about 15% right for your calculations and regarding the first question, so the thought process is now that our end game as a company is to be a global specialty/propriety company right with end-to-end capability that is the route we are taking, so initially the first few deals that we cut was ROW deals where we kept ROW rights with us and gave

away US or North America, Europe, and Japan. Now clearly, Glenmark going forward at some point in our life cycle would have ambitions to setup commercial fund ends in the US and as part of that we have kept co-promotion rights on 6211 and I think going forward all the deals that will happen with Glenmark we will keep co-promotion or co-commercialization rights and eventually try and take molecules on our own, I mean that is the logical progression for us as we go along.

Vikram Sahu: Sir I think it is fair to say the headline number could have been higher had you chosen not to retain you co-promotion but this is part of the strategic progression, is it?

Glenn Saldanha: Absolutely. Okay I think you know co-promotion is critical for the future for us and also in any co-promotion agreement we also get paid for promoting the product. So, there are moneys associated with that, which obviously would not reflect in any deal.

Vikram Sahu: Second question, my maths is a bit rusty but I think you had previously said that you would get about \$69 million of milestone payments in fiscal 2008, 45 million from Lilly and another 30 coming from Forest takes you over that number and if there is going to be another licensing deal before the end of this fiscal year that suggest you can be beating that number. Any thoughts about your guidance for this year?

Glenn Saldanha: So I mean clearly we are ahead of our guidance as we speak in terms of just between Forest and 6211. Further upping the timings at this point we have an analysis meet coming up at which point we will back see and throw light on our new guidance numbers where we would upper device some of the guidance numbers, but clearly in terms of potential moneys per se I am not sure we touch anything on the R&D side of this things right now.

Vikram Sahu: Now just combining the performance of the base business, at least everything we have seen in the first half first year plus also progress on the R&D part just it is going to be?

Glenn Saldanha: You will see some pretty significant increases in guidance when we meet at our analyst's meet on November 7, 2007, which is next week.

Vikram Sahu: Okay thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Shardul Pradhan from ASK securities.

Shardul Pradhan: Hello good afternoon sir, I just wanted to confirm, royalty you said would be around 15%, right?

Glenn Saldanha: 15 is correct.

Shardul Pradhan: 15%, okay besides that I just wanted to know a little bit of broad numbers of this, yesterday you have mentioned the total pain management market around 30 to 40 billion US dollars, am I right?

Glenn Saldanha: That is right.

Shardul Pradhan: So how much would be specifically osteoarthritis if we have to take a ballpark figure?

Glenn Saldanha: My guess is about 8 or 10 billion would be osteoarthritis.

Shardul Pradhan: 8 or 10 billion, okay should this development go through, what sort of revenue are you looking at from this molecule, what is the potential?

Glenn Saldanha: I mean peak sales could be I do not think it is appropriate to put a number, but you know typically any pain drug at this point if you are able to get something to market you should have 2 to 3 billion at least in peak sales. This is for any pain molecule just given the dearth of opportunities in this space.

Shardul Pradhan: Okay thank you very much sir.

Moderator: Thank you very much sir. Next in line we have Mr. Surjit Pal from UTI Securities.

Surjit Pal: Hi Glenn, I have couple of questions today. 16 October there is a conference call of Forest Labs, so what they have said which if I can reiterate over here, is that there is a partial response they have received from you on FDA on 3886, so exactly when they have said the partial response which actually allowed them to go for larger proof of concept with limitations, could you elaborate on that point actually?

Glenn Saldanha: I do not think it means go for proof of concept with limitations, my understanding is the partial response is related to we had asked the agency four questions, the agency allowed us to progress with the Phase II testing and there are still some open ended questions, which the agency needs to respond it is nothing them asking us questions, but it is us asking them some questions for the long-term development of the drug and which state still have to come back to us on and that is the reason we classified it as a partial response.

Surjit Pal: Okay so do you mean that they will start the larger proof of concept right on or they will go to them by another 2 to 3 months for further communication from your side and after that they will start?

Glenn Saldanha: As far as we know they are preparing to start COPD trial as quickly as possible.

Surjit Pal: Okay and as you said earlier during that deal is that before starting Phase II you are supposed to receive around 50 million out of which you have received 10 million upfront, so 40 million you will be receiving from Forest basically, that will be triggered?

Glenn Saldanha: That is not what we have said, we got 20 million from Forest already, and we would get another milestone pretty quickly. It should be approximately 30 million.

Surjit Pal: Okay thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Nimesh Mehta from Mehta partners.

Nimesh Mehta: Hi good evening everybody. I have a couple of questions, first of all a small clarification on this 6211 as to who will be sharing I mean who will be bearing the developmental cost, will it be jointly shared or?

Glenn Saldanha: Lilly will bear all further cost for the development of 6211.

Nimesh Mehta: Okay and any time lines regarding the publishing of POC data, proof of concept data for this particular molecule, I assume it is not available right now?

Glenn Saldanha: I have no timeline Nimesh unfortunately, you know Big Pharma will take their own decision as to when they think it is appropriate to publish based on when they think, you know whenever they are getting ready for launch so it is somebody at the way at least to publish the details.

Nimesh Mehta: Because the correct me if I am wrong, I understand that POC data for dental pain is already available, am I correct?

Glenn Saldanha: No the POC is not available. The dental pain study is ongoing right now.

Nimesh Mehta: Okay and will this molecule be for chronic use or it will be for non-chronic use?

Glenn Saldanha: Osteoarthritis is a chronic indication Nimesh, so it will clearly be for chronic use.

Nimesh Mehta: Okay finally one question what could be your R&D expense this quarter and I am not aware but if you can just let me know how are you accounting for the financing of R&D that you received from Paul Royalty?

RV Desai: R&D expenditure for this quarter is around 16 Crores and Paul Capital we are showing as asset side and whatever money we received from them has shown as a liability.

Nimesh Mehta: Shown as a liability?

RV Desai: So expenses incurred the product has shown under asset side.

Nimesh Mehta: I see so this 16 Crores does not include anything that you are received?

RV Desai: No.

Nimesh Mehta: Thank you very much.

Moderator: Thank you very much sir. Next in line we have Mr. Balaji from Sundaram BNP.

Mr. Balaji: Hi Glenn congrats on being chosen Entrepreneur of The Year. Just one question on this US markets, currently how much products are you selling in the US right now?

Glenn Saldanha: Terry do you want to take that?

Terrance coughlin: Currently selling 20 different chemical entities in the US market.

Mr. Balaji: And could you also tell us the working capital position at the end of first half?

RV Desai: Receivable is around 3.5 months and inventory is around 2.5 months.

Mr. Balaji: Okay thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Prasanth Nair from Citi Group.

Prasanth Nair: Hi Glenn can you throw some light on what the competitive landscape in the VR 1 agonist class would be as in this 6211 be first, second, or third in class?

Glenn Saldanha: We are neck to neck with Merck & Co in as to I think they are also in dental pain studies as far as I know, so we are very good shot at being first in class and clearly we should be first in class for OA as we go ahead that is what we believe, so that is where it stands.

Prasanth Nair: Alright in the press release you have mentioned that Lilly could look at other indications as well, can you throw some light on which indications could be?

Glenn Saldanha: It is a broad pain target right, so if you look at any pain indication 6211 could work - dental pain, neuropathic pain which is a huge indication, and various other types of pain like whether it is cancer pain, whether it is whole host of other pain areas where 6211 could work.

Prasanth Nair: And just to clarify on the additional \$90 million milestones, would the timelines on that be similar to the time lines on the \$250 million milestone?

Glenn Saldanha: I mean it is parallel, I think you know typically additional indications do not need a lot of new work except for one major study which demonstrates efficacy. So they were running parallel to all the indication.

Prasanth Nair: Okay you know coming to your US business could you give some indication of what the dollar growth or the growth in dollar terms would have been in this quarter?

Glenn Saldanha: That is 140%, it is pretty much same.

Prasanth Nair: But have not you been hit by the appreciation of the rupee on a year-on-year basis?

R V Desai: If you see this quarter, movement of rupee it is not that significant so you can say whatever growth we have shown in dollar term also it is almost true.

Prasanth Nair: No compared to the same quarter last year the rupee has the level of the rupee has changed considerably.

RV Desai: Yeah 10%.

Prasanth Nair: Yeah to that extent is it fair to say that this year-on-year growth in rupee terms is lower than what the growth in dollar terms would be or am I reading it wrong?

Glenn Saldanha: No you are right.

Prasanth Nair: I got that, do you have the sense on what the growth would have been had, say the currency not moved?

Glenn Saldanha: We do not have the exact numbers Prasanth, but it will probably be around 10 to 12% of actual.

Prasanth Nair: Okay alright thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Karthik Mehta from Man Financial.

Karthik Mehta: Hi, could you please talk about competitive scenario that you would face in Trileptal as there are three companies, which have launched and second one was could you please share with us the total debt as on 30th September, I mean the net debt? Thank you.

Glenn Saldanha: What was your first question, which was the product?

Karthik Mehta: For Trileptal?

Glenn Saldanha: Trileptal. Terry you want to just take that?

Terrance Coughlin: Would you repeat the question?

Karthik Mehta: Sorry hello.

Terrance Coughlin: Yeah I could not hear, could you please repeat the question?

Karthik Mehta: Yeah could you please talk about the competitive scene that you would be face of Trileptal now as there are three generics available, thank you?

Terrance Coughlin: Correct. As of today there are 3 companies in enjoying shared exclusivity on Oxcarbazepine and all 3 have uptake in the relatively good piece in the market, we are only about 2.5 weeks in to the launch of this product and we well kind of settled into our own market share as with 3 companies there is some competitiveness leveled out, but it is still very early in the launch to determine what the exact competitive nature it is going to be, I think we will have a much better idea over the next month as supply chain gets built up, this was somewhat unexpected launch for an organization so as supply chain feels there was no specific date for this launch so the entire supply chain is now filling, I think we will have a much better overview of the landscape over the next month.

Karthik Mehta: Okay thanks and can I have the net debt as on 30th of September?

RV Desai: Yeah net debt is around 570 Crores.

Karthik Mehta: And what would that be in terms of US dollars and Indian rupees approximately?

Glenn Saldanha: US dollars is around 100 million and balance is in Indian rupee.

Karthik Mehta: And sir just one another small thing was that sir what could be amount of Forex gains in other income for about 53 million in this quarter, I would want the number in terms of Forex gain on account of our Forex debt that we have?

RV Desai: We have sold small Forex loss in the account of say 1.6 Crores.

Karthik Mehta: Sir that is for the quarter, right?

Glenn Saldanha: Yeah.

Karthik Mehta: Thank you so much, thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Nimesh Mehta from Mehta partners.

Nimesh Mehta: Yeah I have a followup question. Merck announced sometime back that the deal with Glenmark is on a refundable milestone basis and on that basis if they are to discontinue diabetic drugs does that mean that Glenmark will have to pay that sum which that they will refund?

Glenn Saldanha: No there is no refund Nimesh as far as we know, so there will be no payment back.

Nimesh Mehta: In your annual report also you have mentioned some contingent liability related to Merck.

Glenn Saldanha: No.

Nimesh Mehta: Okay I mean so basically we are not likely to pay anything to Merck even in the worse case?

Glenn Saldanha: We have no refund as far as Merck goes.

Nimesh Mehta: Okay thanks a lot.

Moderator: Thank you very much sir. Next in line we have Mr. Surjith Pal from UTI securities.

Surjit Pal: Yeah thanks for taking my followup question. I have again a couple of questions; first one is regarding that 8200 - question is regarding on that particular class VP4, Glenn if you can give your comments on the concern raised by New England Journal of Medicine on the raising concern of cardiovascular risks of that molecule and following this what we are seeing in negative development in the Galvus of getting approved in US FDA and what we can understand that over there is approval process has been delayed by another 18 months to 24 months, so in that case will it be applicable for any DPV 4 for which is coming into the final stage including 8200?

Glenn Saldanha: Clearly you have seen Januvia is already launched with Trileptal and there was a large market share they are on the way to becoming one of the critical success in diabetes, so with that in light and the DPP 4 as a class is fairly validated. Galvis, we believe as some other issues because of which their approval has been held back. We do not see any problems with 8200 we have put a clear development path and that looks extremely promising as of now, so we do not anticipate we clearly would not face similar problems that Galvis had.

Surjit Pal: So you believe that the kind of safety rate that US safety demanded from Novartis on Galvis is already in favor to you in terms of those safety data as far as 8200 is concerned?

Glenn Saldanha: Okay because I think the Galvis safety issue is something very different that we believe and we are not seeing any of those issues, so we do not see any problems with the FDA.

Surjit Pal: Okay could you give me the update on the Shasun deal co-development on this for the US market?

Glenn Saldanha: Terry do you want to take that?

Terrance Coughlin: It is coming through very broken up, could you repeat the question for me Glenn?

Glenn Saldanha: Shasun deal they want an update on where we stand?

Terrance Coughlin: So in this issue we continued to develop a compound between two organizations there has been a few ANDAs that have been filed so far, we anticipate those been approved at any time and being able to launch those products.

Surjit Pal: How many products you have got developed and got approval and how many years left?

Terrance Coughlin: In the US market as of right now we are marketing 20 products in which about 12 approximately 12 of those are internal Glenmark products the other 8 are in-license products, now there are approximately 35 plus ANDAs in the FDA under various stages of review and the approval process.

Glenn Saldanha: They are specific to Shasun?

Terrance Coughlin: Specific to Shasun overall for Glenmark?

Surjit Pal: Specifications to Shasun please

Terrance Coughlin: Specific to Shasun I believe the agreement covers 12 compounds in which 3 or 4 are currently under review.

Surjit Pal: Thank you.

Moderator: Thank you very much sir. Next in line we have Ms. Vishalakshi from DSP Meryl Lynch.

Ms. Vishalakshi: Thanks Glenn, my question is on the base business margins we have seen both sequential year-on-year improvement in both growth as well as EBITDA margin, what would you attribute are the two key for this incremental improvement and is this likely to sustain in the coming quarters as well?

Glenn Saldanha: We believe a couple of things; one is if you look at each of the business groups right we have reached into certain, our investment face into each of the

business groups pretty much over, whether you take US, Latin America, all these things I mean significant investment phase, so from year whatever extra units we sell right will the gross contribution will flow directly to the bottom line and that is clearly relevant for the US and what we are seeing in the US our margins are growing dramatically actually and I think third and fourth quarters will be huge as far as the US market grows, so I mean clearly you see continuously improvement in the margins as we go long. On account of reaching that certain base that is required following which every extra unit that we will sell, same applying for Brazil, Latin America. You will see dramatic improvements in margins as we go long.

Ms. Vishalakshi: Thanks Glenn, if I may ask between US and the domestic as well as the rest of the world, would you like to put any particular number on the gross margins that you earn in each of these regions?

Glenn Saldanha: As in the EBITDA level domestic is around 25 to 30.

RV Desai: Almost all units are giving us in that range only, they are 28 to 30%.

Ms. Vishalakshi: So you are saying roughly about 28 to 30% for all the units and is this trend likely to sustain to a longer term see to a next 2 years or so?

Glenn Saldanha: I think in the shorter term it will improve on their own that is my personal view, but yes in the longer term you can take 30%.

Ms. Vishalakshi: Thank you so much and finally are you also need the R&D spent for this quarter versus last quarter?

RV Desai: R&D spent for this quarter is around 16 against last year in the same quarter around 9 Crores.

Ms. Vishalakshi: Okay thanks so much.

Moderator: Thank you very much madam. Next in line we have Mr. Rajesh Vora from ICICI securities.

Rajesh Vora: Hi good evening gentlemen. Congrats for pretty good deal on R&D. Glenn you have got this deal now in the bank 45 million dollar in the bag, you have Trileptal opportunity these are the two things that have changed the complexion of the company for this fiscal year and if you look at the guidance and upside from the Trileptal and 45 million dollar it look like you are pretty much there, for you will cover up your guidance, in that context two things; first is that with lot of cash inflows coming in and more deals and more R&D milestone potentially from Oglemilast later this year, how would your cash utilization would be over the next few quarters and the FCCB approval if you could throw some light along with this.

Glenn Saldanha: I think in the immediate term the cash will be used to wipe off the debt, right, on the longer term what I suggest is Rajesh you hold that question till the

analyst meet where there will be a lot of clarity on what our long term vision is for the problem and the direction we are taking, we will get a much better idea thereof, the FCCB conversion.

RV Desai: The FCCB conversion, Rajesh your question is on the existing FCCB conversion?

Rajesh Vora: Basically you have taken the approval and you will be generating lot of cash so I guess you may not need to raise the money for the FCCB the approval that you took post AGM I think?

Glenn Saldanha: Yeah we have clarified that Rajesh, it is enabling resolution.

Rajesh Vora: Okay so that would basically with more cash coming that would clearly no need in the near foreseeable future.

Glenn Saldanha: True.

Rajesh Vora: Okay all the best, thanks.

Moderator: Thank you very much sir. Next in line we have Mr. Prasanth Nair from City Group.

Prasanth Nair: Yeah just a couple of clarifications, one on the press release you have mentioned that you have four potential first to files, this does not include Trileptal, right or does it include?

Glenn Saldanha: It does not include Trileptal.

Prasanth Nair: Okay and the other question related to your R&D cost, now within the company out of the total R&D spent incurred how much would be on the rest of the NCE pipeline, which is not partnered?

Glenn Saldanha: I think Prasanth this year we will finish with close to 20 million dollars in R&D spend, of which you can take about 50 or 60% towards R&D and the remaining 50% to your generic side.

Prasanth Nair: Okay so roughly 50% of your spent is on NCE?

Glenn Saldanha: Yeah about 10 to 12 million is what we anticipate, again it all depends on how much exposure, what timeframe the various factors that we need to keep in mind, right.

Prasanth Nair: No fair enough, I was just talking about what you have currently built in your guidance?

Glenn Saldanha: So about 20 to 25 would be the range where R&D spent would enter.

Prasanth Nair: Okay and this is all on the revenue account?

Glenn Saldanha: From the revenue account.

Prasanth Nair: Okay thanks.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1. I repeat participants who wish to ask questions may please press *1. Next in line we have Mr. Balsvaraj from Centrum.

Mr. Balsvaraj: Good afternoon everybody. I think I have a question regarding the molecule for which we have done the tie up with Oglemilast. I think Abott had a similar drug and for that drug they have not had neuropathic pain indication, so is it safe to assume that our molecule may not have the neuropathic indication?

Glenn Saldanha: In fact most of our, all I can say on the pre-clinical data that we published so far are all indicating that the drug would work in neuropathic pain.

Mr. Balsvaraj: Right so what you are saying it may include you can go for neuropathic pain as well?

Glenn Saldanha: It is a possibility, if Lilly decides so.

Mr. Balsvaraj: Okay thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Bhardesh from Kotak.

Mr. Bhardesh: Congratulations Glenn for the GRC 6211 deal and a strong set of numbers, actually my question relates to the domestic formulation basis. In the press release you have mentioned that company registered a value growth of 22% vice versa that of industry 13% so this related to June 2007 which I believe is the repeat of last press release and second thing where did this mean value growth of 22%, how does it differ from 28% growth?

Glenn Saldanha: This is an ORG figure.

Mr. Bhardesh: So what is the growth as of ORG September 2007?

Glenn Saldanha: We have not updated it, but the growth is around the same level, 20 to 23%.

Mr. Bhardesh: What is the industry growth in this quarter?

Glenn Saldanha: Industry growth continues to be at similar at 13%.

Mr. Bhardesh: Okay thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1. Next is a followup question from Mr. Prasanth Nair of City group.

Prasanth Nair: Yeah just one final clarification in the domestic business there have been a lot of noise about the DCGI trying to regulate the so called irrational combination product, what is the Glenmark exposure to such products if at all this get implemented in the current form?

Glenn Saldanha: Glenmark has virtually no exposure to such product, I mean the list that is put out we are absolutely no exposure. There are just a few molecules which are 0.5% of our total sales.

Prasanth Nair: Alright, thanks.

Moderator: Thank you very much sir. Participants who wish to ask questions may please press *1. At this moment there are no further questions from participants, I would like to hand over to floor back to Mr. Glenn Saldanha for final remarks.

Glenn Saldanha: Thank you for participating in this Q2 conference call and we look forward to seeing most of you at our analyst meet on the November 7, 2007. For any further information please contact Vasudha Jha as regard to the analyst meet, thank you very much.

Moderator: Ladies and gentlemen thank you for choosing WebEX conferencing service. That concludes this conference call. Thank you for your participation, you may now disconnect your lines. Thank you and have a nice day.

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