Management Discussion and Analysis for the Third quarter of FY 2014 – 15

Revenue Figures – Consolidated

(Rs. in Millions)

	Third quarter ended December 31, 2014			Nine months ended December 31, 2014		
	FY 2014 – 15	FY 2013 – 14	Growth (%)	FY 2014 – 15	FY 2013 – 14	Growth (%)
India	4,330.73	3,812.30	13.60	13,083.82	11,274.93	16.04
US	5,072.01	5,213.60	-2.72	15,034.22	15,261.72	-1.49
Rest of the World (ROW)	2,071.49	3,014.89	-31.29	5,924.88	6,443.67	-8.05
Europe	1,729.54	1,358.35	27.33	4,012.33	3,128.70	28.24
Latin America	2,344.40	1,139.31	105.77	5,829.65	2,983.80	95.38
API	1,464.91	1,479.07	-0.96	4,505.61	3,822.83	17.86
Total	17,013.07	16,017.52	6.22	48,390.50	42,915.65	12.76
Out-Licensing Revenue				299.05	118.10	153.22
Consolidated Revenue	17,013.07	16,017.52	6.22	48,689.55	43,033.75	13.14

Average conversion rate in 9M FY 2014 – 15 considered is Rs. 60.80/ USD 1.00

Average conversion rate for 9M FY 2013 – 14 considered is Rs. 60.00/ USD 1.00

USD figures are only indicative

Review of Operations for the quarter ended December 31, 2014

For the third quarter ended December 31, 2014, Glenmark's consolidated revenue was at Rs. 17,013.07 Mn (USD 274.80 Mn) as against Rs. 16,017.52 Mn (USD 259.64 Mn) an increase of 6.22%.

India

Sales for the formulation business in India for the third quarter ended December 31, 2014, was at Rs. 4330.73 Mn (USD 69.82 Mn) as against Rs. 3,812.30 Mn (USD 61.52 Mn) in the previous corresponding quarter, recording a growth of 13.60%.

As per IMS MAT December 2014, Glenmark Pharmaceuticals Ltd. maintained 19th rank as compared to MAT December 2013 with increase in market share to 0.12%, exhibiting value growth of 18.4% vis-à-vis IPM growth of 11.6%. For the month December 2014, the business registered growth of 16.47% vis-a-vis market growth of 13.07%.

The India business strengthened itself in the following therapeutic segments with significant growth in market share from IMS MAT December 2013 to MAT December 2014 respectively. The Cardiac segment market share increased from 3.50% to 3.81%; the Respiratory segment market share rose from 3.58% to 3.82%; Anti-infective segment market share rose from 1.63% to 1.81%; the Anti-diabetic segment market share rose from 1.50% to 1.97%; Gynaecology segment market share changed from 1.48% to 1.42%; and the Derma segment market share changed from 8.16% to 8.04%.

USA Formulations

Glenmark Generics Inc., U.S.A. registered revenue from sale of finished dosage formulations was at Rs. 5072.01 Mn (USD 81.82 Mn) for the quarter ended December 31, 2014 against revenue of Rs. 5213.60 Mn (USD 84.17 Mn) for the previous corresponding quarter, recording a decrease of 2.72%.

In the third quarter of fiscal year 2015, Glenmark was granted a final approval for Omeprazole Delayed Release Capsules 10 mg, 20 mg and 40 mg. During the quarter, Glenmark filed four ANDA with the U.S. FDA, and plans to file four additional applications in the forthcoming quarter. During the first nine months of the financial year, Glenmark has filed for 15 ANDA's.

As of December 31, 2014 Glenmark's portfolio consists of 94 generic products authorized for distribution in the U.S. market. The Company currently has 75 applications pending in various stages of the approval process with the US FDA, of which 33 are Paragraph IV applications.

Africa, Asia and CIS Region (ROW)

For the third quarter, revenue from Africa, Asia and CIS region was Rs. 2071.49 Mn (USD 33.48 Mn) as against Rs. 3,014.89 Mn (USD 49.29 Mn) for the previous corresponding quarter, recording a decrease of 31.29%.

The devaluation of the currency and the subdued business environment is having a significant impact on the Russia business. However, Glenmark continues to record good secondary sales growth in the dermatology segment. The Ukraine business even though it's a very small portion of the overall ROW business was impacted severely due to the economic crisis and devaluation of the Ukraine currency. Glenmark launched two new products in Ukraine during the quarter.

The Asia and Africa region recorded good secondary sales growth; however the performance of both regions was impacted due to currency devaluation in certain countries. The Africa region posted good secondary sales growth; the units in South Africa, Nigeria and Kenya grew in excess of 20%.

The performance of the Asia region was subdued during the quarter; however the Asia region grew by 14% in terms of secondary sales. Glenmark received 11 product approvals in the region including Gemhope and Paclihope in Vietnam.

Europe Formulations

Glenmark Europe's operations revenue for the third quarter ended December 31, 2014 was at Rs. 1729.54 Mn (USD 28.08 Mn) as against Rs. 1358.35 Mn (USD 22.16 Mn) recording growth of 27.33%.

During the quarter, Glenmark launched 6 products in the European region driven mainly by in-licensed products. Glenmark launched 2 products in Czech and Germany and 1 product in Romania and Slovak respectively.

The UK unit which is the largest subsidiary in the region recorded 23% growth in the third quarter. The Germany unit also performed well during the quarter.

The Eastern European region recorded good growth excluding Romania where sales were affected due to the challenging business environment. The Poland subsidiary recorded good sales growth which contributed to the overall performance of the region.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 2344.40 Mn (USD 38.00 Mn) for the third quarter ended December 31, 2014 as against Rs. 1139.31 Mn (USD 18.49 Mn), recording an increase of 105.77%.

The Mexico, Venezuela and the Caribbean subsidiaries performed well recording good growth during the quarter. The Mexico and Venezuela subsidiary grew over 200%; the Brazil subsidiary recorded moderate growth of 11% for the second quarter in the local currency. During the quarter, Glenmark launched one new product in Mexico market.

Active Pharmaceutical Ingredients (API)

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 1464.91 Mn (USD 23.60 Mn), for the quarter ended December 31, 2014 against Rs. 1479.07 Mn (USD 24.02 Mn) for the previous corresponding quarter, recording a decrease of 0.96%.

During the quarter Glenmark has filed one new product with the US FDA. Glenmark continues to record good sales growth for Amiodarone, Perindopril and Telmisartan.

Research & Development

The company has a pipeline of 3 NCE and 4 NBE molecules in clinical trials or ready to enter clinical trials soon, including the in-licensed molecule "Crofelemer".

GRC 17536

GRC 17536, a TRPA1 antagonist, has proven highly efficacious in treating inflammatory and neuropathic pain in animal models. GRC 17536 has showed good safety in the Phase I enabling GLP safety pharmacology and toxicology studies performed. Glenmark has completed Phase 1 study in the Netherlands. Single and multiple ascending doses have been well tolerated with expected pharmacokinetic profile. GRC 17536, has shown positive data in a Phase 2a proof of concept study in patients with painful diabetic neuropathy conducted in Europe and India. Phase 2 enabling toxicology studies have been imitated. Glenmark intends to open an IND in Q2 FY 2015 – 16.

GRC 27864

Glenmark's Novel Chemical Entity (NCE) 'GRC 27864' has entered human trials in this quarter. This NCE program targets Microsomal Prostaglandin E synthase-1 (mPGES-1) as a novel therapeutic target in pain management. Selective mPGES-1 inhibitors are expected to inhibit increased prostaglandin E2 (PGE2) production in the disease state without affecting other prostanoid metabolites and, consequently, may be devoid of the GI (gastrointestinal) and cardiovascular side effects seen with NSAIDs and COX-2 inhibitors, respectively.

Glenmark has completed preclinical studies and Phase I enabling GLP studies for its selected lead molecule, GRC 27864 and filed a Phase I application for first-in-human trial with the MHRA, UK. A single ascending dose study has been completed with no safety concerns. Multiple ascending dose study is currently on-going.

Vatelizumab (GBR 500)

GBR 500, a monoclonal antibody, is an antagonist of the VLA-2 (alpha2-beta1) integrin. It has the potential to be a broadly applicable anti-inflammatory compound in diseases like Crohn's disease (CD) and Multiple Sclerosis. It is a 'first-in-class' monoclonal antibody therapeutic with this target and has established proof of concept in animals. Phase I studies for GBR 500 have been completed in the US. GBR 500 has been licensed to Sanofi. The Phase II studies which are conducted by Sanofi are currently on-going for Multiple Sclerosis.

GBR 900

Glenmark licensed from Lay Line Genomics, Italy, exclusive intellectual property rights for monoclonal antibodies against the neuronal growth factor receptor TrkA. TrkA is part of the NGF-TrkA axis, a validated and novel pain receptor system for treatment of chronic pain. Pre-clinical research on the GBR 900 project is being carried out at Glenmark's Biologics Research (GBR) centre at La Chaux-de-Fonds, Switzerland and is progressing well. Phase I enabling toxicity studies for GBR 900 have been completed successfully. A Phase I clinical trial has been initiated in the UK. GBR 900 is the first anti-TrkA monoclonal antibody to enter clinical development.

GBR 830

GBR 830, the first anti-OX40 monoclonal antibody was discovered at the Glenmark Biologics Research Centre located in Switzerland. The development of OX40 antagonists has been very challenging and Glenmark has achieved a significant milestone with the successful generation of an

antagonistic OX40 monoclonal antibody coupled with generation of data validating the role of OX40 in autoimmune diseases. GBR 830 shows great promise to emerge as a valuable therapeutic option to treat patients suffering from autoimmune diseases. Phase I enabling toxicity studies for GBR 830 have been completed and Phase I studies is currently on-going in Netherlands, Europe.

GBR 1302

GBR 1302, a HER2xCD3 bispecific antibody, is the first clinical candidate based on Glenmark's proprietary best in class BEAT® platform and also GBR 1302 is the Glenmark's first clinical candidate targeting oncology indications. The BEAT® antibody technology platform facilitates the efficient development and manufacture of antibodies with dual specificities called bispecific antibodies. GBR 1302 is presently in preclinical development and Glenmark expects to obtain approval for the initiation of clinical studies during FY 14 – 15.

Crofelemer

Supported by Salix's U.S. FDA approval of Crofelemer, Glenmark has already filed Crofelemer in the some of the key markets within the 140 Countries where it has exclusive marketing and distribution rights. Glenmark has lined up additional filings based on the regulatory filing data requirements within each of these markets. The Aurangabad API manufacturing site also received the US FDA approval in August 2014. Glenmark has filed Crofelemer in 14 countries so far.