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

Revenue Figures – Consolidated

(Rs.In Millions)

	First quarter ended June 30, 2014		
	FY 2014 – 15	**FY 2013 – 14**	**Growth (%)**
India	3,971.59	3,285.83	20.87
US	4,886.70	4,469.52	9.33
Rest of the World (ROW)	2,113.09	1,751.20	20.67
Europe	977.26	726.45	34.53
Latin America	1,176.45	878.49	33.92
API	1,445.26	1,270.94	13.72
Total	**14,570.35**	**12,382.43**	**17.67**
Out-Licensing Revenue	299.05	-	
Consolidated Revenue	**14,869.40**	**12,382.43**	**20.08**

Average conversion rate in Q1 FY 2014 – 15 considered is Rs. 59.81 / USD 1.00

Average conversion rate for Q1 FY 2013 – 14 considered is Rs. 55.80 / USD 1.00

USD figures are only indicative

Review of Operations for the quarter ended June 30, 2014

For the first quarter ended June 30, 2014, Glenmark's consolidated revenue was at Rs. 14,869.40 Mn (USD 248.61 Mn) as against Rs. 12,382.43 Mn (USD 221.91 Mn) an increase of 20.08%.

India

Sales for the formulation business in India for the first quarter ended June 30, 2014, was at Rs. 3,971.59 Mn (USD 66.40 Mn) as against Rs. 3,285.83 Mn (USD 58.89 Mn) in the previous corresponding quarter, recording a growth of 20.87%.

As per IMS MAT June 2014, Glenmark Pharmaceuticals Ltd. maintained 19th rank as compared to MAT June 2013, exhibiting value growth of 18% vis-à-vis IPM growth of 12.1%. For the month June 2014, the business registered growth of 17.6% vis-a-vis market growth of 10.3%.

The India business strengthened itself in the following therapeutic segments with significant growth in market share from IMS MAT June 2013 to MAT June 2014 respectively. The Cardiac segment market share increased from 3.35% to 3.68%; the Respiratory segment market share rose from 3.44% to 3.49%; Anti-infective segment market share rose from 1.53% to 1.74%; the Anti-diabetic segment market share rose from 1.30% to 1.73%. Gynaecology segment market share rose from 1.42% to 1.50%; and the Derma segment market share was at 8.05%.

USA Formulations

Glenmark Generics Inc., U.S.A. registered revenue from sale of finished dosage formulations was Rs. 4,886.70 Mn (USD 81.70 Mn) for the quarter ended June 30, 2014 against revenue of Rs. 4,469.52 Mn (USD 80.10 Mn) for the previous corresponding quarter, recording an increase of 9.33% .

In the first quarter of fiscal year 2015, Glenmark was granted a final approval for Eszopiclone Tablets. During the quarter, Glenmark filed ten ANDA's with the U.S. FDA, and plans to file one additional application in the forthcoming quarter.

As of June 30, 2014, Glenmark's portfolio consists of 91 generic products authorized for distribution in the U.S. market. The Company currently has 72 applications pending in various stages of the approval process with the U.S. FDA, of which 31 are Paragraph IV applications.

Africa, Asia and CIS Region (ROW)

For the first quarter, revenue from Africa, Asia and CIS region was Rs. 2,113.09 Mn (USD 35.33 Mn) as against Rs. 1,751.20 Mn (USD 31.38 Mn) for the previous corresponding quarter, recording an increase of 20.67%.

As per IMS YTD May 2014, Glenmark Russia grew by 32.7% in value vs overall market growth of 12.4%. According to the IMS data, Glenmark's rank improved to 45 in YTD May 2014 from 50 in YTD May 2013. As per IMS YTD May 2014 Glenmark Russia growth in the dermatology segment was 43.4% in value vs 10.6% derma market growth.

In the other CIS markets, Ukraine continues to show positive trends in secondary sales, driven primarily by the key brands. MAT May 2014 data shows Glenmark Ukraine grew by 41.4% in value vs overall market de-growth of -3.3% in value. Glenmark Ukraine's rank has improved to 71 MAT May 2014 from 96 MAT May 2013. Glenmark received three new product approvals in Ukraine including Imiquimod and Halobetasol cream.

The Africa region posted a good secondary sales growth in the first quarter. The units in South Africa, Nigeria and Kenya grew by 74%, 91% and 30% respectively.

The Asia region grew 7% in secondary sales for the first quarter. The units in Malaysia, Cambodia and Myanmar grew by 29%, 26% & 22% respectively in first quarter. During the quarter, Glenmark also entered the inhaler markets in Philippines and Sri Lanka.

Europe Formulations

Glenmark Europe's operations revenue for the first quarter ended June 30, 2014 was at Rs. 977.26 Mn (USD 16.34 Mn) as against Rs. 726.45 Mn (USD 13.02 Mn) recording growth of 34.53%.

The Central Eastern Europe region continued its strong sales growth in the first quarter in a de-growing market. The Czech and the Slovak unit grew secondary sales by 21% and 15% respectively. The Polish unit grew secondary sales by 17% for the quarter. The Czech and Slovak unit launched five new products while the Polish unit launched one new product. The Western European business launched one in-house product (Escitalopram) in UK, Netherlands and Germany, and one in-licensed product (Metformin oral solution) in the UK.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 1,176.45 Mn (USD 19.67 Mn) for the first quarter ended June 30, 2014 as against Rs. 878.49 Mn (USD 15.74 Mn) an increase of 33.92%.

The Mexico, Venezuela and the Caribbean subsidiaries performed well recording good growth during the quarter. The Mexico and the Venezuela subsidiaries grew by over 100% during the quarter while the Brazil subsidiary recorded moderate growth of 11% for the first quarter.

Active Pharmaceutical Ingredients [API]

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 1,445.26 Mn (USD 24.16 Mn), for the quarter ended June 30, 2014 against Rs. 1,270.94 Mn (USD 22.78 Mn) for the previous corresponding quarter, recording an increase of 13.72%. Glenmark continues to record good sales growth for Amiodarone, Lercanidipine, Adapalene, and Perindopril.

Research & Development

The company has a pipeline of 3 NCE and 3 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. In addition, when tested in *in-vivo* respiratory models, it showed promising effect on airway inflammation, bronchoconstriction and cough. 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.

Glenmark has completed recruitment for a Phase II proof of concept study in pain indication in Europe and India.

Additionally, Glenmark has completed recruitment for a Phase I/IIa study for respiratory indications in the UK (MHRA). Top line data shows that inhaled doses of GRC 17536, up to maximum dose tested, were well tolerated in mild asthmatics. Glenmark has also completed recruitment for a Phase IIa study in patients with chronic cough.

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 has filed a Phase I application for first-in-human trial with the MHRA, UK. The Phase I studies have commenced and are likely to get completed by January 2015. Following this, Glenmark will also be initiating a proof of concept study in patients with acute pain.

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.

Sanofi announced a new Phase II POC study for Multiple Sclerosis and has paid Glenmark USD 5 million as a milestone payment in the first quarter of FY 2014-15.

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 Glenmark has filed for a Phase I study in the Netherlands, Europe.

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 pivotal C-Forward trial in adult acute watery diarrhoea represents a significant milestone for the Crofelemer program with results of the trial expected in FY 2015. Glenmark has also submitted the protocol of a Proof-Of-Concept Paediatric clinical trial for acute watery diarrhoea and is awaiting approval of protocol.