

**Management Discussion and Analysis for the
Third quarter of FY 2013-14
Revenue Figures – Consolidated**

INR in Millions

	Third quarter ended Dec 31			Nine months ended Dec 31		
	FY 2013-14	FY 2012-13	Growth %	FY 2013-14	FY 2012-13	Growth %
Specialty Business						
India	3812.30	3307.33	15.27	11274.93	9545.47	18.12
Rest of the World (ROW)	3009.60	2619.50	14.89	6431.03	5908.90	8.84
Latin America	1139.31	1014.69	12.28	2983.80	2675.18	11.54
Europe	678.36	466.95	45.27	1466.40	1115.93	31.41
Total	8639.57	7408.47	16.62	22156.16	19245.48	15.12
Out-Licensing Revenue	-	493.03	-100.00	118.10	493.03	-76.05
Total Specialty Business	8639.57	7901.50	9.34	22274.26	19738.51	12.85
Generics Business						
US	5213.60	4365.25	19.43	15261.72	12596.04	21.16
Europe	679.99	395.16	72.08	1662.30	1115.97	48.96
API	1479.07	1150.68	28.54	3822.83	3318.05	15.21
Total Generics Business	7372.66	5911.09	24.73	20746.85	17030.06	21.82
Consolidated Revenue	16012.23	13812.59	15.92	43021.11	36768.57	17.01

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

Average conversion rate for 9M FY 2012-13 considered is Rs54.64 / USD 1.00

USD figures are only indicative

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Review of Operations for the quarter ended Dec 31, 2013

For the third quarter ended Dec 31, 2013, Glenmark's consolidated revenue was at Rs. 16012.23 Mn (USD 259.59 Mn) as against Rs. 13812.59 Mn (USD 254.45 Mn) an increase of 15.92% .

Revenue from the generics business was at Rs 7372.66 Mn (USD 119.26 Mn) as against Rs. 5911.09 Mn (USD 108.99 Mn), growth of 24.73 %. The Specialty formulation business excluding out-licensing revenue was at Rs. 8639.57 Mn (USD 140.33 Mn) as against Rs. 7408.47 Mn (USD 136.44 Mn) for the corresponding previous quarter, recording a growth of 16.62 %.

Specialty Business:

India

Sales for the formulation business in India for the third quarter ended Dec 31, 2013, was at Rs. 3812.30 Mn [USD 61.52 Mn] as against Rs. 3307.33 Mn [USD 60.98 Mn] in the previous corresponding quarter, recording a growth of 15.27 %.

As per ORG IMS Mat Dec 2013, Glenmark Pharmaceuticals (IF) gained 2 ranks from 21st to 19th as compared to MAT Dec 2012 with increase in market share to 2.09 % exhibiting value growth of 15.6 % vis-a-vis IPM growth of 10.06%.

The India business strengthened its presence in following therapeutic segments with growth in market share as per ORG Mat Dec 12' v/s Mat Dec 13' respectively. The cardiac segment increased market share from 3.27% to 3.49%. The respiratory division increased market share from 3.21% to 3.47 %. The anti-infective segment increased market share from 1.48 % to 1.62 %. The gynaecology division increased market share from 1.33% to 1.50%. The derma segment market share was 8.75% to 8.16 % and the Anti-diabetic division market share increased from 1.30% to 1.47%.

Africa, Asia and CIS Region (ROW)

For the third quarter, revenue from Africa, Asia and CIS region was Rs. 3009.60 Mn [USD 49.23 Mn] as against Rs. 2619.50 Mn [USD 48.18 Mn] for the previous corresponding quarter, recording an increase of 14.89%.

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The secondary sales for the Russian subsidiary showed good growth in the third quarter. The IMS MAT November'13 data shows that Glenmark Russia recorded growth of 29% in value vs overall market growth of 10.4%. In the Respiratory segment Glenmark grew by 18.7 % vs overall respiratory market growth of 12.3 %. The MAT November'13 data showed that the Dermatology segment for Glenmark grew by 57.1 % in value vs overall dermatology market growth of 17.8%. Glenmark's rank improved to 50 in MAT November'13 from rank 55 in MAT November'12. Glenmark Ukraine subsidiary as per MAT November'13 showed that it grew by 83% in value vs overall market growth of 14.6% in value. Glenmark Ukraine's market rank has gone up to 82 in MAT November 2013, from 116 in MAT November 2012.

The Africa/Middle East region posted good secondary sales growth in the third quarter. All subsidiaries in the region recorded good growth. The Asia region rebounded strongly and grew 27 % in secondary sales for the third quarter. Glenmark's subsidiaries in Philippines, and Myanmar grew by 37 % & 35 % respectively in the third quarter. The Philippines subsidiary received approval for Generic Seretide in the quarter.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 1139.31 Mn [USD 18.49 Mn] for the third quarter ended Dec 31, 2013 as against Rs. 1014.69 Mn [USD 18.69 Mn] an increase of 12.28 %.

The Mexico, Venezuela and the Caribbean subsidiary performed well recording good growth during the quarter while the Brazil subsidiary recorded moderate growth. The Brazil subsidiary launched two new products in the dermatology range. The Mexico subsidiary received approval for Generic Seretide. This is the first generic approved in the market and the subsidiary will launch the product in the fourth quarter.

Central Eastern Europe

Glenmark Europe's operations revenue for the third quarter ended Dec 31, 2013 was at Rs. 678.36 Mn [USD 11.09 Mn] as against Rs. 466.95 Mn [USD 8.59 Mn] recording growth of 45.27 %.

The Central Eastern Europe region performed well during the quarter with all the subsidiaries registering strong growth. The Czech subsidiary launched 6 new products; the Polish subsidiary launched 2 new products and the Romania subsidiary launched 5 new products. Glenmark succeeded in a Day one launch of Capecitabine in Czech, Slovakia and Romania. Also temozolomide and zolendronic acid have been launched in

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Poland, in addition to all other countries in the region. The growth of Q3 is the combination of new launches with high effectiveness of sales and marketing activities coupled with disciplined P&L and cash management.

Generics Business:

USA Formulations

Glenmark Generics Inc., U.S.A. registered revenue from sale of finished dosage formulations was Rs. 5213.60 Mn (USD 85.00 Mn) for the quarter ended Dec 31, 2013 against revenue of 4365.25 Mn (USD 80.48 Mn) for the previous corresponding quarter, recording an increase of 19.43 % .

In the third quarter of fiscal year 2014, Glenmark was granted a tentative approval for Desmopressin Tablets. The Company filed three ANDA's with the U.S. FDA taking the total tally for the year to twelve. The company plans to file another 8 to 10 applications in the forthcoming quarter.

Glenmark's marketing portfolio through December 31, 2013 consists of 90 generic products authorized for distribution in the U.S. market. The Company currently has 59 applications pending in various stages of the approval process with the US FDA, of which 29 are Paragraph IV applications.

EU Formulations

The European business continued expanding through product sales and licensing income and by enhancing its presence through distribution partners in European countries. The business launched three inhouse products in Germany and three products in the UK comprising of two in-licensed products and one inhouse product. In the Nordic markets, there was a launch of one more inhouse product. Through products licensed out to partners, we also launched three additional products in several European Markets. The Netherlands and the Germany entity continued supplying products through the existing and new health insurance contracts. The out-licensing business successfully signed one new deal and marketing authorisations for seven different products in different countries were also received this quarter.

Revenue for the quarter was Rs. 679.99 Mn (USD 11.07 Mn) against revenue of Rs. 395.16 Mn (USD 7.28 Mn) in Q3 last year, reflecting an increase of 72.08 %.

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Active Pharmaceutical Ingredients [API]

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 1479.07 Mn [USD 24.02 Mn]), for the quarter ended Dec 31, 2013 against Rs. 1150.68 Mn [USD 21.23 Mn] for the previous corresponding quarter, recording an increase of 28.54 %. The API facility in Ankleshwar successfully completed a COFEPRIS inspection. We have filed 4 new DMFs in this financial year and acceptable audit status has been maintained for our facilities.

Research & Development

The company has a pipeline of 4 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 model of asthma, it showed promising effect on airway inflammation, bronchoconstriction and cough. GRC 17536 has showed good safety in the Phase 1 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 is currently recruiting patients 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). Topline data shows that inhaled doses of GRC 17536, upto maximum dose tested, were well tolerated in mild asthmatics. Final TFLs for the study are awaited. Glenmark has initiated recruitment for a Phase IIa study in patients with chronic cough.

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GRC 15300

GRC 15300, a TRPV3 inhibitor for Neuropathic pain, Osteoarthritic pain and other inflammatory pain has completed Phase 1 trials in the UK. Globally, this is the only reported TRPV3 specific antagonist molecule to enter clinical trials. A development and commercialisation license for GRC 15300 has been granted to Sanofi. A PhIIa proof of concept study in neuropathic pain has completed recruitment and trials are ongoing.

mPGES-1 inhibitors

Glenmark has entered into an option agreement with Forest Laboratories, Inc on a collaboration for the development of novel mPGES-1 inhibitors to treat chronic inflammatory conditions, including pain. Glenmark has identified clinical candidates and is currently conducting pre-clinical studies and other development activities required to support the initiation of first-in-human dosing. Forest has an exclusive option to obtain license rights to the program upon the completion of Phase 1 clinical trials. Phase 1 enabling toxicity studies have been initiated for a lead candidate.

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. A PhII proof of concept study in ulcerative colitis has been initiated and is currently ongoing.

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 1 enabling toxicity studies for GBR 900 have been completed successfully. Glenmark plans to file for a Phase I study in the current financial year.

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

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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 1 enabling toxicity studies for GBR 830 have been completed and Glenmark plans to file for a Phase 1 study in FY 2015.

Crofelemer

Salix Pharmaceuticals, Inc has launched Crofelemer in the US after obtaining marketing authorization from the US FDA on 31st December 2012. Crofelemer is approved in the US for symptomatic relief of non-infectious diarrhoea in patients with HIV/AIDS on anti-retro viral therapy. The US approval and launch of Crofelemer significantly aids the Glenmark filings within the 140 Countries where it has exclusive marketing and distribution rights.

The Dec 2012 approval of Crofelemer by the US FDA for Salix Pharmaceuticals, Inc. will help support the filing and approval of Crofelemer in the 140 Countries where Glenmark has exclusive marketing and distribution rights. In CY 2013, filings in some key markets have been made and filings in several additional markets are planned in CY 2014. The recruitment in the pivotal C-Forward trial in adult acute watery diarrhoea is progressing well and results of the trial are expected in FY 2015. In addition Glenmark has also submitted the protocol of a Proof-Of-Concept Pediatric clinical trial for acute watery diarrhoea with approval for trial start expected to commence in the next few months.

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