Management Discussion and Analysis for the Third quarter of FY 2017 – 18

Revenue Figures – Consolidated

(Rs. In Millions)

	Third quarter ended December 31			Nine months ended December 31		
	FY 2017 – 18	FY 2016 – 17	Growth (%)	FY 2017 – 18	FY 2016 – 17	Growth (%)
India	5,785.02	5,168.74	11.92%	19,055.82	17,268.45	10.35%
US	7,358.89	12,308.26	-40.21%	25,080.13	27,002.17	-7.12%
Rest of the World (ROW)	3,221.30	2,511.00	28.29%	8,006.86	6,998.49	14.41%
Europe	2,247.52	1,957.09	14.84%	5,868.54	4803.55	22.17%
Latin America	898.38	947.20	-5.15%	2,790.72	3,841.35	-27.35%
API	2,316.46	1,920.52	20.62%	6,730.29	6,096.81	10.39%
Total	21,827.57	24,812.81	-12.03%	67,532.36	66,010.82	2.30%
Other Revenue	209.05	537.27		700.16	1274.16	
Consolidated Revenue	22,036.62	25,350.08	-13.07%	68,232.52	67,284.98	1.41%

Average conversion rate in 9M FY 2017 – 18 considered as 64.43/USD 1.00
Average conversion rate in 9M FY 2016 – 17 considered as 66.99/USD 1.00
USD figures are only indicative

Review of Operations for the quarter ended December 31, 2017

For the third quarter ended December 31, 2017, Glenmark's consolidated revenue was at Rs. 22,036.62 Mn (USD 340.68 Mn) as against Rs. 25,350.08 Mn (USD 377.11 Mn) recording a decrease of 13.07%.

India

Sales from the formulation business in India for the third quarter ended December 31, 2017 was at Rs. 5,785.02 Mn (USD 89.40 Mn) as against Rs. 5,168.74 Mn (USD 76.78 Mn) in the previous corresponding quarter, recording a growth of 11.92%.

As per IMS MAT December 2017, Glenmark Pharmaceuticals (IF) is ranked 13th with a market share of 2.28%. Glenmark is the 2nd fastest growing company as per MAT December 2017. Glenmark has 8 brands among the 'Top 300 Brands in the Indian Pharmaceutical Market.' The India business strengthened itself in the following segments with growth in market share from IMS MAT December 2016 to MAT December 2017 respectively. The Cardiac segment market share increased from 3.96% to 4.22%; the Respiratory segment market share rose from 4.38% to 4.68%; the Anti-diabetic segment market share changed from 1.76% to 1.62%; and the Derma segment market share increased from 9.18% to 9.19%.

During the quarter Glenmark launched Apremilast, an advanced oral and safe treatment for Psoriasis, in India. Glenmark was the first company to receive the DCGI approval and marketing authorization for Apremilast in India. The company is among the leading player in the field of Dermatology and the launch of Apremilast reinforces Glenmark's commitment to bring advanced therapies to Indian patients. During the quarter, Glenmark also launched Kwitz® Nicotine Gum, a Nicotine Replacement Therapy (NRT) in India to help smokers in smoking cessation.

Glenmark forayed into the over-the-counter (OTC) space a few years ago. In a short time, the company has built a sizeable OTC business driven by its 3 major brands operating in the consumer space now – Candid, VWash Plus and Scalpe+. Through the introduction of its brand VWash Plus, Glenmark has successfully created the female intimate hygiene category in India. Further, Candid Dusting Powder, the 30 year old flagship brand for the company has been a prescription leader for the treatment of anti-fungal skin infections and is now a leading product even in the OTC business. According to IMS data, Candid Powder has jumped 2.3 times in sales, within 3 years, post OTC promotion. All the 3 brands have a dominant market share in each of its operating markets as per IMS ORG data consistently for last couple of years.

As per MAT December 2017, Glenmark's leading brand Candid recorded a 20% value growth and market share of about 45.6%. VWash Plus brand recorded value growth of 24% and a market share of 41.7%. Scalpe is also ranked no. 1 in its operating market, as per IMS, with a market share of 15.4% as per MAT Dec. 2017.

USA Formulations

Glenmark Pharmaceuticals Inc., U.S.A. registered revenue from the sale of finished dosage formulations was Rs. 7,358.89 Mn (USD 113.70 Mn) for the quarter ended December 31, 2017 against revenue of Rs. 12,308.26 Mn (USD 183.27 Mn) for the previous corresponding quarter,

recording a decrease of 40.21%. The sales are not comparable to the corresponding quarter of the previous financial year as Glenmark through its partner Endo had launched Ezetimibe, generic version of ZETIA® (Merck) in the United States in December 2016 and was entitled to an exclusivity on the product.

In the third quarter of fiscal year 2017-18, Glenmark was granted final approval for Aprepitant Capsules USP; HAILEY™ 24 Fe [Norethindrone Acetate and Ethinyl Estradiol Tablets USP and Ferrous Fumarate Tablets], 1 mg/20 mcg, HAILEY™ Fe 1/20 [Norethindrone Acetate and Ethinyl Estradiol Tablets USP, 1 mg/20 mcg and Ferrous Fumarate Tablets] and Norethindrone Acetate and Ethinyl Estradiol Tablets USP and Ferrous Fumarate Tablets, 1 mg/20 mcg [generic to Minastrin® 24 Fe]. The Company filed four ANDA applications with the U.S. FDA, and plans to file an additional ten applications in the forthcoming quarter. During the first nine months the company filed 9 ANDA applications with the U.S. FDA.

Glenmark's marketing portfolio through December 31, 2017 consists of 130 generic products authorized for distribution in the U.S. market. The Company currently has 58 applications pending in various stages of the approval process with the U.S. FDA, of which 26 are Paragraph IV applications.

Africa, Asia and CIS Region (ROW)

For the third quarter, revenue from Africa, Asia and CIS region was Rs. 3,221.30 Mn (USD 49.86 Mn) as against Rs. 2,511.00 Mn (USD 37.34 Mn) for the previous corresponding quarter, recording an increase of 28.29%.

In the third quarter of the financial year 2017-18, Glenmark Russia recorded strong secondary sales growth as compared to the market growth which was at 7.1%. The subsidiary ranked 41 as per MAT November 2017 in the retail segment of the Russian pharmaceutical market. Glenmark Russia is among the TOP-10 of all derma companies present in the market. According to IMS Health MAT November 2017, Glenmark Russia recorded a growth of 10.7% in the Dermatology segment in value vs the market growth of 8.2%. In the respiratory space, Glenmark continues to secure a strong position and ranks 4th as per MAT November 2017 among the companies present on the expectorants market (retail segment) of the local pharmaceutical market. During the quarter, Glenmark launched one new product each in Ukraine and Uzbekistan.

During the third quarter, the Asia region recorded strong secondary sales with most of the subsidiaries performing well in the third quarter. The Glenmark Africa region also posted strong secondary sales growth in the third quarter aided by good performance by the subsidiaries of South Africa and Kenya. During the quarter, Glenmark launched Dermikelp in Zambia and Tacroz in Tanzania.

Europe Formulations

Glenmark Europe's operations revenue for the third quarter ended December 31, 2017 was at Rs. 2,247.52 Mn (USD 34.78 Mn) as against Rs. 1,957.09 Mn (USD 29.13 Mn) recording an increase of 14.84%.

The Europe subsidiary performed well during the quarter. The Western European region recorded good growth during the quarter driven by strong performance of the German subsidiary. The Central Eastern European region recorded secondary sales growth of 26% during the quarter. The UK subsidiary launched 4 products. Glenmark launched 2 products in Sweden and 1 product each in Netherland, Denmark, Poland, Czech and Germany. Maloff Protect (250mg/100mg atovaquone/proguanil film-coated tablets), anti-malarial medication, launched as a pharmacy license in the United Kingdom during the last quarter continues to perform well.

During the quarter, Glenmark successfully closed the decentralized registration procedure for generic Seretide® Accuhaler® in the Nordic region, including Sweden, Denmark, Norway, Finland and Iceland. This will be Glenmark's first inhaled Respiratory product approval in Europe, and re-enforces Glenmark's commitment in the respiratory area. The commercialization of the product would depend on national approval as well as substitution and pricing approvals. This continues to emphasize Glenmark's focus in this complex product segment and in Europe.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 898.38 Mn (USD 13.89 Mn) for the third quarter ended December 31, 2017 as against Rs. 947.20 Mn (USD 14.05Mn), recording decrease of 5.15%.

The performance of the Latin American region was impacted due to the weak performance of the Brazilian subsidiary. However the Mexico subsidiary continued to perform well during the third quarter.

Active Pharmaceutical Ingredients (API)

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 2,316.46 Mn (USD 35.83 Mn), for the quarter ended December 31, 2017 against Rs. 1,920.52 Mn (USD 28.54 Mn) for the previous corresponding quarter, recording an increase of 20.62%.

During the third quarter, Glenmark filed 3 US DMFs and 1 KDMF. The sales was contributed majorly by Perindopril, Lercanidipine, Amiodarone, Etoricoxib, Adapalene.

Research & Development

The company has a pipeline of 9 core assets, which includes 4 new chemical entities (NCEs) and 4 new biological entities (NBEs), and one biosimilar candidate, in various stages of clinical development focused in the therapeutic areas of oncology, respiratory and dermatology.

R&D ASSETS QUARTERLY HIGHLIGHTS:

<u>ONCOLOGY ASSETS</u>

GBR 1302:

- The GBR 1302 Phase 1, first in human study to determine maximum tolerated dose (MTD) in patients with HER2 positive cancers is actively enrolling. Dose escalation continues with clinical sites open in Europe and the U.S., and several additional sites were opened in January 2018. The study is currently dosing patients in Cohort 8 and up to 10 cohorts are planned.

- In addition, Glenmark announced on January 24th that GBR 1302 interim biomarker data were presented at the ASCO-SITC Immuno-Oncology Symposium.

GBR 1342:

- For GBR 1342, a Phase 1, first in human study to determine MTD in patients with multiple myeloma dosed its first patient in December 2017. The study is currently in Cohort 2 and clinical sites continue to identify patients for possible enrolment into the study. Up to 10 cohorts are planned for this MTD study.
  - The study's primary objective is to assess the safety and tolerability of increasing doses of GBR 1342, additional study objectives include assessment of biomarkers, immunogenicity and measures of anti-tumor activity.

GBR 1372:

- For GBR 1372, Glenmark plans to file a Phase 1, first in human study by Q4 FY 2019

DERMATOLOGY ASSET

GBR 830:

- Glenmark will present Phase 2a data on GBR 830 in Atopic Dermatitis at the Annual Meeting of the American Academy of Dermatology taking place in February 2018.
- A Phase 2b study of GBR 830 in Atopic Dermatitis is set to begin in Q1 FY 2019 in centres across the U.S. and Europe

RESPIRATORY ASSETS

Ryaltris (formerly GSP 301):

- Glenmark expects to file the company's first New Drug Application for the treatment of patients with seasonal allergic rhinitis (SAR) in the first half of CY 2018
- Glenmark announced top-line results of a Phase 3 safety study of Ryaltris™, formerly GSP 301 Nasal Spray, in patients with perennial allergic rhinitis
  - Ryaltris (mometasone furoate (25 mcg) and olopatadine hydrochloride (665 mcg)), has been conditionally accepted by the FDA as the brand name
- Phase 3 data on Ryaltris will be presented at the American Academy of Allergy, Asthma and Immunology Annual Meeting in March 2018

GSP 304:

- Glenmark has completed the Phase 2 trial on GSP 304 and is planning to consult the FDA prior to initiating further clinical trials in FY 2019

GBR 310:

- GBR 310, the biosimilar candidate for omalizumab (trade name XOLAIR®) intended for the treatment of asthma and chronic idiopathic urticaria (CIU)
- Phase 1 study enrolment has been completed in February 2018 with 168 patients randomized and dosed. Top-line results are expected by July 2018.

GRC 39815:

- Glenmark has completed pre-clinical studies for GRC 39815. It is an inhibitor of the Retinoid-related Orphan Receptor gamma t (ROR γ t)

- Prior to filing/initiation of Phase 1, Glenmark is conducting translational studies to further validate the molecule as a treatment of COPD

GRC 27864:

- Glenmark recently announced in January the initiation of a Phase 2b dose finding study in patients with moderate osteoarthritic pain.
- The Phase 2 study will take place in India and enrol 624 patients with osteoarthritis of the knee and hip to evaluate the safety, efficacy and biomarkers associated with GRC 27864 compared to existing NSAID and selective COX-2 inhibitors.
- GRC 27864 is a candidate for out-licensing

ABOUT R&D ASSETS:

Glenmark's research centers are based in Navi Mumbai, India and Neuchâtel, Switzerland. Spread over 125,000 square feet the R&D centre in India has end-to-end capabilities for discovery and development of NCEs from target selection to clinical development. The research facility is equipped with state-of-the-art infrastructure required to carry out research activities like medicinal chemistry, process and analytical chemistry, *in vitro* and *in vivo* studies and project management. Glenmark's dedicated R&D centre for biologics in Switzerland has end-to-end capabilities to discover NBE's and to support clinical development. It is also fully equipped to manufacture and supply clinical trial material.

BEAT® (Bispecific Engagement by Antibodies based on the T cell receptor) is Glenmark's proprietary technology for the production of bispecific antibodies (bsAbs). With BEAT® technology, Glenmark's scientists have been able to overcome past production obstacles encountered with bsAbs and efficiently manufacture these molecules on a clinical and commercial scale. Preclinically, BEAT® bsAbs demonstrate the potential for more potent activity compared to existing therapeutic antibodies. Additionally, structural similarity to naturally-occurring antibodies may result in a normalized IgG half-life and less immunogenicity.

GBR 1302

GBR 1302, a HER2xCD3 bsAb, is the first clinical candidate based on Glenmark's proprietary BEAT® platform. Preclinical study results from redirected lysis assays suggest GBR 1302, in comparison to current 1st and 2nd line HER2-targeted monoclonal antibodies, exhibits faster and more complete killing of HER2+ tumor cells. If confirmed in clinical trials, GBR 1302 will constitute an innovative treatment for HER2 positive cancers, including treatment-resistant cancers.

Patients enrolled in the Phase 1 study receive intravenous GBR 1302 on Day 1 and Day 15 in 28-day treatment cycles at escalating doses until maximum-tolerated dose (MTD) is achieved. Preliminary biomarker data demonstrate modulation of peripheral T cell populations and cytokines. Some subjects treated at the higher doses experienced cytokine release syndrome, which was mild and transient. Dosing escalation is continuing.

GBR 1342

GBR 1342, a CD38xCD3 bsAb based on Glenmark's proprietary BEAT® platform targets CD38, a clinical target in multiple myeloma and other malignancies of hematopoietic origin, as well as a variety of solid tumors. Results from preclinical assays in comparison to daratumumab, an FDA-

approved monoclonal antibody targeting CD38, suggest that GBR 1342 has a potent antitumor effect on patient derived multiple myeloma cell lines. A Phase 1 study is underway.

GBR 1372

GBR 1372 is an EGFRxCD3 bsAb based on Glenmark's proprietary BEAT® platform. It targets epidermal growth factor receptor, a proven target in several cancers including squamous cell carcinoma of the head and neck and colorectal cancer. GBR 1372 is currently in preclinical development.

GBR 830

GBR 830, an anti-OX40R monoclonal antibody, was discovered at the Glenmark Biologics Research Centre located in Switzerland and is in clinical development by Glenmark USA. GBR 830 is being developed to target and inhibit pathologically activated T cells and effector memory T cells which are involved in a variety of autoimmune and chronic inflammatory disorders. The lead indication being evaluated for GBR 830 is moderate-to-severe atopic dermatitis (AD).

Glenmark completed a Phase 2a study evaluating GBR 830, relative to placebo, in adults with moderate-to-severe AD with history of inadequate response to topical therapies. Although not powered for statistical differences between GBR 830 versus placebo, data from this study suggest clinically meaningful improvement of symptoms that is continuous and sustained, with consistency observed between biological and clinical response.

The overall safety profile of GBR 830 was similar to placebo. The most common treatment-related adverse event was headache, with no clinically meaningful differences between GBR 830 and placebo (4 percent and 6 percent, respectively).

Based on the results of this Phase 2a study, Glenmark is firmly committed to advancing GBR 830 for patients with AD and plans to initiate a Phase 2b trial in the U.S. and Europe in Q1 of FY 2019. Glenmark is targeting a BLA filing for GBR 830 in 2022. Evaluation of GBR 830 for the treatment of other autoimmune disorders is also underway.

Atopic dermatitis is the most common inflammatory skin disease, affecting up to 3% of the adult population and its prevalence has increased 2-3 fold over the last 100 years. Biologic agents in moderate-to-severe atopic dermatitis offer promise to both control the disease and prevent the occurrence of new skin lesions.

GRC 39815

GRC 39815 is a NCE currently being evaluated as an inhaled compound for the possible treatment of Chronic Obstructive Pulmonary Disorder (COPD). It is an inhibitor of the Retinoid-related Orphan Receptor gamma t (ROR γ t).

Ryaltris (formerly GSP 301)

Ryaltris is a combination of a steroid and an antihistamine administered intranasally for the treatment of seasonal allergic rhinitis. Glenmark reported positive results from a Phase 3 safety trial in perennial allergic rhinitis where Ryaltris demonstrated it was well-tolerated, and the majority of treatment emergent adverse events (TEAEs) were mild-to-moderate in severity. The

most frequent TEAEs reported with Ryaltris included nosebleeds (4.6%), headache (4.1%) and a decrease in taste sensitivity (2.0%). In addition, on the secondary efficacy endpoint, treatment with Ryaltris demonstrated statistically significant and clinically meaningful improvement from baseline in average morning patient-reported rTNSS, compared to placebo ($p<0.0001$) over 52 weeks of treatment.

Glenmark plans to submit the company's first new drug application (NDA) to the FDA for Ryaltris for the treatment of patients with seasonal allergic rhinitis (SAR) in the first half of 2018.

According to the most recent data, over 17 million adults in the U.S. are affected by seasonal allergic rhinitis, also called hay fever, every year. Currently, there is only one product available in the U.S. that combines a steroid and antihistamine in a single spray. This limits treatment options for people with hay fever and may increase the cost and complexity of treatment.

GSP 304

GSP 304 is a long-acting muscarinic antagonist administered by nebulization being studied for the long term, once-daily, maintenance treatment of bronchospasm associated with COPD.

Based on the most recent estimates COPD affects approximately 64 million people worldwide. COPD is an incurable disease and based on the most recent data is the third leading cause of death worldwide.

GBR 310

GBR 310 is a biosimilar candidate being developed for the treatment of asthma and chronic idiopathic urticaria (CIU). Glenmark has initiated a Phase 1 single-centre study which will assess the pharmacokinetics of GBR 310 in comparison to the reference product. GBR 310 has the potential to be among the first biosimilar candidates to be submitted to the FDA for approval for a respiratory or allergic disease in the U.S.

Asthma affects an estimated 300 million people worldwide and the morbidity and economic burden is significant, with approximately 240,000 asthma-related deaths per year.
CIU is a common skin disease that presents as spontaneously occurring hives or welts. It occurs across all age groups and about one percent of the population suffers from a chronic form of the disease.

PAIN ASSET

GRC 27864

GRC 27864 is a potent, selective, and orally bioavailable inhibitor of microsomal prostaglandin E synthase-1 (mPGES-1), a novel therapeutic target in pain management, which is upregulated under inflammatory conditions.

Non-core assets include GRC 17536, GBR 900 and GBR 500. These 3 molecules and GRC 27864 are candidates for out-licensing.

Disclaimer

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