Management Discussion and Analysis for the First quarter of FY 2016 – 17

Revenue Figures – Consolidated

(Rs. In Millions)

	Q1 FY 2016 – 17	Q1 FY 2015 – 16	Growth
India	5137.66	4654.25	10.39%
US	6981.86	5610.46	24.44%
Rest of the World (ROW)	1949.01	1580.00	23.35%
Europe	1499.53	1098.53	36.50%
Latin America	1556.24	2184.76	-28.77%
API	1912.29	1349.43	41.71%
Total	**19036.59**	**16477.43**	15.53%
Out-Licensing/ Other Revenue	393.93	-	
Consolidated Revenue	**19430.52**	**16477.43**	17.92%

Average conversion rate in Q1 FY 2016 – 17 considered is 66.83 /USD 1.00

Average conversion rate in Q1 FY 2015 – 16 considered is 63.29 / USD 1.00

USD figures are only indicative

Review of Operations for the quarter ended June 30, 2016

For the first quarter ended June 30, 2016, Glenmark's consolidated revenue was at Rs. 19,430.52 Mn (USD 290.77 Mn) as against Rs. 16,477.43 Mn (USD 260.35Mn) recording an increase of 17.92%. Glenmark's consolidated revenue excluding out-licensing/other revenue was at Rs. 19,036.59 Mn (USD 284.87 Mn) as against Rs. 16,477.43 Mn (USD 260.35 Mn) recording an increase of 15.53%

India

Sales for the formulation business in India for the first quarter ended June 30, 2016, was at Rs. 5137.66 Mn (USD 76.88 Mn) as against Rs. 4654.25 Mn (USD 73.54 Mn) in the previous corresponding quarter, recording growth of 10.39%.

As per IMS MAT June 2016, Glenmark Pharmaceuticals Ltd. maintained its rank at 17 compared to MAT June 2015 with increase in market share by 0.10%, exhibiting value growth of 18% vis-à-vis IPM growth of 12%.

For the month June 2016, as per IMS the business registered growth of 12% vis-à-vis market growth of 9%. Glenmark presently has 8 brands among the Top 300 Brands of the Indian Pharmaceutical Market.

The India business strengthened itself in the following therapeutic segments with significant growth in market share from IMS MAT June 2015 to MAT June 2016 respectively. The Cardiac segment market share increased from 3.75% to 4.01%; the Respiratory segment market share rose from 3.83% to 4.08%; the Anti-diabetic segment market share changed from 2.11% to 2.08%; and the Derma segment market share rose from 8.05% to 8.80%.

During the quarter, Glenmark launched Digihaler – India's first Digital Dose Inhaler (DDI) pan India. Digihaler is a next-gen inhaler which provides accurate digital dose counter along with low dose warning indicator to enable Asthma and chronic obstructive pulmonary disease (COPD) patients track adherence to their therapy. Digihaler addresses the issue of pseudo-adherence & tail-off phenomenon which leads to poor outcome of the therapy.

USA Formulations

Glenmark Pharmaceuticals Inc., U.S.A. registered revenue from the sale of finished dosage formulations was at Rs. 6981.86 Mn (USD 104.48 Mn) for the quarter ended June 30, 2016 against revenue of Rs. 5610.46 Mn (USD 88.65 Mn) for the previous corresponding quarter, recording an increase of 24.44%.

In the first quarter of fiscal year 2016, Glenmark was granted approval for 5 products – 2 final approval and 3 tentative products. Glenmark received final approval for two products –

Rufinamide Tablets USP, 200 mg and 400 mg and Nystatin and Triamcinolone Acetonide Ointment USP, 100,000 units/1 mg per gram. Glenmark was granted tentative approval for three products – Norethindrone Acetate and Ethinyl Estradiol Tablets USP, 1 mg/0.01 mg, Ethinyl Estradiol Tablets USP, 0.01 mg and Ferrous Fumarate Tablets, 75 mg, Adapalene and Benzoyl Peroxide Gel, 0.1%|2.5% and Olmesartan Medoxomil Tablets. During the quarter, Glenmark filed 4 ANDA applications with the U.S. FDA. In the next quarter, Glenmark intends to file five ANDA applications with the U.S FDA.

Glenmark's marketing portfolio through June 30, 2016 consists of over 100 generic products authorized for distribution in the U.S. market. The Company currently has 62 applications pending in various stages of the approval process with the U.S. FDA, of which 23 are Paragraph IV applications.

Africa, Asia and CIS Region (ROW)

For the first quarter, revenue from Africa, Asia and CIS region was Rs. 1949.01 Mn (USD 29.17 Mn) as against Rs. 1580.00 Mn (USD 24.96 Mn) for the previous corresponding quarter, recording in an increase 23.35%.

In the first quarter of the financial year, Glenmark Russia's secondary sales growth was at 59% vis-a-vis the same period last year. For the first quarter of FY 2017, the average deprecation of the Rouble to the US dollar was 20% as compared to the corresponding quarter last year. For the first quarter of this financial year, constant currency growth for the Russia business was in excess of 50 %. As per IMS MAT June 2016 in the dermatology segment, Glenmark grew by 35.5% in value vs overall dermatology market growth of 6.4% in value MAT 2016. One of the reasons for the good growth has been the launch of Oflomil nail lacquer which has gained good traction across the country. The launch of Momat Rino Advance nasal spray (mometasone and azelastine combination) which was launched recently continues to gain good momentum across the country and has helped us further strengthen our presence in the respiratory area.

The Asia business recorded secondary sales growth of 16% during the quarter. The subsidiaries of Malaysia, Philippines and Vietnam recorded secondary sales growth of 38%, 15% and 56% respectively. During the quarter Glenmark launched three products in the region including a nasal spray in Philippines. The Africa business performed well during the quarter. During the quarter, Glenmark launched three new products in the region.

Europe Formulations

Glenmark Europe's operations revenue for the first quarter ended June 30, 2016 was at Rs. 1499.53 Mn (USD 22.44 Mn) as against Rs. 1098.53 Mn (USD 17.36 Mn) recording growth of 36.50%.

The UK business rebounded strongly growing in excess of 100% during the quarter. The German subsidiary recorded good performance and won several tenders during the quarter. The consistent good performance of the German subsidiary has enabled it to rank among the Top 15 generic companies in the country.

Glenmark launched several new products in the region namely Linezolid in UK and Germany, Rabeprazol Tablets in UK, Bendamustine Injection in Slovak and Poland, Anastrozol Tablets in Germany, Duloxetin Capsules in Germany, Modafinil Tablets in Germany and Alfasilver Spray in Czech.

The growth for the European region has been primarily driven by the Western Europe business. During the first quarter, the UK Pound remained relatively stable to the dollar.

Latin America

Glenmark's revenue from its Latin American and Caribbean operations was at Rs. 1556.24 Mn (USD 23.29 Mn) for the first quarter ended June 30, 2016 as against Rs. 2184.76 Mn (USD 34.52 Mn), recording decrease of 28.77 %. During the quarter, the Venezuela subsidiary sales dropped significantly as compared to the previous corresponding quarter. The Brazil and Mexico subsidiary did not perform as per expectations during the quarter. We expect the Latam business ex Venezuela to pick up in remaining part of the year.

Active Pharmaceutical Ingredients (API)

Revenue from sale of API to regulated and semi-regulated markets globally was Rs. 1912.29 Mn (USD 28.62 Mn), for the quarter ended June 30, 2016 against Rs. 1349.43 Mn (USD 21.32 Mn) for the previous corresponding quarter, recording an increase of 41.71%. Glenmark filed two US DMF during the quarter. The good growth was contributed by sale of Teneligliptin (domestic) & Olmesartan (US market), Lercanidipine, Adapalene, Amiodarone.

Research & Development

The company has a pipeline of 7 molecules – 2 NCEs and 5 NBEs molecules in clinical trials or ready to enter clinical trials soon.

GRC 17536

GRC 17536, a TRPA1 antagonist, has been proven highly efficacious in treating inflammatory and neuropathic pain in animal models. 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 completed and GRC 17536 has shown a good safety profile supporting further development. Glenmark has submitted an IND for a Phase 2b dose range finding study with the U.S. FDA. The Agency has requested additional information with

some changes to the clinical protocol. Glenmark is working to address the questions and ensure minimal delay in the start-up of the study.

GRC 27864

Glenmark's Novel Chemical Entity (NCE) '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 up-regulated under inflammatory conditions. Selectively blocking the mPGES-1 enzyme is a novel strategy and expected to selectively inhibit increased prostaglandin E2 (PGE2) production during the disease state, without affecting other prostanoids of physiological importance and, consequently, may be devoid of the gastrointestinal and cardiovascular side effects seen with NSAIDs and COX-2 inhibitors, respectively.

Glenmark has successfully completed preclinical studies and Phase I enabling toxicity studies for GRC 27864. A Phase I first-in-human single ascending dose and a multiple ascending dose study has been completed in the UK with no safety concerns. A relative bioavailability study with a tablet formulation has been completed.

Vatelizumab (GBR 500)

GBR 500, a monoclonal antibody, is an antagonist of the VLA-2 (alpha2-beta1) integrin. GBR 500 has been licensed to Sanofi for testing in a Multiple Sclerosis (MS) Phase II clinical study.

Sanofi has made the decision not to pursue further Vatelizumab as a potential Relapsing-Remitting MS therapy, following the results of a pre-planned interim analysis that revealed the primary efficacy endpoint was not met. This decision is not due to safety concerns. Glenmark will continue to pursue the relicensing of GBR 500 after it is returned from Sanofi. The termination of the contract with Sanofi has become effective in Q1 FY 2017 and Glenmark is now free to pursue the relicensing of GBR 500.

GBR 900

Glenmark licensed the exclusive intellectual property rights for monoclonal antibodies against the neuronal growth factor receptor TrkA from Lay Line Genomics, Italy. TrkA is part of the NGF-TrkA axis, a validated and novel pain receptor system for treatment of chronic pain. 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.

GBR 830 completed the clinical Phase 1 dosing successfully in The Netherlands. GBR 830 was well tolerated and its safety & pharmacokinetics profile in healthy volunteers fully support the transition into clinical Phase 2 studies. Glenmark has an open IND at the U.S. FDA and Health Canada approval under which a Phase 2 study in atopic dermatitis is currently ongoing.

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 Glenmark's first clinical candidate targeting oncology indications. The BEAT® antibody technology platform facilitates the efficient development and manufacturing of antibodies with dual specificities called bispecific antibodies.

GBR 1302, antibody has successfully completed the preclinical evaluation phase. In pre-clinics, GBR 1302 has demonstrated superiority over current antibody therapies against most HER2 positive cancers, including breast cancer. Dosing of patients has been successfully initiated and the antibody has been well tolerated. If confirmed in clinical trials, GBR 1302 could constitute an innovative treatment for HER2 positive cancers, potentially superior to the currently available monoclonal antibody treatments.

GBR 1342

GBR 1342 is a CD38xCD3 bi-specific antibody based on Glenmark's proprietary BEAT® platform. GBR 1342 is the second clinical development candidate based on the BEAT® technology. It is also Glenmark's second clinical candidate targeting oncology indications. GBR 1342 targets CD38, a target for multiple myeloma and potentially other malignancies of haematopoietic origin. Glenmark has initiated IND-enabling studies for GBR 1342 and is committed to moving GBR 1342 rapidly into clinical trials.